KEDRION
BIOPHARMA

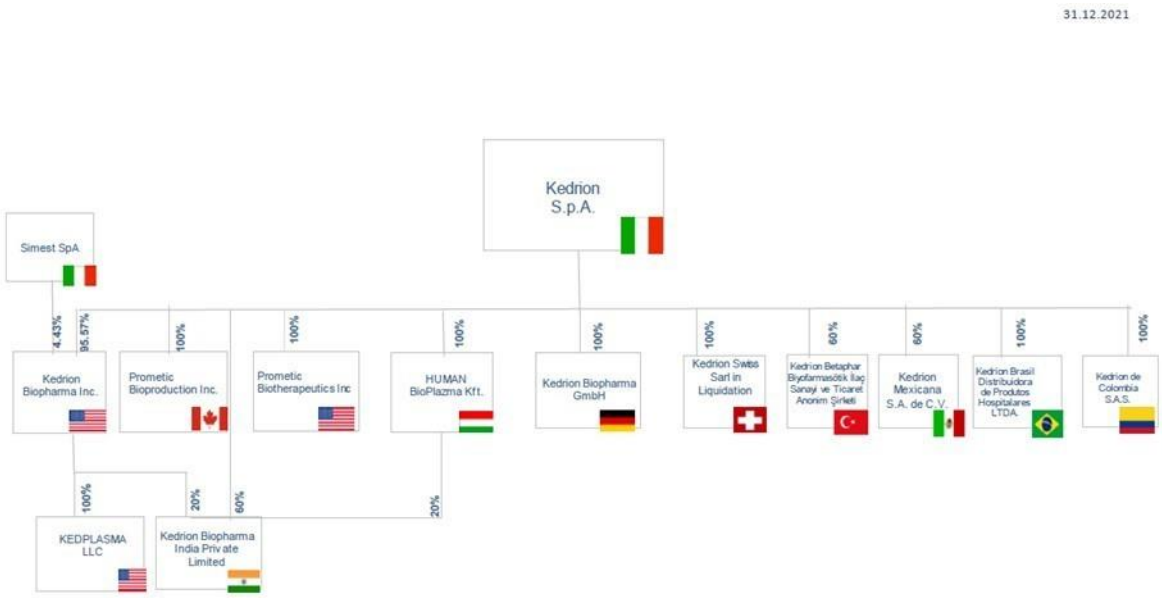
KEDRION GROUP
CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

KEDRION S.p.A.

Joint-stock company
Share Capital 60,453,901.00 Euro fully paid up
Registered office: Località Ai Conti - Castelvecchio Pascoli - 55051 BARGA (LU)
Production workshop: Bolognana - 55027 GALLICANO (LU)
Sant'Antimo - 80029 SANT'ANTIMO (NA)
Fiscal code - VAT no. - Reg. Lucca Companies n. 01779530466 - REA Registration n. 170535

CONTENTS

1. GROUP STRUCTURE



2. CORPORATE BODIES AT THE DATE OF APPROVAL OF THE FINANCIAL STATEMENTS

BOARD OF DIRECTORS

In office until the meeting to approve the financial statements at 31.12.2023

Paolo Marcucci	President of the Board of Directors
Maria Lina Marcucci	Director
Andrea Marcucci	Director
Remo Grassi	Director
Luca Ungarelli	Director
Fabrizio Redaelli	Director
Emiliano Ranati	Director
Giovanni Zetti	Director
Barnaba Ravanne	Director
Giacomo Tofani	Director
Massimo Perpoli	Secretary

NOMINATION AND REMUNERATION COMMITTEE	Paolo Marcucci	President
	Emiliano Ranati	
	Barnaba Ravanne	
RISK COMMITTEE	Fabrizio Redaelli	President
	Giovanni Zetti	
	Giacomo Tofani	
OPERATIONS COMMITTEE RELATED PARTIES	Barnaba Ravanne	President
	Remo Grassi	
	Giovanni Zetti	
TECHNICAL COMMITTEE	Paolo Marcucci	President
	Giovanni Zetti	
	Giacomo Tofani	
	Luca Ungarelli	
OPERATING COMMITTEE	Paolo Marcucci	President
	Giovanni Zetti	
	Giacomo Tofani	
	Luca Ungarelli	
BOARD OF STATUTORY AUDITORS In office until the meeting to approve the financial statements at 31.12.2023	Giuseppe Galeano	President
	Francesco Cirillo	Statutory auditors
	Massimo Caramante	Statutory auditors
	Fabrizio Cerbioni	Statutory auditors
	Luca Michele Debernardi	Statutory auditors
	Giuseppe Paternò	Alternate auditor
	Niccolò Poggio	Alternate auditor
AUDIT FIRM Appointed by the ordinary shareholders' meeting of 27 April 2015 until the shareholders' meeting to approve the financial statements at 31.12.2022	Ernst & Young S.p.A.	

THE BOARD OF DIRECTORS OF THE COMPANY

a) Role and functions

Under Article 18.1 of the Articles of Association, the Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the company, without any exception whatsoever, with the power to perform all acts, including acts of disposal, that it deems appropriate for the implementation and achievement of the corporate purposes, excluding only those that the law or the Articles of Association reserve exclusively to the shareholders' meeting or in any case to the decision of the shareholders.

b) Composition

The company is administered by a board of directors consisting of 10 (ten) members.

c) Delegations and powers

The Board of Directors has delegated certain powers to individual directors. In particular, to the Chairman of the Board of Directors, the powers relating to ordinary administration are useful for achieving the corporate purpose and other specific powers.

3. AUDITORS' REPORTS

3.1. REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Kedrion S.p.A.

Consolidated financial statements as at December 31st, 2021

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

EY S.p.A.
Piazza della Libertà, 9
50129 Firenze

Tel: +39 055 552451
Fax: +39 055 5524850
ey.com

Building a better working world

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Kedrion S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kedrion S.p.A. and its subsidiaries, ("Kedrion Group" or "Group"), which comprise the consolidate statement of financial position as at December 31, 2021, and the statement of profit or loss for the year, the profit and loss statement and other comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated cash flows statement for the year then ended, and explanatory notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Kedrion S.p.A in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit Response

Acquisition of Prometic Bioproductions Inc. and Prometic Biotherapeutics Inc.

In the year 2021 the Group completed certain acquisitions, including Prometic Bioproductions Inc. and Prometic Biotherapeutics Inc., companies operating in the development, production and now marketing of Ryplazim.

The consolidated financial statement as at December 31, 2021 reflect the recognition of the fair value of the assets acquired and the liabilities assumed related to these acquisitions, in accordance with the IFRS 3 - Business combinations.

The allocation of purchase price of the acquisitions, of Euro 18.6 million in the aggregate, as compared to the fair value of the net assets acquired of Euro 36.7 million, resulted in the recognition of a gain from acquisition of Euro 18.1 million. As part of the agreements between the parties, the Group subsequently also received from the seller an amount of Euro 30.6 million as a reimbursement of the costs incurred in the past for the development of the Ryplazim, as resolution of certain conditions of uncertainty that at the date of acquisition did not allow the recognition of such additional amount. Therefore, the total gain recognized in other revenues as a result of the aforementioned business combinations, and identified as a non-recurring item, amounted to Euro 48.7 million.

The processes and methodologies of accounting for acquisitions were based on complex assumptions, that by their nature imply the use of the Directors' judgment, in particular with reference to the identification of the assets acquired, the allocation of purchase price to the fair value of the assets acquired and liabilities assumed, as well as the assessment of the terms of the agreements with the counterparty.

Considering the materiality of the acquisitions on the results for the year, as well as the judgment involved and the complexity of the assumptions used in the process, we deemed this area to be a key audit matter.

Such matter is reported in the explanatory notes 6.2 "Significant events during the year", 6.2.8 "2021 Business combinations", 6.3.7 "Discretionary evaluations and significant

Our audit procedures in response to the key audit matter included, among others:

i) the assessment of the agreements between the parties and other relevant documents, in order to understand the key terms and conditions of the acquisitions;

ii) the assessment of the determination made by the Directors for the purpose of identifying the businesses acquired, the date of Kedrion's acquisition of control over the acquired businesses, the agreed purchase considerations, and the assets acquired and liabilities assumed at the acquisition dates;

iii) the assessment of the estimate of fair values allocated to the assets acquired and liabilities assumed, also through the assessment of the reasonableness of economic and financial projections of the acquired entities and other assumptions, such as long-term growth and discount rates;

iv) the review of the report prepared by the expert who assisted the Directors in determining the fair value, as well as the assessment of his competence, capability and independence;

v) the assessment of the business rationale and other elements of the transactions that led the Directors to recognize a gain from a bargain purchase in connection with the business combinations described, in accordance with IFRS 3;

vi) the assessment of the accounting treatment applied in the consolidated financial statements.

In performing our audit procedures, we also involved our experts on business valuation techniques, in particular with reference to the assessment of the appropriateness of the methodology and the reasonableness of the assumptions used by the directors to determine the fair value of the assets acquired and liabilities assumed at the acquisition date.

accounting assessment estimates" and 6.5.11 "Significant non-recurring, atypical and / or unusual transactions" to the consolidated financial statements.

Lastly, we evaluated the adequacy of the information provided in the explanatory notes to the consolidated financial statements with respect to this matter.

Valuation of the recoverability of Goodwill and Investments in progress

As of December 31, 2021 the Group recognized Goodwill of Euro 269.9 million in the consolidated financial statement, mainly allocated to the Cash Generating Units ("CGUs") Plasmaderivatives and Plasma.

As of the same date, intangibles and tangible assets in progress amount to Euro 66.7 and Euro 92.5 million, respectively, and mainly refer to the development of the new product "Immunoglobulin 10% - Klg 10", the realization of the new plant in Castelvecchio Pascoli for the purification process of the new product, and the production of the new product line RhoGAM at the Melville plant.

The processes and methodologies for assessing and determining the recoverable amount of each CGU, as well as the assessment of the Group's ability to complete projects in progress and recover the related investments, were based on complex assumptions, that by their nature imply the use of the Directors' judgment, in particular with reference to the forecast of future cash flows, the estimate of long-term growth and discount rates used to determine the present value and, for projects in progress, the assessment of the necessary approvals given by the competent regulatory authorities.

In consideration of the judgment involved and the accounting implications to the Group's consolidated financial statements, we deemed this area to be a key audit matter.

Such matter is reported in the explanatory notes 6.2 " Significant events during the year ", 6.3.7 "Discretionary evaluations and significant accounting estimates", 6.4.1 "Property, plant and equipment ", 6.4.3 "Goodwill" and 6.4.5 "Intangible assets with a finite useful life" to the consolidated financial statements.

Our audit procedures in response to the key audit matter included, among others:

i) the analysis of the procedure adopted by the Group to determine the inputs and methodology used in the impairment test analysis, and the monitoring activities for projects in progress;

ii) the assessment of the appropriateness of the CGUs perimeter;

iii) the analysis of the business plan for the assessment the reasonableness of future cash flows used to determine the recoverable value of the Plasmaderivatives and Plasma CGUs;

iv) the comparison between actual results achieved in 2021 and the corresponding budget figures, in order to understand the drivers of the main variations;

v) the assessment of the reasonableness of long-term growth rates and discount rates;

vi) the execution of substantive testing, on a sample basis, of investments' additions made in connection with the projects in progress;

vii) the assessment of the analysis prepared by the Directors on the expected outcome of the projects in progress and the recoverability of investments related to such projects.

In performing our testing, we also involved our experts on business valuation techniques, in particular with reference to the assessment of the appropriateness of the methodology and assumptions used by the Directors for the determination of the recoverable amount, as well as for the verification of the mathematical accuracy of the calculations, and the sensitivity analyses on key assumptions.

Lastly, we evaluated the adequacy of the information provided in the explanatory

notes to the consolidated financial statements with respect to this matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Kedrion S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion; the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern; if we conclude that a material uncertainty exists, we are required

to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion; our conclusions are based on the audit evidence obtained up to the date of our auditor's report; however, future events or conditions may cause the Group to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements; we are responsible for the direction, supervision and performance of the group audit; we remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Kedrion S.p.A., in the general meeting held on April 27, 2015, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2014 to December 31, 2022.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of EIP S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in the XHTML format and

have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Kedrion S.p.A. are responsible for the preparation of the Report on Operation and of the specific section on Corporate Governance, as provided for by paragraph 2, subparagraph b) of the article 123-bis of Legislative Decree 24 February 1998, n. 58, of Group Kedrion as at December 31, 2021, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific section on Corporate Governance as provided for by paragraph 2, subparagraph b) of the article 123-bis comma 4 of Legislative Decree 24 February 1998, n. 58, with the consolidated financial statements of Kedrion Group as at December 31, 2021 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operation and the above mentioned specific section on Corporate Governance are consistent with the consolidated financial statements of Kedrion Group as at December 31, 2021 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Kedrion S.p.A. are responsible for the preparation of the consolidated disclosure of non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Florence, April 15, 2022

EY S.p.A.
Signed by: Lapo Ercoli, Auditor

This report has been translated into the English language solely for the convenience of international readers.

3.2. REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT UNDER LEGISLATIVE DECREE NO. 254/2016

EY S.p.A.
Piazza della Libertà, 9
50129 Firenze

Tel: +39 055 552451
Fax: +39 055 5524850
ey.com

Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 18, 2018

(Translation from the original Italian text)

To the Board of Directors of
Kedrion S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Kedrion S.p.A. and its subsidiaries (hereinafter "Kedrion Group" or "Group") for the year ended on 31st December 2021 in accordance with article 4 of the Decree, presented in the specific section of the Management Report and approved by the Board of Directors on 8th April 2022 (hereinafter "DNF").
Our limited assurance engagement does not cover the information included in the paragraph "European Taxonomy" of the DNF, that are required by art.8 of the European Regulation 2020/852.

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (*including International Independence Standards*) (*IESBA Code*) issued by *the International Ethics Standards Board for Accountants*, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the *International Standard on Quality Control 1 (ISQC Italia 1)* and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("*reasonable assurance engagement*") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Kedrion Group's consolidated financial statements;
4. understanding of the following aspects:
    - Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
    - policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
    - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

    With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.
   In particular, we have conducted interviews and discussions with the management and with other personnel of Kedrion S.p.A., and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

   Furthermore, for significant information, considering the Group activities and characteristics:

   - at Group level
     a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
     b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
   - for the production site of Bolognana of Kedrion S.p.A., that we have selected based on its activities, relevance to the consolidated performance indicators and location, we have carried out a site visit during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusions

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Kedrion Group for the year ended on 31st December 2021 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.
Our conclusions on the DNF of the Group do not refer to the information included in the paragraph "European Taxonomy" of the DNF itself, that are required by art.8 of the European Regulation 2020/852.

Florence, April 15, 2022

EY S.p.A.
Signed by: Lapo Ercoli, Auditor

This report has been translated into the English language solely for the convenience of international readers.

4. MANAGEMENT REPORT

Dear Shareholders,

the financial year ended 31 December 2021 generated revenues for Kedrion Group of Euro 660.4 million (Euro 697.2 million in 2020), down 5.3% from the previous year due to the negative impact of the Covid-19 pandemic, both in terms of reduced hospital treatment and reduced plasma availability. Despite these difficulties, which have affected the entire plasma-derivatives sector, the Group has consolidated its international positioning through an integrated business model that has enabled it to achieve sales in around 100 countries with an export share of 83.3% in 2021. The United States remains the largest market with a 43.3% share of turnover, followed by the European Union countries with 32.4% (with Italy at 16.7%) and the Rest of the World with 24.7%.
EBITDA amounted to Euro 99 million, with profitability increasing from 13.8% in the previous year to 15.0% in 2021, driven by the proceeds from the Ryplazim deal, despite the negative effects of the Covid-19 pandemic, which impacted both sales and non-recurring costs (including Euro 35.6 million in Covid-19-related costs).
Adjusted EBITDA (calculated excluding the impact of non-recurring items) amounted to Euro 139.0 million, reaching 21.0% as a percentage of sales compared to 23.0% in 2020.
Finally, Net Profit for the year amounted to Euro 13.8 million, up from Euro 6.0 million in 2020, thanks to the increase in profitability and the improvement in financial management, with exchange rate differences having a positive impact on the result for the period of Euro 10.8 million (compared to a negative impact of Euro 30.9 million in 2020).

The Group's consolidated financial statements for the year ended 31 December 2021 comprise the statement of financial position, the statement of profit/(loss) for the year and other comprehensive income, the statement of cash flows, the statement of changes in equity and the related notes, prepared following IFRS as adopted by the European Union.

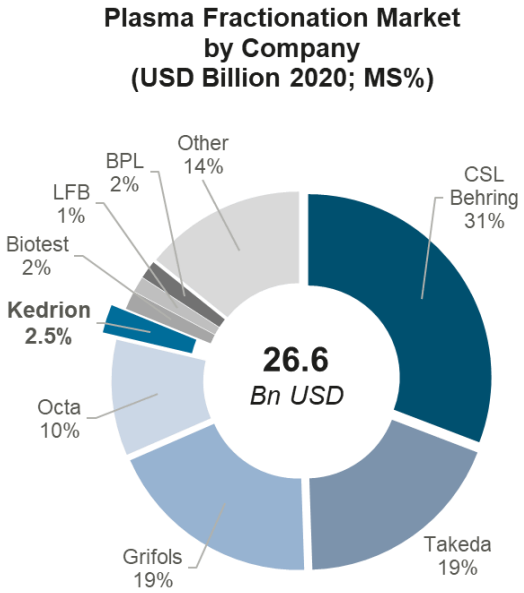
The consolidated statement of financial position presents a distinction between current and non-current assets and liabilities. The consolidated income statement is presented according to a classification of expenses by function, considered more representative than the so-called presentation by nature of the expense. The form chosen conforms to the internal reporting and business management methods. The cash flow statement has been prepared using the indirect method and is presented following IAS 7, classifying cash flows between operating, investing and financing activities.

4.1. SECTOR TREND

The Group's core market is that of biopharmaceutical products derived from human plasma. This segment is part of the broader pharmaceutical sector. It is characterised by a wide range of products used to treat patients suffering of immunodeficiencies, haemophilia, infectious diseases and other serious illnesses. The main customers are government agencies, National Health

Services (through tenders) and private operators such as insurance companies, private pharmacies and clinics, wholesalers, distributors, agents, etc.
Over the last two decades, the sector has undergone a gradual consolidation phase, leading to the three main producers of plasma derivatives - CSL, Grifols and Takeda - holding a combined market share of around 70% in 2020, with Kedrion in the fifth position with a 2.5% share.

MARKET TRENDS FOR COMPETITORS



WORLD MARKET TRENDS

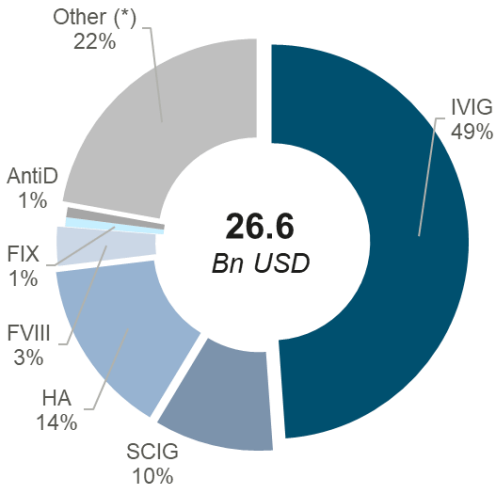
The global plasma-derivatives market reached $26.6 billion in 2020[1], with an average annual growth rate of 7% for the period 2017-2020 despite the effects of the COVID-19 pandemic both on National Health Systems (i.e., difficulty in accessing treatment, elective surgeries postponed, entire wards converted to COVID emergency rooms) and on plasma collection, hence the availability of finished product on the market.

At the product level, the sector is dominated by standard immunoglobulin, which, at $13 billion (almost $16 billion including subcutaneous immunoglobulin), accounts for about 50% of the total market and is growing steadily thanks to the approval of new therapeutic indications, especially in the neurological field, the increase in patients diagnosed with primary and secondary immunodeficiencies, and greater penetration in emerging countries.
The second most valuable product is albumin, which will reach around $4 billion in 2020, 14% of the total market, driven mainly by demand in China. In third place is factor VIII, which accounts for around 3% of the market or USD 0.8 billion, and is shrinking due to the increased use of recombinant products and the launch of new therapies (Roche's Hemlibra, which has a 2020 turnover of USD 2 billion).

[1] *Source: MRB 'The Worldwide Plasma Proteins Market 2020', February 2022 Report*.

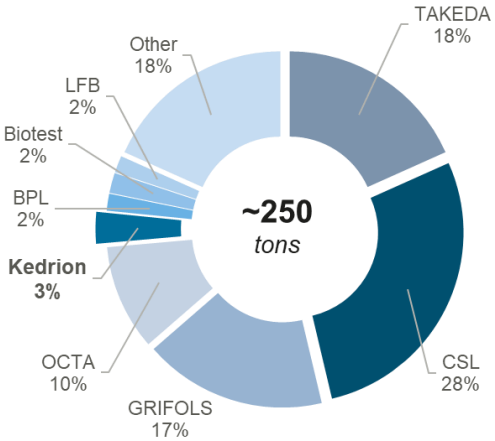
MARKET PERFORMANCE PER PRODUCT

Plasma Fractionation Market by Product (USD Billion 2020; %)

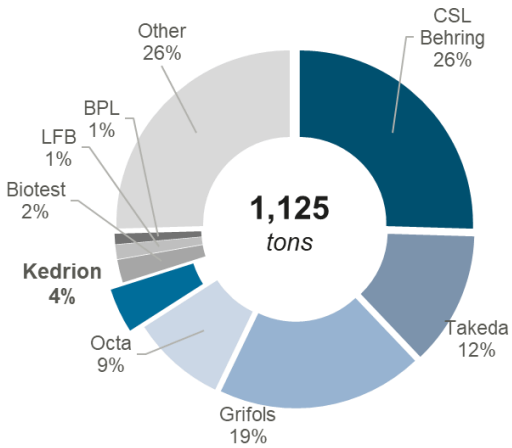


As shown in the following tables, the market shares[2] of the three main products reflect the global data: in fact, CSL, Grifols and Takeda together represent 63% of the world immunoglobulin market, with Kedrion fifth with a 3% share; 57% of the albumin market with Kedrion also fifth with 4%; and finally 53% of the factor VIII market with Kedrion fifth with a 7% share.

WW IG Market by Company (MRB 2020, tons)



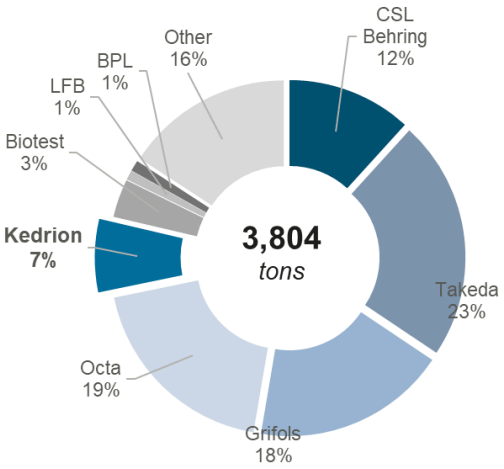
WW HA Market by Company (MRB 2020, tons)



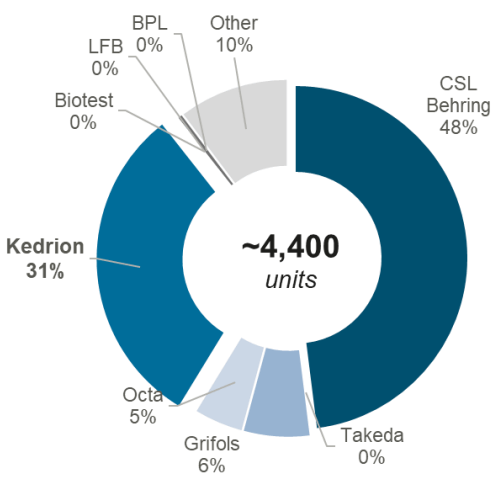
The situation is different for Anti-D immunoglobulins, where Kedrion, thanks to its 50% market share with RhoGAM in the US and significant shares in Italy, Russia, Turkey, the Middle East and the rest of the world (not in Europe, where the product is not yet registered), is the number two in the world after CSL, with a share of 31%.

[2] *Source:2020 MRB Global Report*

WW pdFVIII Market by Company (MRB 2020, MM UI)



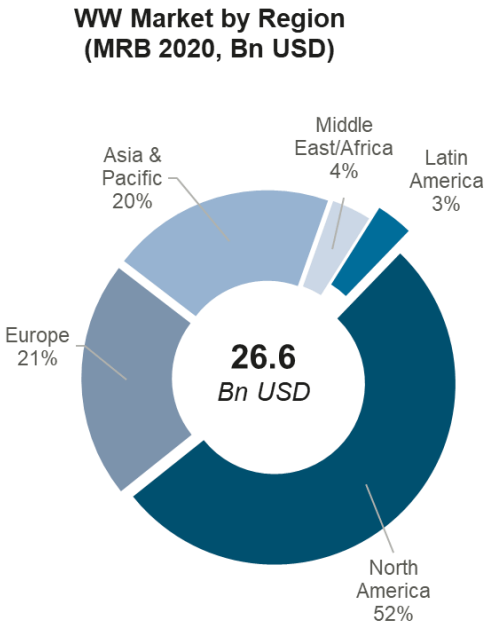
WW AntiD Ig Market by Company (MRB 2020, units)



Geographically, 73% of the market is concentrated in North America and Europe, historically the most important markets, and 93% if Asia Pacific is included.
North America, of which the United States accounts for approximately 96%, has reached $13.2 billion, Dollars[3], 50% of the entire plasma-derivatives market, growing steadily over the past decade in both volume and price.
With about 5.6 billion dollars, Europe has a share of 21%. It is a market characterised by greater control over health expenditure, the reimbursement price of drugs (generally paid by the National Health Systems), and different competitive dynamics and access to the United States. In contrast, Asia Pacific has had the highest growth rates in recent years thanks to the ageing of the population, the greater use of albumin (e.g., China) and the greater number of treatments supported by the local Health Systems, becoming the second-largest market in the world with a share of 20%.

MARKET TREND FOR AREA

[3] *Source: 2020 MRB USA*



The Italian plasma-derivatives market is divided between plasma-derivatives (PDMP) produced by processing national plasma on behalf of the Regions within the national self-sufficiency programme and PDMP produced from plasma owned by pharmaceutical companies - the commercial market.

The principles established by Law no. 219/2015 provide that the Regions, individually or in consortia, shall deliver the plasma collected at the Transfusion Services and the Associative Collection Units to the authorised companies. The contract with the companies, which act as service providers, is considered a "tolling" mode and is a convention for producing PDMPs. The acquisition is carried out using a tender procedure following the regulations in force.

To this end, between 2015 and 2016, three new interregional agreements were established: the New Interregional Agreement for Plasma Production (NAIP), the Interregional Plasma/Plasma-Derivatives Grouping (RIPP), and the Plasma Network (Planet), in addition to the already operating Lombardy-Piedmont-Sardinia Agreement (LPS).
Currently, the companies authorised to carry out national plasma processing, identified based on the Ministerial Decree of 5 December 2014, are CSL, Grifols, Kedrion, Octapharma and Takeda.

Following the entry into force of the new regulatory regime, three tenders were awarded: the first one, organised by the Veneto Region on behalf of the NAIP grouping[4], was awarded in March 2016 to CSL; the second one, organised by the Emilia-Romagna Region on behalf of the RIPP grouping[5], was awarded to a temporary association composed of Grifols and Kedrion with a contract signed in October 2019. The third one, tendered by the Tuscany Region on behalf of the PLANET[6] grouping, was awarded in July 2018 to a temporary association between Shire/Takeda Group companies. The fourth and last one, tendered by the Lombardy Region as leader of the Interregional Agreement between Lombardy, Piedmont and Sardinia, awarded to Kedrion in November 2020, was annulled by a ruling of the Council of State in February 2022 and will have

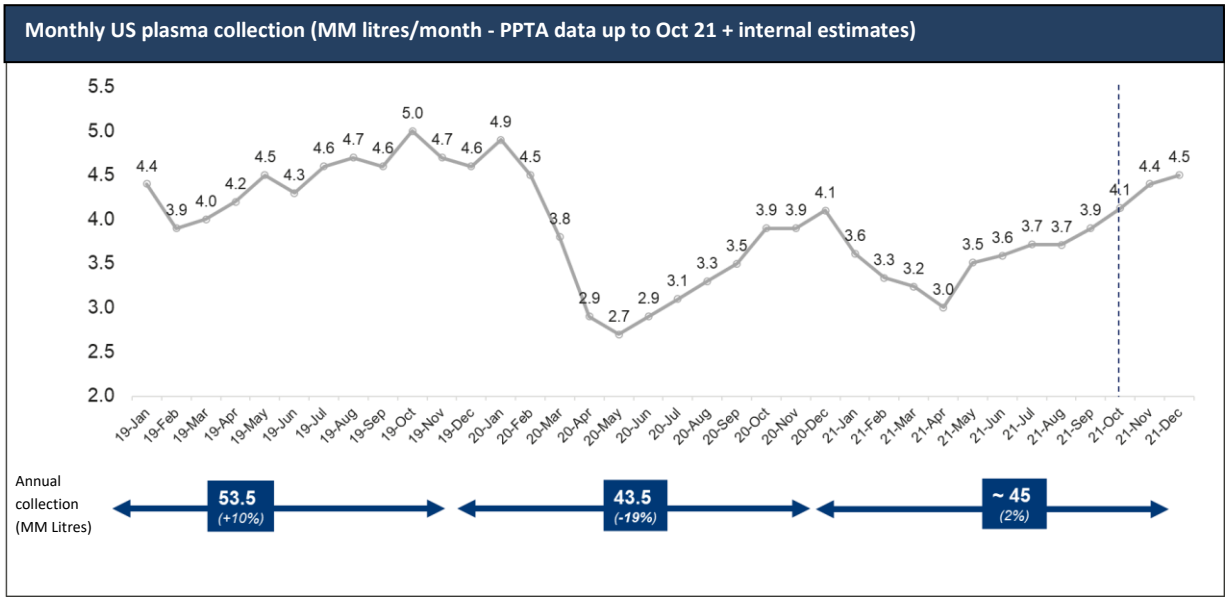
[4] Abruzzo, Basilicata, Friuli-Venezia Giulia, Liguria, Umbria, Valle d'Aosta, Veneto, Autonomous Province of Trento, Autonomous Province of Bolzano.
[5] Emilia-Romagna, Apulia, Calabria and Sicily.
[6] Source: Tuscany, Campania, Lazio and Marche

to be reformulated. In the meantime, Kedrion will continue to provide plasma processing services on behalf of these regions under the previous agreement.

In 2021, approximately 861,000 kilos of plasma were collected in Italy, an increase of 2% over the previous year[7], showing that the Italian system reacted better than the United States and other European countries to dropping donations due to the COVID-19 pandemic.

The global plasma collection market in 2019 reached about 69 million[8] litres collected between source and recovered plasma, with positive growth rates for about 15 years and a growth mainly driven by North American source plasma (c. 80% of total volumes).
The advent of the pandemic severely impacted plasma collection worldwide, with a reduction in North America by almost 20% in 2020 (equivalent to about 10 million litres of plasma lost to the industry), a situation that unfortunately continued into 2021 despite expectations of an early resumption of collection and a return to normality.

As can be seen from the graph, the new variants of COVID-19 (Delta first, followed by Omicron) together with the major stimuli and economic stimulus measures launched by the US administration and lastly, the closure of the US-Mexico border for all Mexican donors residing in border areas, have created not only a slowdown in plasma collection (fewer donors, lower average number of donations) but also a sharp increase in the cost of plasma collection itself with a consequential impact on the cost of the final product.



Source: Plasma Protein Therapeutic Association (PPTA) data up to October 2021

Overall, from the pre-COVID 53.5 million litres of source plasma, a collection of around 45 million litres is estimated for 2021, with a slight recovery compared to 2020 but still far below the amount of plasma needed to meet final product demand, especially for immunoglobulins.

[7] *Source: National Blood Centre.*
[8] *Source: MRB EU Parliament online roundtable*

This immunoglobulin shortage situation was found during the year less in North America, which as mentioned represents the main market, much more in Europe, where in several countries, including Italy, a state of shortage was declared by practically all producers, with even more dramatic situations in emerging countries, where the product was lacking for months due to reduced availability as well as to the fact that all available resources were used to combat COVID. With harvesting expected to return to pre-COVID levels in the first half of 2022, this situation will continue throughout the year due to the long lead times for procurement, production, release and marketing (on average between 6 and 9 months), with an inevitable impact on market prices, which are expected to rise worldwide in 2022 due to the continuing structural imbalance between supply and demand.

4.2. GROUP ACTIVITIES

Kedrion is one of the leading international groups in developing, manufacturing, and distributing a wide range of human plasma-derived products. Its life-saving products treat patients with haemophilia, immune deficiencies, infectious diseases and other serious illnesses in around 100 countries worldwide.
Its global presence is articulated through an integrated business model that ensures the constant availability of raw materials thanks to 29 collection centres owned in the United States, 6 production plants and strict quality control throughout the production chain. The production facilities constantly follow the technological evolution aiming for excellence and are regularly maintained to ensure the highest safety standards at all production levels. The plant in Bolognana (LU) is the only facility in Italy capable of producing the full range of blood products. At the same time, the one in Sant'Antimo (NA) specialises in producing specific immunoglobulins and inactivated plasma viruses. The plant in Gödöllő (Budapest) was originally dedicated to supplies for the European and Asian markets and, following a major renovation that has more than doubled its capacity, since the end of 2012, it has also been producing intermediates for the Bolognana plant, where they are then taken to finished products. The US plant in Melville, acquired in 2011 and underwent extensive renovation during 2016-2017, now fractionates plasma mainly for Kedrion's US market, while the new plant in Castelvecchio Pascoli (LU) will be dedicated to the purification of immunoglobulin 10% (KIg10).
As of 2021, the Canadian plant in Laval, Québec, which produces the Ryplazim plasminogen acquired as part of the business combination described below, will also operate within the Group.

The Group operates in three business segments:

- The main one concerns the production and sale of plasma-derivatives, i.e., proteins extracted from human plasma such as albumin, immunoglobulins - standard and specific - coagulation factors and human plasminogen;
- The collection, purchase and sale of plasma, in support of which the Group has a network of collection centres that primarily secure the supply of plasma needed to cover the needs of the plasma-derivatives segment, and then allocate the surplus to sale to third parties;
- Other activities include the contract manufacturing of intermediates and other products and the marketing of other speciality pharmaceuticals, including recombinant factor VIII, which benefit from the strong positioning of Kedrion’s distribution network.

The Group operates globally by segmenting its markets into four geographical macro-areas: ‘United States’, ‘Italy’, ‘European Union’ and ‘Rest of the World’.

4.3. SIGNIFICANT EVENTS DURING THE YEAR

4.3.1. SEGMENT: "PRODUCTION AND SALE OF PLASMA DERIVATIVES"

ACQUISITION OF RYPLAZIM

In October 2021, Kedrion completed the last in a series of acquisitions related to the Prometic division, dedicated to developing and producing the product Ryplazim®, from the Canadian company Liminal BioSciences.
This acquisition was a deal that took place in several *business combinations*, which began in May with the acquisition of the two companies Prometic Plasma Resources US (PPR USA) and Prometic Plasma Resources Canada (PPR CAD), which own two FDA-approved plasma collection centres, respectively located in Amherst, New York (USA) and Winnipeg, Manitoba (Canada), and of the exclusive option to acquire the rights to the drug and the manufacturing facility in Canada where it is produced, subject to the seller obtaining FDA regulatory approval of Ryplazim.
The Amherst centre was fully integrated into Kedplasma's network of centres through the merger of PPR USA at the end of July 2021, while the Winnipeg centre was sold to Grifols at the end of 2021, as it was deemed non-strategic in the Group's development plans.
Following FDA approval on 4 June 2021, Kedrion exercised its option by acquiring, in July, the Canadian company Prometic BioProduction Inc., owner of the Ryplazim production facility, and, in October, the US company Prometic BioTherapeutics, owner of the FDA Biological Licence, Orphan Drug designation and intellectual property on the purification process and technology.
The total consideration paid for all the acquisitions described was USD 33.2 million.

Ryplazim is a plasma-derived human plasminogen indicated in adult and paediatric patients to treat clinical symptoms associated with congenital plasminogen deficiency. This drug is the first approved treatment for this ultra-rare disease, which can lead to blindness, respiratory failure and other serious complications.
The commercial launch of the product, with first sales in January 2022, and the reimbursement authorisation process by US patient insurers are currently underway. At the same time, the production plant has started producing the first commercial batches, and a gradual increase in production capacity is planned.

In addition to the product, Kedrion acquired the intellectual property of a state-of-the-art purification technology, which could lead to further developments on other plasma proteins, and significantly strengthened its presence in the North American market by having a subsidiary in Canada for the first time.

As described in more detail below, the acquisitions described above resulted in recognition of income in the income statement for the year, under "other income", totalling Euro 48.7 million.

COVID-19: EFFECTS AND MEASURES TAKEN

The Covid-19 pandemic, which continued throughout 2021 with new variants, continued to impact the global economy, albeit gradually decreasing significantly. Travel restrictions and quarantine measures continued, and severe hospital access and treatment restrictions were not related to the pandemic emergency. Businesses continued to experience significant reductions in revenues and supply difficulties. However, the economic system withstood the shock, thanks in part to the financial support measures for individuals and businesses put in place by various governments, and began to show important signs of recovery in the second half of the year, demonstrating

resilience and adaptation to the containment measures, which were progressively eased thanks to the vaccination campaign launched at the beginning of 2021 and the vaccination 'passports' issued as a result.

The pandemic has also had significant and ongoing effects on the global plasma-derivatives market and Kedrion's performance. In particular, significant impacts on plasma collection in the United States have continued due to the combined effect of the lockdown measures ('stay-at-home orders') and the financial aid programme on the number and frequency of donations, particularly for certain habitual donor groups such as students, contributing to an increase in the cost per litre of plasma collected, both due to an increase in the so-called *donor fees* paid to donors, and due to the higher incidence of fixed costs of centres compared to the lower volumes collected. The donation collection trend picked up again in the middle months of 2021, only returning to pre-COVID monthly levels towards the end of 2021.
On the product side, there were again significant reductions in sales volumes of hyperimmune rabies immunoglobulin (Kedrab) in the US market due to reduced exposure to infection due to the travel ban and sales of FVIII were impacted as the effects of the pandemic facilitated home treatment. Finally, the higher costs incurred for safety and prevention measures (sanitisation, protective devices, etc.) are put in place to ensure the continuity of production at the plants. In addition, the reduced availability of collected plasma, although sufficient to supply production facilities, has penalised sales of third-party plasma, as described below, and has encouraged the search for foreign plasma processing contracts. In November 2021, an agreement was signed with the French company LFB to fractionate more than 100,000 litres of plasma collected in the self-sufficiency programme in France to produce 5% intravenous immunoglobulins under our Humaglobin brand produced in Gödöllő, with processing starting in December. In previous months, an agreement had been signed with the Iranian company Behestan, which envisaged the delivery of the first 30,000 litres for fractionation at the Bolognana site by the end of the year. This quantity would increase to 100,000 litres in 2022. Finally, at the end of December, Kedrion S.p.A. won a tender for 250,000 litres of Polish plasma. This tender stipulates that 75% of the immunoglobulins produced from that plasma will have to be made available to the Polish market, thus starting to pursue a policy of self-sufficiency similar to that of other European countries.

The pandemic allowed the company and the Group to rethink working methods, facilitating a progressive return to the workplace, in compliance with the law, alongside extensive and flexible forms of 'smart working'.

"RHOGAM" AND "KIG10" STRATEGIC PROJECTS

In addition to continuing its growth path (so-called "growth"), the US plant in Melville is now in its second year of operation. "ramp-up) in fractioned volumes, which reached approximately 700,000 litres in 2021, continued the filling and packaging activities of the RhoGAM product while waiting for the completion of the technology transfer of the bulk that will lead, in 2022, to the full internalisation of the production cycle, according to the project timelines revised in light of the integration requests received from the FDA in 2020 regarding our regulatory dossier (PAS). Project activities continued during the year in line with the plan, and production of PPQ batches is currently underway.
The growth in production at the Melville plant, both for the fractionation plant and for the new RhoGAM filling and packaging line, led to a further significant improvement in the income statement for the year, mainly due to the reduction in unabsorbed plant costs and also led to an increase in margins on sales of products for the American market.

Non-recurring costs were recognised in the income statement for the year due to the extension of the time required for FDA approval of the new RhoGAM line. Therefore, on the one hand, to extend the contract with the current supplier of the finished product until the end of 2023 against payment of an "*extension fee*", to avoid the risk of discontinuity in the product, and on the other hand, it did not allow the absorption of the costs of the production structure that the subsidiary has already set up, in line with previous plans. Therefore, these phenomena led to non-recurring costs for the year of Euro 9.0 million.

During the year, the validation process for the production process continued at the new plant for the purification of immunoglobulin 10% (KIg10) using the chromatographic method in Castelvecchio Pascoli (LU), and clinical trials continued with a view to commercial authorisation of the new product. During the year, activities relating to the clinical trial for the indication PID (Primary Immunodeficiencies) in the adult population in the United States were completed ("CARES10") and the study's final report was obtained, with no significant adverse reactions recorded. In addition, the enrolment and treatment of paediatric patients in the paediatric PID study ("KIDCARES10") in Italy, Hungary, Slovakia, Russia and Portugal began in April 2021 for registration of this indication in the USA and Europe.
Currently, production for clinical trials is carried out at the Gödöllő plant (purification phase), and technology transfer is being completed at the Castelvecchio industrial plant; validation activities have continued as planned, and in the coming months, batches of PPQ will be produced at Castelvecchio Pascoli, with a view to regulatory approval expected in the United States in 2024.
The timing of the expected approval in the United States has slipped by six months compared to previous forecasts (which foresaw a project completion by the end of 2023) due to some comments received by the FDA that required corrective activities implemented in 2021.
Project costs charged to the financial year that have not yet been balanced in production and related revenues amount to Euro 2.0 million, while total investments in 2021 amount to Euro 23.1 million.

PRICES TREND

This financial year's sales prices of plasma-derivatives confirmed the historically upward trend for immunoglobulin, supported by the steady increase in demand over supply increases by fractionators, heavily impacted by the reduction in plasma collection caused by COVID. The structural imbalance between supply and demand, especially in the European and RoW markets, has generated areas of opportunity that the Group has been able to exploit thanks to its distribution network, implementing a product allocation on markets with the highest growth rates, as demonstrated by the 11% increase in the price of immunoglobulin on these markets. This trend was largely independent of the reduction in plasma collection, as shown by the price trend in the most important market, the US, where price growth was about 2% (in USD currency; about -1% in Euro due to currency dynamics), significantly lower than the pre-pandemic growth rate (6-7%).
The price of albumin increased in the US (+5% approx. in USD currency; +1% approx. in Euro currency) due to the recovery in hospital demand, while it fell by about 4% in the European and RoW markets, in line with the more volume-oriented sales strategy (+14% in volumes sold compared to the previous year).
The price of plasma factor VIII increased in the US (+5% approx. in currency; +1% approx. in Euro) in line with the sales strategy more oriented to certain customer segments less affected by the drop in demand caused by Hemlibra (Roche). In comparison, the reduction continued in the European and RoW markets by about 22%, as a result of the competitive dynamics created by the gradual introduction of Hemlibra, the mix between different countries where the product is sold and the unfavourable currency dynamics in some key countries, such as Turkey.

OTHER STRATEGIC AND TRANSFORMATION INITIATIVES

For Kedrion, the 2021 financial year was also a year of intense changes and project efforts as part of the so-called "Kedrion" programme. "NEXT" launched in 2020 to improve the Group's profitability and competitive position. The programme, supported by qualified external consultants and an internal working group, continued a series of initiatives to improve performance, efficiency and procurement excellence already started in the previous two years, particularly in the Operations, Commercial and G&A areas of the "plasma-derivatives" segment, including initiatives to increase yield and capacity and initiatives to restructure and simplify the company. Among the latter, it is worth mentioning the merger by incorporation into Kedrion BioPharma GmbH (Germany) of the subsidiaries Kedrion International GmbH (Austria) and Kedrion Portugal Lda (Portugal), published on 11 June 2021 with retroactive accounting effect from 1 January 2021, and the simultaneous opening of commercial branches of the German subsidiary in Austria, Portugal and Poland, to simplify the Group's structure and therefore to consolidate operations and streamline local administrative costs.

4.3.2. SEGMENT: “COLLECTION AND SALE OF PLASMA”

COVID-19 AND PLASMA AVAILABILITY

The Plasma segment was characterised during the financial year by a reduction in the volumes available to the Group, generated by the effects of the Covid-19 pandemic on plasma collection and a reduction in purchases from third party suppliers. According to public sector studies, the drop in the availability of standard plasma at Kedrion was about 38% compared to budget forecasts, in line with the rest of the industry. The reduction in the volumes of plasma available to avoid impacts on internal production needs led to a substantial reduction in sales to third parties, generating a segment turnover of Euro 47.0 million compared to Euro 94.3 million in 2020, which was already significantly affected by the pandemic (-50%).

DISPOSALS AND PURCHASES/START-UP OF OWNED COLLECTION CENTRES

During the year, this segment saw the sale of the assets of seven plasma collection centres in the United States and one centre in Canada to the company Grifols, as well as the acquisition during the year of five centres in the United States and the start-up of other centres, for a total of 29 centres owned at the end of the year, compared to 27 centres at the end of the previous year. During the year, the Group also began the process of opening and starting up its plasma collection centres; during 2021, three centres (Lincoln North, Springfield, Urbana) were authorised by the FDA, opened and developed internally, and are now working to bring donations and collection levels up to standard.

The sale of the assets of the 7 American collection centres and 1 Canadian centre and the consequent transfer of all the risks and rewards connected with them made a significant contribution to the result for the period, recording an amount of approximately Euro 24.7 million, among other income (last year the sale of the Hungarian centres had led to the recording of income of approximately Euro 15.5 million).

PRICES TREND

During the year, sales prices for plasma were characterised by a growth which, for standard plasma, was on average only about 3% (in USD currency; about +1% in EUR), mainly due to contracts with pre-Covid fixed prices.

4.3.3. FINANCIAL MANAGEMENT

EXCHANGE RATE TRENDS

The exchange rate trend (in particular of the US dollar, which went from 1.2271 at 31 December 2020 to 1.13260 at 31 December 2021) generated a positive impact on the income statement for realised and unrealised exchange rate differences of Euro 10.8 million (last year the effect on the result was negative for Euro 30.9 million), in addition to an increase in the shareholders' equity of the Group and minority interests of Euro 27.0 million due to the change in the translation reserve.

NEW BOND AND PARTIAL REPURCHASE OF EXISTING BOND

During the year 2021, Kedrion SpA completed the refinancing process of the existing debt.
This process led to the issuance of a new bond of Euro 410 million with an issue price of 100%, maturing on 15 May 2026 and listed on the Official List of Euronext Dublin. Interest on this new Bond is payable semi-annually with an annual coupon of 3.375%.

The proceeds from this new issue were used to (i) repay indebtedness under the Company's existing credit facilities, (ii) fund the Euro 150 million purchase of the Existing Securities under the tender offer announced by the Company on 23 April 2021 and (iii) pay related fees and expenses.

BNP Paribas and JP Morgan AG acted as Joint Physical Bookrunners and Joint Global Coordinators concerning the new issue. In contrast, Crédit Agricole Corporate and Investment Bank, Intesa Sanpaolo SpA, Mediobanca-Banca di Credito Finanziario SpA, Natixis and UniCredit Bank AG acted as Joint Bookrunners.

Kedrion SpA entered into a new loan agreement for Euro 240 million with this issue.
The Credit Facilities Agreement provides two-term credit lines expiring in 2026 for a total of Euro 140 million and two revolving credit lines for a total of Euro 100 million.
The proceeds of this credit line will be used to refinance a portion of the Existing Bonds and to support any working capital requirements.

The Bond is: (i) secured on a senior secured basis by the subsidiaries Kedrion Biopharma Inc. and Kedplasma LLC, and (ii) secured by guarantees granted on an equal and assessable first-priority basis on the following rights and assets: (i) 95.5% of the issued share capital of Kedrion Biopharma Inc.; (ii) a pledge by each of Kedrion Biopharma Inc. and Kedplasma LLC of their respective tangible and intangible assets, including a pledge by Kedrion Biopharma Inc. of the capital it holds in Kedplasma LLC (each subject to certain exclusions and limitations); and (iii) the assignment by way of security (or pledge) of claims by and between the Issuer or a Guarantor and the Issuer's Restricted Subsidiaries under certain material intercompany loans.

This package of guarantees and warranties for the benefit of the Bonds was also extended to the existing Issue maturing in July 2022 and the new bank finance.

4.4. REPORT ON OPERATIONS

	Year ended 31 December				
(in thousands of Euro)	2021	% total revenue	2020	% total revenue	Change 2021/2020
Revenue	660,384	100.0%	697,234	100.0%	-5.3%
Cost of sales	516,380	78.2%	533,505	76.5%	-3.2%
GROSS MARGIN (*)	**144,004**	**21.8%**	**163,729**	**23.5%**	**-12.0%**
Other revenues	103,820	15.7%	50,278	7.2%	106.5%
General and administrative expenses	98,949	15.0%	80,760	11.6%	22.5%
Sales and marketing expenses	50,305	7.6%	45,677	6.6%	10.1%
Research and development expenses	40,157	6.1%	29,165	4.2%	37.7%
Other operating costs	8,355	1.3%	7,943	1.1%	5.2%
EBIT (**)	**50,058**	**7.6%**	**50,462**	**7.2%**	**-0.8%**
Financial expenses	61,573	9.3%	67,814	9.7%	-9.2%
Financial income	31,410	4.8%	13,991	2.0%	124.5%
Financial management	**30,163**	**4.6%**	**53,823**	**7.7%**	-44.0%
PROFIT / (LOSS) BEFORE TAXES	**19,895**	**3.0%**	**(3,361)**	**-0.5%**	**-**
Income taxes	8,282	1.3%	(9,399)	-1.3%	-
NET PROFIT FOR THE YEAR	**11,613**	**1.8%**	**6,038**	**0.9%**	**92.3%**
Minorities profit / (loss)	(2,210)	-0.3%	816	0.1%	-
NET PROFIT ATTRIBUTABLE TO THE GROUP	**13,823**	**2.1%**	**5,222**	**0.7%**	**164.7%**

(*) Gross Margin: the difference between revenues and cost of sales.
(**) EBIT: is the difference between revenues, cost of sales and operating costs net of other income.

4.4.1. REVENUE

The breakdown of turnover by business segment and geographical area is detailed in the tables below:

REVENUE	Year ended 31 December				
(in thousands of Euro)	2021	% on total revenues	2020	% on total revenues	Change 2021/2020
Plasma derivatives	595,989	90.2%	579,824	83.2%	2.8%
Plasma	46,961	7.1%	94,271	13.5%	-50.2%
Other	17,433	2.6%	23,139	3.3%	-24.7%
TOTAL	**660,384**	**100.0%**	**697,234**	**100.0%**	**-5.3%**

SEGMENT: “PRODUCTION AND SALE OF PLASMA DERIVATIVES”

Revenues from the production and sale of plasma derivatives at 31 December 2021 amounted to Euro 596 million (90.2% of the total), up 2.8%; the increase in the relative weight of this segment from 83.2% to 90.2% of the total is partly due to the drop in sales in the plasma segment due to the lower availability of plasma caused by Covid-19 but also, and above all, to the excellent performance of certain products.

First among all products in order of importance are confirmed standard immunoglobulin, thanks mainly to the increase in average prices brought about by the focus on the most profitable sales markets, and albumin, thanks to the price-volume mix, followed by factor IX and anti-rabies immunoglobulin which manages to grow despite the reduced mobility brought about by the continuation of the pandemic throughout 2021.

The US plasma-derivatives market retained its strategic importance within the segment with 41% of total turnover and 12% growth. Europe shows the highest growth rate, +29.6%, thanks to the performance of increasingly important markets for the Group (Germany, Austria, Portugal and France), while Italy, as better specified in the geographical breakdown of revenues, is in contraction due to lower volumes of plasma processing for the National Health System.

With 26% of the total, the rest of the world takes second place in terms of relevance in the segment and shows a growth of 3%.

In addition to the production and sale of plasma-derived products and to the processing account service segment for the Italian Health System, the processing account service segment for some foreign countries (France, Iran, Poland) is being consolidated, the contracts for which were signed in 2021 and which generated revenues in the year of Euro 4.6 million, the strategic effects of which in terms of revenues and plasma availability will be seen in subsequent years.

SEGMENT: “COLLECTION AND SALE OF PLASMA”

Revenues from the collection and sale of plasma segment as of 31 December 2021 amounted to Euro 47.0 million, a decrease of 50.2% compared to the previous year. This reduction is due to lower availability of US plasma linked to a further decline in the collection (-10% compared to 2020 due to the pandemic) and lower purchases of plasma from suppliers.

SEGMENT: "OTHER ACTIVITIES

Revenues from this segment relating to the sale of synthetic products and production on behalf of third parties amounted to Euro 17.4 million as of 31 December 2021, down 24.7% compared to 2020.

The main non-plasma-derived product is Nuwiq (recombinant factor VIII), exclusively distributed in Italy by Octapharma under a ten-year agreement; sales of this product during the year amounted to Euro 11.5 million, down by approximately 18% compared to 2020. The second most important product included in this segment is CERUS (biomedical devices used for the viral inactivation of human platelets and plasma, distributed in Italy on an exclusive basis as from 2017 following a partnership agreement launched both to exploit the commercial synergy with Kedrion's current positioning in the plasma-derivatives sector and to benefit from the possible development of the segment for the inactivation of red blood cells for transfusion use for which CERUS expects to obtain authorisation in the next few years). Despite the impact of Covid on the Italian National Health Service, during the year, the target of approximately Euro 2 million reached in 2020 was substantially confirmed.
Production for third parties carried out at the Gödöllő plant for some operators in the sector decreased slightly, from Euro 4.5 million in 2020 to Euro 4 million in 2021.

The geographical breakdown of revenues is as follows:

REVENUE	**Year ended 31 December**				
(in thousands of Euro)	2021	% on total revenues	2020	% on total revenues	Change 2021/2020.
USA	283,718	43.0%	260,406	37.3%	9.0%
Italy	110,139	16.7%	150,054	21.5%	-26.6%
European Union	103,632	15.7%	98,600	14.2%	5.1%
Rest of the world	162,894	24.7%	188,174	27.0%	-13.4%
TOTAL	**660,384**	**100.0%**	**697,234**	**100.0%**	**-5.3%**

USA

Plasma sales in this market slowed down slightly in 2021, -2.1%, due to the reduction in volumes available for sale; plasma-derived products led the growth with +12.2% in Euro (+16.3% in USD) in sales compared to the previous year.
Standard immunoglobulin remains the main driver of growth (+18.8%), followed by albumin (+16.2%) and anti-rabies immunoglobulin, which, despite the impact of reduced mobility for COVID, recorded an increase in sales (+4%); it is factor VIII and anti-D immunoglobulin that mark the pace with a contraction in volumes sold linked to the reduction in stocks by distributors and the decrease in hospital therapies, although partially offset by the price increase of factor VIII linked to the new sales strategy.

ITALY

The Italian market as of 31 December 2021 decreased by 26.6% compared to the previous year, with a turnover of Euro 110.1 million, corresponding to 16.7% of total revenues, achieved through the sale of finished products on the commercial market and the processing service for the National Health System. Compared to the previous year, the decrease in the volume of contract work processed for the National Health System is partially offset by the start of foreign contract work.

EUROPEAN UNION

Revenues in other European Union countries amounted to Euro 103.6 million as of 31 December 2021, or 15.7% of total revenues, and increased by 5.1% compared to 2020.

Sales of plasma to European customers fell sharply to Euro 3.9 million from Euro 20.4 million in the previous year due to the reduced availability of products for sale.
The lower sales of plasma are fully offset by the growth in plasma-derived products (+29.6%), driven mainly by the higher volumes of standard immunoglobulin (placed at increasing prices in this geographical area as well) and albumin; of particular note is the growth in the main markets served (Germany, Austria, Poland, Portugal, France and Greece) which, growing by 10% overall, account for 90% of segment turnover.

REST OF THE WORLD

Revenues for this geographical area as of 31 December 2021 amounted to Euro 162.9 million, representing 24.7% of total revenues despite a 13.4% decrease compared to 2020 due to lower plasma sales.
In the plasma-derived products segment, which grew by 3.1% thanks to standard immunoglobulin, albumin and factor IX, the main markets served were Mexico and Turkey.

4.4.2. OPERATING COSTS

The raw material, plasma, experienced a further cost increase in 2021, higher than in recent years, because of the Covid-19 pandemic. The drop in donations, the increase in competition and the extraordinary security measures implemented during the year generated an increase in the cost of collection at Kedrion of around 16%. However, the increase in the average cost of plasma was mitigated by the continued development of the in-house collection, which is less expensive than plasma purchased from third parties. In addition, it was only partially offset by the increase in sales prices of finished products, particularly standard immunoglobulin, due to the allocation of the product to the most profitable ex-US markets.
In addition, the increasing use of the Melville plant, both for the fractionation plant and for the new RhoGAM filling and packaging line, resulted in a further improvement of the income statement for the year, mainly due to the reduction of unabsorbed plant costs.
Balancing these counteracting effects led to a slight reduction in the gross margin from 23.5% in the 2020 to 21.8% in 2021.
Overall, other operating costs increased by Euro 34.2 million compared to the previous year, mainly due to the consolidation of the costs of the Laval plant, the increase in sales of plasma-derived products, the average increase in the cost of utilities towards the end of the year and some provisions for risks and charges, despite the continuation of several efficiency projects ("procurement excellence", "rightsizing") and specific control actions in particular in those areas where the Covid-19 pandemic has led to a reduction in activities (travel, conferences and congresses, training, transport).
However, the increase in operating expenses was more than offset by the increase in other income (+Euro 53.5 million compared to the previous year), mainly due to the proceeds generated by the Ryplazim deal, keeping the operating result substantially unchanged.

4.4.3. ALTERNATIVE PERFORMANCE INDICATORS

In this management report, in addition to the conventional indicators provided by IFRS, some alternative performance indicators used by the management of the Kedrion Group to monitor and evaluate its operating performance are presented. However, since they are not identified as an accounting measure under IFRS, they should not be considered alternative measures for evaluating the Group's performance.
As the composition of the alternative performance indicators (EBITDA, Adjusted EBITDA, Adjusted Gross Margin, Net Invested Capital, Net Working Capital, Net Financial Debt) is not

regulated by the relevant accounting standards, the determination criteria applied by the Group may not be homogeneous with those adopted by other entities and therefore may not be comparable.

ADJUSTED EBITDA AND EBITDA

EBITDA 2021 stood at Euro 99 million, equal to 15.0% of turnover, up in terms of profitability compared to 13.8% in the previous year and up in absolute terms compared to Euro 95.9 million in 2020, thanks to the extraordinary income generated by the Ryplazim deal and the proceeds from the sale of plasma centres, which, together with substantially stable margins on plasma-derived products, made it possible to offset the higher costs associated with the collection of raw materials and, more generally, the effects of the Covid-19 pandemic, as well as the increase in operating costs. In fact, as better detailed in the specific section (note 4.12), in the item non-recurring costs, following the definition shown in the table below, approximately Euro 40.0 million of non-recurring operating costs with an impact on EBITDA were identified, of which Euro 35.6 million were caused by the Covid-19 pandemic.
Adjusted EBITDA (calculated excluding the impact of these non-recurring operating items) amounted to Euro 139.0 million or 21.0% of revenues, a decrease in profitability from 23.0% in 2020, with a decrease in the absolute value of Euro 21.1 million or approximately 13.2%, due to the decrease in sales caused by Covid-19, in particular those of plasma due to the lower availability of plasma and some plasma-derivatives due to the lockdown and the reduction in hospital therapies.

Depreciation and amortisation amounted to Euro 49.4 million, bringing the operating profit (EBIT) to Euro 50.1 million, or 7.6% of sales.

	Year ended 31 December				
(in thousands of Euro)	2021	% on total revenues	2020	% on total revenues	Change 2021/2020.
Operating profit	50,058	7.6%	50,462	7.2%	-0.8%
+ Depreciation / Amortization	49,407	7.5%	45,769	-6.6%	7.9%
- Plant and machinery grants	(486)	-0.1%	(352)	-0.1%	37.9%
EBITDA (*)	**98,979**	**15.0%**	**95,879**	**13.8%**	**3.2%**
Non-recurring items (**)	40,010	6.1%	64,252	9.2%	-37.7%
Adjusted EBITDA (***)	**138,989**	**21.0%**	**160,130**	**23.0%**	**-13.2%**

(*) EBITDA is the operating profit before depreciation, amortisation and plant grants.
(**) Non-recurring operating items include non-recurring costs and revenues determined following Consob Resolution No. 15519 of 27 July 2006 (reported in the notes to the financial statements) and other "non-recurring operating" and non-ordinary items such as costs related to acquisitions, start-up costs of new plants and plasma centre start-up costs, as well as other contingent assets and liabilities.
(***) Adjusted EBITDA is EBITDA before non-recurring operating items.
Thus, EBITDA and adjusted EBITDA represent a measure used by the company's management to monitor and evaluate its operating performance. EBITDA is not identified as an accounting measure under IFRS and should not be considered an alternative measure for assessing the Group's performance. As the composition of EBITDA is not regulated by the

relevant accounting standards, the determination criteria applied by the Group may not be homogeneous with those adopted by others and therefore not comparable.

ADJUSTED GROSS MARGIN

Analysis of Adjusted Gross Margin by business segment for the years ended 31 December

(in thousands of Euro)	Segment adjusted gross margin (*)			
	Production and sale of plasma derivatives	Collection and sale of plasma	Other activities	TOTAL
YEAR ENDING 31.12.2021	**187,801**	**10,400**	**5,531**	**203,732**
% of total revenues of the business segment (**)	31.5%	5.5%	31.7%	30.9%
% of total Adjusted Gross Margin	92.2%	5.1%	2.7%	100.0%
Delta 2021/2020	(4.0%)	0.1%	2.7%	(1.7%)
YEAR ENDING 31.12.2020	**205,663**	**14,484**	**6,716**	**226,863**
% of total revenues of the business segment (**)	35.5%	5.4%	29.0%	32.5%
% of total Adjusted Gross Margin	90.7%	6.4%	3.0%	100.0%

(*) Segment Adjusted Gross Margin is represented by segment revenues minus production costs allocated to segments, not considering non-recurring production costs such as non-absorbed costs resulting from plant restructuring or the acquisition/opening of new plasma centres. Under segment costs, the Group recognises direct and indirect production costs related to the business segment, including production depreciation and amortisation and all other costs that make up the cost of sales. Commercial costs, general and administrative costs, research and development costs and other operating costs are not allocated to segments. The segment margin thus defined is a measure used by the Group's management to monitor and evaluate the Group's operating performance and is not identified as an accounting measure under IFRS and, therefore, should not be considered an alternative measure for evaluating the Group's performance. Since the relevant accounting standards do not regulate the composition of the segment margin, the determination criteria applied by the Group may not be homogeneous with those adopted by others and, therefore, may not be comparable.
(**) Calculated based on segment revenues before intersegment eliminations.

PRODUCTION AND SALE OF PLASMA DERIVATIVES

The adjusted gross margin for this segment amounted to Euro 187.8 million (31.5% of segment revenue), representing 92.2% of the Group's total adjusted gross margin.
The decrease in margin from 35.5% in 2020 to 31.5% in the current year is mainly due to the increase in raw material cost, which was not adequately reflected in the prices of standard immunoglobulin, particularly in the US.

COLLECTION AND SALE OF PLASMA

The adjusted gross margin of the collection and sale of plasma segment increased from 5.4% of total segment revenue in the 2020 financial year to 5.5% in 2021, while the percentage weight of the segment in the Group totals decreased by 1.3%. During the 2021 financial year, fewer volumes of standard plasma were available for sales to third parties due to the continuation of the Covid-19 pandemic, so the contraction in margins is attributable to the greater weight of intercompany sales, where pandemic-related increases in the cost of plasma were only partially reflected in sales prices.

OTHER ACTIVITIES

The Adjusted Gross Margin of this last residual segment increased to 31.7% of total segment revenue for the year ended 31 December 2021 compared to 29.0% for the previous year, mainly

due to the marginality related to the marketing, on an exclusive basis for Italy, of recombinant factor VIII under licence from Octapharma. The weight of this segment in terms of margin drops from 3.0% to 2.7%.

4.4.4. FINANCIAL MANAGEMENT

Financial expenses amounted to Euro 61.6 million in FY2021 compared to Euro 67.8 million in FY2020. They mainly included interest expenses to the banking system and bondholders, financial expenses on leasing contracts, and the recognition of exchange losses.
Financial income increased to Euro 31.4 million in 2021 compared to Euro 14.0 million in 2020, largely attributable to currency fluctuations.
Financial expenses net of financial income decreased in the 2021 financial year by Euro 23.7 million, mainly due to lower exchange rate losses, thanks to the strengthening of the US dollar, which offset the unfavourable trend of some minor currencies, such as the Turkish lira, and the increase in interest expenses and charges on non-hedging financial instruments.

The incidence of financial management (excluding exchange rate losses and gains) on turnover was 6.5%, up slightly from 4.0% in 2020 due to the contraction in turnover.

Profit before tax is positive and equal to Euro 19.9 million (negative Euro 3.4 million in 2020), thanks to the improvement in financial management, with the operating result remaining substantially unchanged.
Net profit for the year amounted to Euro 11.6 million (Euro 6.0 million in 2020), equal to 1.8% of sales, as a result of income taxes accrued during the year on the parent company and profitable subsidiaries (mainly Canada, Germany, Mexico), in line with local taxation regimes.
Group profit is Euro 13.8 million (Euro 5.2 million in 2020), corresponding to 2.1% of turnover.

4.5. EQUITY AND FINANCIAL POSITION

The reclassification of the balance sheet based on financial criteria is as follows:

(in thousands of Euro)	31.12.2021		31.12.2020	
USES				
Net working capital (*)	273,297	24.3%	293,720	27.7%
Fixed assets and other assets	863,078	76.8%	764,829	72.1%
Short-term liabilities	(16,444)	-1.5%	(1,910)	-0.2%
Long-term liabilities (**)	4,308	0.4%	4,472	0.4%
NET INVESTED CAPITAL	**1,124,239**	**100%**	**1,061,111**	**100%**
SOURCES				
Net financial debt (***)	640,103	56.9%	598,800	56.4%
Shareholders' Equity	484,136	43.1%	462,311	43.6%

TOTAL FUNDING SOURCES	**1,124,239**	**100%**	**1,061,111**	**100%**

(*) Net working capital is calculated as current assets less current liabilities, excluding overdrafts and loans due within one year and financial assets and liabilities. Net working capital is not identified as an accounting measure under either Italian GAAP or IFRS adopted by the European Union. The determination criteria applied by the Group may not be consistent with those adopted by other groups and, therefore, the balance obtained by the Group may not be comparable with that determined by the latter.
(**) The item includes deferred tax assets/(liabilities) recognised in the Group's statement of financial position.
(***) Net debt is calculated as the sum of overdrafts and loans due within one year and non-current financial liabilities less cash and cash equivalents, current and non-current financial assets and the fair value of derivative financial instruments. Net financial debt is not identified as an accounting measure under either Italian GAAP or IFRS adopted by the European Union. The determination criteria applied by the Group may not be consistent with those adopted by other groups and, therefore, the balance obtained by the Group may not be comparable with that determined by the latter.

Details of the evolution of loans are shown in the table below:

(in thousands of Euro)	31.12.2021	31 December 2020
Trade receivables / Contractual assets	167,250	172,333
Inventories	266,438	283,832
Trade payables	(148,157)	(141,927)
Contractual liabilities	(6,253)	(7,649)
Other current assets / (liabilities)	(5,981)	(12,869)
NET WORKING CAPITAL	**273,297**	**293,720**
Property, plant and equipment	323,615	295,337
Goodwill	269,889	253,057
Other intangible assets	162,133	127,266
Right-of-use assets	106,476	88,377
Investments in associated and other companies	20	20
Other non-current assets	945	772
FIXED ASSETS AND OTHER ASSETS	**863,078**	**764,829**
Employee severance indemnity	(3,707)	(3,915)
Liabilities and charges	(778)	(692)
Deferred tax liabilities, net of deferred tax assets	11,792	10,689
Other non-current liabilities	(2,999)	(1,610)
LONG-TERM LIABILITIES	**4,308**	**4,472**

Provision for risks and charges	(16,444)	(1,910)
SHORT-TERM LIABILITIES	**(16,444)**	**(1,910)**
TOTAL NET INVESTED CAPITAL	**1,124,239**	**1,061,111**

4.5.1. INVESTMENTS

In 2021, the Group made investments for a total value of Euro 116.1 million, including working capital of Euro 7.8 million, which mainly relate to the following:

- **Plant in Melville (NY, USA)** for a total amount of Euro 9.2 million relating mainly to the new fractionation and purification line for the production of RhoGAM and works and improvements on other buildings and existing plants;
- **Plant in Bolognana (LU, Italy)** for a total amount of Euro 8.0 million, referring mainly to works and improvements on existing buildings and plants;
- **Plant in Sant'Antimo (NA, Italy)** for a total amount of Euro 1.8 million relating to urban compliance investments on certain buildings and interventions and improvements on existing buildings and plants;
- **Plant in Gödöllő (Hungary)** for a total amount of Euro 3.6 million referring to works and improvements on existing plants;
- **Plant in Castelvecchio Pascoli (LU, Italy)** for a total amount of Euro 23.1 million referred to the KIg10 project for the registration of the new immunoglobulin 10% for the American and European markets as well as interventions and improvements on the new production department of the same immunoglobulin 10%;
- **Plasma collection centres** for a total amount of Euro 40 million resulting from the purchase of centres for Euro 28.5 million, of which Euro 7.8 million in working capital, the opening of 3 centres and the development of additional Stough centres (2.1 million), advances of Euro 9.4 million for new Immunotek centres and interventions and improvements in other US centres;
- **Ryplazim Business** for a total amount of Euro 18.6 million deriving from the two acquisitions related to the Ryplazim product business (in particular, the two business combinations relating to the companies Prometic BioProduction and Prometic BioTherapeutics, whose main assets are, respectively, the production plant in Laval dedicated to Ryplazim plasminogen and the Ryplazim commercial licence approved by the FDA for the US market, which were added to those made for the acquisition of the two plasma collection centres of Prometic Plasma Resources Inc. and Prometic Plasma Resources USA Inc.);
- **Other investments** for a total amount of Euro 11.8 million, which mainly refer to IT hardware and software investments (Euro 7.3 million) and other investments (Euro 4.5 million) mainly related to commercial rights, research and development projects and improvements made in the offices of the various locations.

Considering the investments described above, the invested capital rises to Euro 1,124.2 million.

4.5.2. NET WORKING CAPITAL

Net working capital decreased slightly from Euro 293.7 million in 2020 to Euro 273.3 million this year, with turnover decreasing from 42.1% in 2020 to 41.4% in 2021. The decrease compared to the previous year is generated by the increase in payables to suppliers (+ Euro 6.2 million), mainly

due to a different phasing of purchases, and by the reduction in receivables from customers (- Euro 5.1 million) and inventories (- Euro 17.4 million) due to the drop in turnover and the lower availability of raw materials, as well as the optimisation in the management of plasma and intermediate stocks. An analysis of the other components shows that other current liabilities decreased by Euro 6.9 million compared to the previous year, mainly due to lower dividends to be distributed to shareholders.

4.5.3. FINANCIAL POSITION

In 2021 Kedrion SpA refinanced its existing debt.
In April and May 2021, Kedrion SpA issued a new rated and secured bond amounting to Euro 410 million with a 5-year maturity, placed with primary international investors and listed on the Irish Stock Exchange. Together with the issuance of this new bond, Kedrion signed two revolving credit facilities for working capital purposes equal to Euro 50 million each (one denominated in Euro and one in US dollars) and a term loan facility equal to Euro 140 million.
Kedrion SpA repurchased part of the existing Bond for Euro 150 million through the new bond issuance. The residual amount of the existing Bond as of 31 December 2021 is Euro 200 million.
To date, the Group is 21% exposed to bank debt and 79% exposed to bonds and other fixed-rate debt (incl. Simest).

The following table shows the data on loans granted to the Group and outstanding as of 31 December 2021:

Description	Expiry date	Rate as at 31.12.2021	Residual 31.12.2021	Next year's quota	Share within 5 years	Share over 5 years
SIMEST Loan	30/11/2027	4%	10,000	-	10,000	-
Total medium/long-term bank loans			**10,000**	**-**	**10,000**	**-**
Bonds	**12.07.2022**	**3%**	**200,009**	**200,009**	**-**	**-**
Bonds	**15.05.2026**	**3.38%**	**410,000**	**-**	**410,000**	**-**

As mentioned above, during the year, the Group started the activity of opening and launching plasma collection centres independently; during the year 2021, the first three centres (Lincoln North, Springfield, Urbana) were opened and authorised by the FDA, ahead of schedule.
This activity had an impact on the Group's net financial position; as can be seen from the table below, as of 31 December 2021, the net financial position, including the impact of IFRS16 leases, amounted to Euro 640.1 million and Euro 629.8 million, excluding the IFRS16 effect of the direct opening of plasma collection centres, amounting to Euro 10.4 million.
The net financial position without the impact of the IFRS16 lease is Euro 528.0 million compared to Euro 507.1 million in 2020.

(in thousands of Euro)	31.12.2020	31.12.2021

	Reported	Reported (net of IFRS 16)	Financial position before the effect of the direct opening of plasma centres	Effect related to the direct opening of plasma centres	Reported	Reported (net of IFRS 16)
Payables for lease – current	11.219	3.620	12.265	460	12.725	3.041
Medium-/long-term loans - current	7.582	7.582	199.516	-	199.516	199.516
Payables to banks and other lenders - current	103.271	103.271	50.052	-	50.052	50.052
Gross financial indebtedness - current	**122.072**	**114.473**	**261.833**	**460**	**262.293**	**252.609**
Payables for lease – non-current	89.069	4.967	97.558	9.891	107.449	4.980
Medium-/long-term loans - non-current	503.343	503.343	412.032	-	412.032	412.032
Payables to banks and other lenders - non-current	109	109	-	-		
Gross financial indebtedness - non-current	**592.521**	**508.419**	**509.590**	**9.891**	**519.481**	**417.012**
TOTAL GROSS FINANCIAL INDEBTEDNESS	**714.593**	**622.892**	**771.423**	**10.351**	**781.774**	**669.621**
Cash and cash equivalents	(100.592)	(100.592)	(134.200)	-	(134.200)	(134.200)
Current financial assets	(6.636)	(6.636)	(1.016)	-	(1.016)	(1.016)
Non-current financial assets	(8.565)	(8.565)	(6.455)	-	(6.455)	(6.455)
NET FINANCIAL INDEBTEDNESS (*)	**598.800**	**507.099**	**629.752**	**10.351**	**640.103**	**527.950**

(*) Net debt is calculated as the sum of overdrafts and loans due within one year and non-current financial liabilities less cash and cash equivalents, current and non-current financial assets and the fair value of derivative financial instruments. Net financial debt is not identified as an accounting measure under either Italian GAAP or IFRS adopted by the European Union. The determination criteria applied by the Group may not be consistent with those adopted by other groups and, therefore, the balance obtained by the Group may not be comparable with that determined by the latter.

4.5.4. FINANCIAL INDICATORS

	31.12.2021	31.12.2020
Short-term ratio *Short-term debt and current portion of long-term loans/Net financial debt*	41.0%	20.4%
Long-term ratio *Long-term debt/net financial debt*	81.2%	99.0%
Net financial debt / equity ratio	1.32x	1.30x
Net financial debt / total sources of funding ratio	56.9%	56.4%
Leverage Ratio *Adjusted net financial debt/EBITDA Without the impact of IFRS16*	4.20x	3.41x

Net Interest Cover Ratio *Adjusted EBITDA/Net financial management*	4.03x	5.78x
ROE	2.4%	1.3%
ROIC	3.3%	3.5%
ROA	60.4%	67.6%
ROS	5.5%	5.2%

As regards the balance sheet ratios, there was an increase in the weight of short-term debt compared to long-term debt due to the stipulation of new short-term lines during the year, the repayment and shorter residual life of some medium/long-term bank loans, and the reclassification of the existing Bond (Euro 199 million) to short-term debt.
The financial debt/equity ratio is substantially in line with the previous year, while the Leverage Ratio (calculated without the impact of IFRS16 to make it comparable to that used for covenant purposes) and the Net Interest Cover Ratio worsen due mainly to the reduction in adjusted EBITDA, for the reasons mentioned above, while remaining in a context of good financial solidity.
Regarding the last indicators, there was a significant improvement in ROE, which indicates the company's capital investment profitability. In contrast, ROIC (which can be broken down into ROS, which represents the profitability of sales, and ROA, which expresses the return on assets), which measures the return on invested capital, remained unchanged.

The cash flows are summarised in the table below:

- In the 2021 financial year, cash generation at the operating level amounted to Euro 74.2 million, down from Euro 95.9 million in the previous year, despite the improvement in profit and net working capital, mainly due to the classification of income from the Ryplazim acquisition as a reduction in investing activities.
- Also, during the year 2021, in addition to the normal level of investment required to carry out regular maintenance to ensure the highest safety standards, several important strategic projects continued, such as the complete internalisation of the production process for the new 10% immunoglobulin (KIg10) and RhoGAM, and that of increasing the level of self-sufficiency in raw materials by completing the acquisition of five US plasma collection centres and two centres as part of the Liminal operation, as well as the acquisition of Ryplazim (plant and commercial licence), also as part of this operation. Cash flow absorption from these projects and the other investment activities detailed above, net of the disposal of 8 plasma collection centres, amounted to Euro 53.3 million, compared to Euro 100.6 million in the previous year, due to the proceeds from the Ryplazim transaction and the disposal of centres in the USA and Canada.
- Financing activities generated a total of cash of Euro 13.2 million, compared to a cash absorption of Euro 15.5 million in 2020, as a result of some main changes such as proceeds from the issue of the new bond (+ Euro 401.1 million, net of amortised cost), partially used in the partial repayment of the existing bond (- Euro 150.0 million), of bank loans (- Euro 166.6 million) and other short-term lines (- Euro 26.4 million), as well as the payment of net interest (- Euro 31.9 million) and dividends (- Euro 13.0 million).

The cash flow statement is prepared using the indirect method and is presented following IAS 7, classifying cash flows between operating, investing and financing activities. The flow of financial income and expenses paid and received is reported under financing activities, not under operating activities.

	Year ended 31 December	
(in thousands of Euro)	2021	2020
Net cash flow from operating activities	74,205	95,936
Net cash flow used in investing activities	(53,311)	(100,613)
Net cash flow from / (used in) financing activities	13,172	(15,547)
OVERALL CASH FLOW	**34,066**	**(20,224)**
Cash and cash equivalents at the beginning of the year	100,584	121,451
Net effect of foreign currency translation on cash and cash equivalents	(464)	(643)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**134,186**	**100,584**

4.6. MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

The main risks to which the Group is exposed are currency risk, interest rate risk, credit risk and liquidity risk. Risk management is centralised in the Corporate Finance department, which, in close cooperation with the Group's operational departments, identifies, assesses and hedges financial risks following the guidelines set out in the relevant policy approved by the Board of Directors.

4.6.1. OPERATIONAL AND BUSINESS RISKS

Possible risks to which the Group may be exposed in the typical course of business include both the specific characteristics of the sector and normal uncertainties relating to the macroeconomic environment, trends and regulations:

- **Risks related to the high degree of regulation in the sector**
  The Group operates in a highly regulated industry and requires governmental approvals to carry out its activities. The Group's inability to obtain such authorisations for new products or to maintain such authorisations for existing products could harm its business.
- **Risks related to international operations**
  The Group's international operations expose it to risks inherent in international activities, any of which could affect the Group's operating results.
- **Risks related to the entry of new players into the Italian market**
  The presence of competitors operating in the Italian market could reduce the Group's access to Italian plasma and its fractionation activities on behalf of Italian regional authorities.
- **Risks related to the type of process and product and compliance with Good Manufacturing Practice (GMP) requirements**
  Plasma and plasma derivatives are fragile products, and manufacturing processes are complex. Therefore, any improper handling of plasma and plasma derivatives or failure to comply with GMP could harm the Group's business.
- **Risks related to the operation of establishments and collection centres**
  Any interruption in the normal operation of the Group's production facilities, shipping or distribution channels or plasma collection centres may adversely affect its business.

- **Risks related to uncertainties arising from the Covid-19 outbreak**
  The health emergency caused by COVID-19 exposes the Group to the risk of fewer donations in the collection centres and less plasma being available for procurement.
  The shortage of plasma harmed the Group's business and economic results; production costs are, in fact, exposed to the risk of plasma price fluctuations.
  This is a systemic risk affecting companies in the sector. Although the negative effects gradually diminish, it may continue to impact plasma availability in 2022, resulting in lower sales revenues and higher collection costs.
- **Risks related to energy prices**
  The Group's business is subject to fluctuations in the prices of energy products needed in the production cycle. It is difficult to make forecasts for the future on the development of energy prices, as they are highly dependent on the global economic and financial situation and the Russian-Ukrainian conflict. An increase in energy prices, in addition to that already recorded in early 2022, could harm the Group's business and results of operations and/or financial position.
- **Risks related to price pressure from competition and imbalances between supply and demand**
  The Group operates in a highly competitive industry with increasing price pressure. In addition, fluctuations in the supply of or demand for plasma and plasma-derived products may affect the Group's activities.
- **Risks related to the development of new production processes and alternative products to plasma-derived products**
  Technological changes in the production of plasma-derived products and the development of alternative products could make the Group's production processes and products uneconomic.
  To date, the only plasma-derived products that face strong competition from alternative products are coagulation factors and, in particular, FVIII: although recombinant FVIII has been on the market since the late 1980s, the plasma-derived product has maintained a significant market share due to its better efficacy on certain categories of patients and its lower cost. In the last two years, the release of a new product (Hemlibra) has improved patients' quality of life by facilitating home treatment, which was particularly important during the COVID-19 pandemic.
- **IT security risks, data management and dissemination**
  Today, information technology (IT) is one of the main enablers for achieving corporate business objectives. Therefore, the IT risk is related to the significant degree of dependence of the Group companies and their related operational processes on the IT component. Specifically, this means the risk of suffering an economic, reputational and market share loss deriving from the possibility that a given threat, whether accidental or intentional, exploits a vulnerability both implicit in the technology itself and deriving from the automation of corporate business processes, causing an event capable of compromising the security of corporate information assets in terms of confidentiality, integrity and availability. The Group has developed policies, operating procedures and technical security measures to ensure adequate protection of company data and information. In addition, disaster recovery solutions were implemented for the most important IT systems.
- **Environmental risks and sustainability**
  The main risks that may arise from climate change and the transition to a low-carbon energy model are improper management of energy and emission sources and risks related to regulatory/regulatory changes associated with the fight against climate change.

- **Risks related to the global supply chain**
  The Group's integrated, international industrial structure requires the movement of plasma and intermediate products from the US to Europe and the distribution of finished products to more than 90 countries. The transport logistics chain was impacted by the Covid-19 effect, which mainly affected the North American port system, with negative impacts on prices, delivery punctuality and service levels of the maritime route. Price pressure was also recorded on the air and road routes. Recently, the Russian-Ukrainian conflict has further impacted the global transport situation regarding prices and longer routes.
- **Risks related to shortages of critical raw materials**
  The Group dedicates its manufacturing activities to producing pharmaceutical products based on an extremely rigorous production process and high-quality standards. The raw materials and materials used during the process are strictly controlled and qualified through an extremely selective process. The economic situation brought about by the ongoing pandemic and current international tensions highlights a potential risk of a shortage of critical raw materials that could slow down production volume.

4.6.2. FOREIGN EXCHANGE RATE RISK

The Group operates internationally and is therefore exposed to the exchange rate risk arising from the different currencies in which it operates. Exposure to foreign exchange risk arises from commercial and financial transactions in currencies other than the accounting currency. The main currencies that generate FX risk are the US dollar, the Hungarian forint, the rouble, the Turkish lira and the Mexican pesos. The sensitivity analysis assessed the Group's exposure to exchange rate risk by assuming reasonably possible changes in the above exchange rates against the Euro. The following tables show the impact on pre-tax profit due to changes in the fair value of current assets and liabilities, with all other variables held constant. In addition to current assets and liabilities of a commercial nature, items of a financial nature have been included, represented mainly by balances of intra-group financial receivables and payables in currencies other than the accounting currency.

Esercizio Chiuso al 31/12/2021		
Valute	**Variazione**	**Effetto sull'utile al lordo delle imposte (in migliaia di Euro)**
USD	rivalutazione 10%	40.839
	svalutazione 10%	(33.414)
HUF	rivalutazione 10%	4.311
	svalutazione 10%	(3.527)
RUB	rivalutazione 10%	1.599
	svalutazione 10%	(1.308)
TRY	rivalutazione 10%	137
	svalutazione 10%	(112)
MXN	rivalutazione 10%	1.957
	svalutazione 10%	(1.601)

4.6.3. INTEREST RATE RISK

Kedrion has two bonds for a total of 610.0 million Euro at a fixed rate, with maturities in July 2022 for 200.0 million Euro and in May 2026 for 410.0 million Euro, two revolving credit facilities for 50.0 and 50.0 million Euro and a term loan for 140.0 million Euro at a variable rate. At 31 December, the Company was naturally hedged against interest rate risk for 71% of its total long-term exposure thanks to the fixed rate financing. The interest rate risk to which the Group is exposed is now largely limited in the medium to long-term, thanks to the bond issue. The exposure is higher on short-term loans. The Group monitors financial market conditions on interest rates to further assess hedging opportunities to reduce risk exposure. Please refer to point 6.6.4 of the explanatory notes for the sensitivity analysis.

4.6.4. LIQUIDITY RISK

The Parent Company manages liquidity risk by closely controlling the elements that make up the net operating working capital and maintains an adequate level of cash and cash equivalents and funds obtainable through financing made available by various financial institutions. As of 31 December 2021, the Group has available and unused credit lines of Euro 262.7 million, of which 15% are short-term.

To make the management of cash flows more efficient, avoiding the dispersion of liquidity and minimising financial charges, the Group has also adopted systems of concentration and centralisation of the liquidity of the main Group companies (cash pooling) on the Kedrion S.p.A. accounts.

The Group will be able to repay the 2022 Notes through operating cash flows generated from operations and refinancing transactions, including the new term loan of 140.0 million Euro.

4.6.5. CREDIT RISK

The majority of the Group's European receivables are due from hospitals and other public entities, whose solvency is considered reasonably certain and on which the Group has never recognised any losses on receivables, except for the waiver of interest on arrears. Similarly, receivables from US customers, given the short payment terms and the financial solidity demonstrated by the customers themselves, are considered reasonably certain and solvent. The residual receivables are mainly from foreign customers (Middle East, Asia, Africa and South America) with established relationships and long-term collaborations. In addition, all loans are constantly monitored by a recently implemented dedicated central structure capable of preventing exposures that are not in line with the Group's policies, such as unauthorised shipments in the presence of overdue positions or excess commercial credit lines granted. The Group considers its credit risk management policies to be adequate with the degree of risk of insolvency of its customers.

4.7. DIVIDEND POLICY

Under Article 29.3 of Kedrion S.p.A.'s Articles of Association, the net profit for the year, less an amount corresponding to 5% thereof, allocated to the legal reserve until it reaches one-fifth of the share capital, is allocated as decided by the shareholders' meeting.

4.8. PERSONAL DATA PROCESSING

Kedrion has adopted a Privacy System to ensure compliance with EU Regulation 2016/679 (hereinafter also "GDPR") and Legislative Decree 196/2003 as last amended by Legislative Decree 101/2018 (hereinafter also referred to collectively as "Regulations").

The Privacy System is part of the principles and elements of the internal control system adopted by the company; as a whole, it comprises:

- Code of Ethical Conduct; SA8000 social responsibility system; adherence to the Ten Principles of the Global Compact on human rights, labour, the environment and anti-corruption; Business Ethics Management Policy renewed annually by Kedrion through the issuing of a specific document; Model 231, whistleblowing system - these are elements that make up the pre-existing ethical reference scenario of the Company Privacy System;
- Governance and organisational structure of privacy responsibilities - appointment by the Board of Directors of the Data Protection Officer (DPO), who is also supported by a special Committee whose members belong to the Information Technology, Human Resources and Legal departments; appointment by the Board of Directors of the Privacy System Delegate for the management of the relevant obligations; appointment of internal "Designated Officers", of persons authorised to process data, of system administrators (ADS), of the person responsible for video surveillance; appointment of persons responsible outside the organisation;
- Principle of segregation of duty in the design and supervision of the system - for which the supervision of the Privacy system and the design of the system, concerning the Owner's prerogatives, are implemented by different figures who are independent of each other, although they operate in close synergy;
- Principle of prevention and control of conflict of interest, authority and independence in the identification of the supervisory body - for which the DPO was identified, following the principles set out in Articles 37-38-39 of the GDPR, in the corporate figure formerly responsible for Internal Audit;
- Principle of accountability - which governs the technical and organisational measures put in place by the company to ensure and be able to demonstrate that personal data are processed following the Regulation;
- Register of processing operations - to have an up-to-date picture of the processing operations carried out within the company, which can be maintained and used by the parties involved - Owner, DPO, and Managers (Internal Contacts or "Designated Persons", persons authorised to process, system administrators, video surveillance manager), Interested Parties;
- Provision of specific information to the interested parties - to whom the personal data refer, following the principle of transparency and usability for the interested party, protection of the rights of the interested party;
- Data processing - which is based on the explicit, free and informed consent of the data subject;
- Principle of 'data protection by default and by design' for the design of the processing - whereby the safeguards necessary to protect the rights of data subjects, taking into account the overall context in which the processing takes place and the risks to the rights and freedoms of data subjects, are considered from the outset when designing the processing;
- Risk Assessment and Data Protection Impact Assessment (DPIA) - i.e., identification of potential privacy risks that could even only hypothetically occur concerning the processing of personal data carried out by the company for each category of data subjects; risk assessment because of the internal control system in place; identification of cases where a Data Privacy Impact Assessment is mandatory and implementation of IPR where necessary;

- DPO's annual training plan on the legislation and the company's Privacy System and its implementation;
- Information flows to the DPO and Communication System with the Data Controller and the DPO - through specific addresses disclosed with the documents of the privacy system (such as notices, appointment letters, agreements with third parties) and from the corporate web and intranet;
- Privacy Compliance Audit by the DPO;
- Monitoring of regulatory and organisational changes - to assess and implement the needs for adaptation of the Privacy System;
- Regular meetings of the DPO with business functions;
- The mandate of the DPO and periodic report of the DPO to the Data Controller on the activities carried out and proposal of the annual plan of activities and Privacy Compliance Audits.

4.9. THE MAIN CHARACTERISTICS OF THE EXISTING RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM RELATED TO THE FINANCIAL REPORTING PROCESS INCLUDE CONSOLIDATED REPORTING (DISCLOSURE UNDER ARTICLE 123-BIS, PARAGRAPH 2. B) OF LEGISLATIVE DECREE NO. 58/1998.

The completeness, correctness and timeliness of financial reporting are ensured by the adoption of an effective and efficient internal control system within the Group, which is constantly improved and adapted to the evolution of corporate activities, the regulatory framework and the economic and social context. The components described below should be considered integral parts of the internal control system.

4.9.1. ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL UNDER LEGISLATIVE DECREE 231/2001

Since 2004, Kedrion has adopted a specific Organisation, Management and Control Model under Article 6 of Legislative Decree no. 231/2001. 231/2001 (hereinafter also referred to as Model 231) to prevent the risk of committing the offences provided for in that Decree and, at the same time to, disseminate and consolidate the culture of transparency and integrity and to ensure conditions of fairness in the conduct of business and corporate activities to protect its position and image and the expectations of those interested in its work.

The addressees of Model 231 are all those who work to achieve the company's corporate purpose.

The 231 Model is communicated to the corporate bodies, managers, employees and third parties working for Kedrion.

The effective adoption and implementation of the 231 Model adopted by Kedrion require that all the recipients of the 231 Model, in carrying out their activities, behave correctly and transparently in line with the Decree and with the control measures provided for by the 231 Model itself and with the Ethical-Social Values represented in Kedrion's Code of Ethical Conduct. Moreover, the effective adoption and implementation of Model 231 has required Kedrion itself to:

- Integrate the 231 Model with the pre-existing internal control system, better monitor and supervise all the company processes and functions, and prevent any conduct that does not comply with the Laws and, therefore, the Legislative Decree 231/2001;

- Disseminate to anyone acting in the name and on behalf of Kedrion:
  - Full awareness of the scope and effects of Legislative Decree No. 231/2001;
  - Always behave in compliance with Kedrion's ethical policy aimed at disapproving any conduct, by whoever it may be, that is forbidden by the Law and contrary to Kedrion's Ethical-Social Values represented by its Code of Ethical Conduct.

The aims, principles and contents of the Model 231 are disseminated to the addressees of the Model 231 through training courses and continuous communication and information with the Supervisory Board. In addition, the commitment to comply with Model 231 by third parties having contractual relations with the company provides for the signing of a termination clause to be activated in the event of a violation of Model 231 by the third party.

The aims mentioned above and principles have been operationally declined in the following internal control elements, which also define the contents of the 231 Model adopted by Kedrion:

- Enterprise Risk Management analysis;
- Analysis and Mapping of Risks concerning the offences provided for by the Legislative Decree 231/2001;
- Operating procedures and control protocols relating to areas potentially at risk;
- Code of Ethical Conduct;
- Internal disciplinary/sanctions system defined under Legislative Decree 231/2001;
- Whistleblowing system;
- Management control system and accounting manual (referring to Law 262/2005) and procedures on the budget for monitoring also financial flows;
- Management Control and Management and Control System of the "Budget" Area (referring to Law 262/2005), including:
  - Duties and Responsibilities of the person responsible for preparing the accounting documents;
  - Specific operating procedures and protocols for the preparation of corporate accounting documents and relations with foreign companies;
  - Audit and control plan;
- Corporate Transfer Pricing Policy following specific legislation;
- Group Cash Pooling System and Treasury Policy;
- SAP management information system, regulations for use and management of the system, validation system;
- Antitrust Compliance Programme;
- Corporate Privacy Management System for compliance with EU Regulation 2016/679 and Legislative Decree 196/2003 as last amended by d.lgs.101/2018;
- Social Responsibility System on ethics in relations with workers within Kedrion and the supply chain following the SA8000 standard - certified by an accredited third party;
- Occupational Health and Safety Management System, according to ISO 45001 - certified by an accredited third party;
- Environmental Management System following current regulations, the ISO 14001 standard and the EMAS scheme - certified by an accredited third party;
- Scientific Information Management System following the Guidelines issued by Farmindustria - certified by an accredited third party;
- Quality/Safety Assurance models following industry standards of excellence - Good Manufacturing Practices, Good Distribution Practices, Good Laboratory Practices, Good Clinical Practices, Good Pharmacovigilance Practices;
- Quality Management System following ISO 9001 - certified by an accredited third party;

- System for assigning roles and responsibilities, a system for conferring powers of attorney, and delegating powers, powers of expenditure, company organisation charts, job descriptions;
- Staff and employee recruitment system;
- Employee performance appraisal system and assignment of objectives;
- Remuneration policy and variable remuneration calculation and reporting system;
- Kedrion annually renews the business Ethics Management Policy through the issue of a specific document;
- Internal and external communication activities on the System;
- Training activities on the System;
- Ten Principles of the Global Compact on human rights, labour, environment and anti-corruption;
- Appointment of the Supervisory Board under Legislative Decree 231/2001 (SB);
- Regulation (or statute) of the SB;
- Procedure for internal information flows to the Supervisory Board;
- Appointment of the Data Protection Officer (DPO) under EU Regulation 2016/679;
- Appointment of the Head of Internal Audit (RIA);
- Appointment of the Ethics Officer.

In particular, it should be noted that the Board of Directors of Kedrion S.p.A. has set up implementing the Legislative Decree 231/2001, the Supervisory Board has been assigned the powers and responsibilities necessary to carry out the activities assigned to it by the decree regarding the operation, effectiveness, adequacy and compliance of the Organisation, Management and Control Model adopted by the Board of Directors.

Kedrion maintains a specific Communication System with the Supervisory Board that allows anyone (employees and third parties), through specifically dedicated channels and in a manner regulated by procedure, to:

- Raise questions or doubts about the principles contained in Kedrion's Code of Ethical Conduct and Model 231;
- Formulate in advance questions or doubts concerning the activity carried out or that one is about to carry out for Kedrion. Therefore, the conduct that in carrying out the same could prefigure, even if only hypothetically, an illegal act and the occurrence of the offences contemplated by the Legislative Decree 231/2001;
- Indicating alleged or suspected violations of the ethical principles set out in Kedrion's Code of Ethical Conduct, and the safeguards set out in Model 231;
- Indicate any other information relating to the elements and contents of Model 231.

4.9.2. COMPLIANCE WITH THE REQUIREMENTS OF LAW 262/2005

Kedrion has defined and maintained its internal control system following the criteria and principles set out in Law 262/2005. This method is valid and in line with best practice - although Kedrion has no obligation to comply with this law.

Kedrion's internal control system includes among its elements:

- The identification of the tasks and responsibilities of the function responsible for preparing accounting documents;
- Specific operating procedures and protocols on the preparation of corporate accounting documents and relations with subsidiaries; to strengthen supervision and

control over financial and administrative management processes, Kedrion has also adopted a specific Company Transfer Pricing Policy in line with the provisions of specific regulations and the Group Cash Pooling Management System with the related Treasury Policy;

- Training activities for those involved in various capacities in business and budgetary processes;
- Appointment by resolution of the Board of Directors of the Head of Internal Audit, who has been assigned the powers and responsibilities necessary to carry out the activities entrusted to him by the specific mandate to assess the adequacy and effectiveness of the Internal Control System;
- Audit and control activities of Internal Audit, including:
  - Annual Audit Plan and its implementation;
  - Checking the status of updates to company procedures;
  - Monitoring the status of implementation of the requests for actions formulated by the audits
  - Checking the status of implementation of the Enterprise Risk Management process and synergy with the proposed annual audit plan;
  - Relationships with the Supervisory Board, the DPO, and the Antitrust Compliance Officer, for the implementation of integrated audits;
  - Surveillance on the elements of the internal control system - Code of Ethical Conduct; Antitrust Compliance Programme; Model 231; procedures of the control system of the budget area; SAP corporate management information system; system for defining, approving, monitoring and controlling the budget; quality and safety assurance system following the standards of the pharmaceutical industry; Corporate Privacy Management System for compliance with EU Regulation 2016/679 and Legislative Decree 196/2003 as last amended by Legislative Decree 101/2018; Occupational Health and Safety Management System and voluntary ISO 45001 certification; Environmental Management System and voluntary ISO 14001 and EMAS certification/registration; Scientific Information Management System and voluntary certification based on Farmindustria guidelines; Social Responsibility System, voluntary SA8000 certification and Ethics Officer activities; Quality System and voluntary ISO 9001 certification; Global Compact membership;
  - Proposals for changes, updates and additions to the internal control system
  - Assessment of the company's risk management, control and governance processes;
  - Periodic reporting to the Board of Directors on the activities carried out and on the proposal for the Annual Audit Plan.

4.10. PARENT COMPANY AND CONSOLIDATED SUBSIDIARIES/ASSOCIATES

4.10.1. KEDRION S.P.A.

Kedrion is a pharmaceutical company active in producing and marketing plasma-derived products.

In 2021, the company achieved a turnover of Euro 297.0 million (Euro 353.8 million in 2020), with a 16.0% decrease in revenues, mainly due to a contraction in the Italian market.

The Italian market as of 31 December 2021 decreased by 26.6% compared to the previous year, with a turnover of Euro 110.1 million, corresponding to 16.7% of total revenues, achieved through the sale of finished products on the commercial market and the processing service for the National

Health System. Compared to the previous year, the decrease is mainly due to the decrease in the volume of account work processed for the National Health System.
Margins are stable relative to turnover, despite the increase in the cost of raw materials, thanks to the allocation of immunoglobulins to the most profitable markets.
The increase in operating costs was mainly due to certain provisions that became necessary concerning reserves for risks and charges and costs related to strategic and transformation initiatives. It resulted, together with the decrease in gross margin due to the reduction in turnover, in a reduction in EBITDA, which reached Euro 12.7 million (Euro 45.7 million in the previous year).
In comparison, EBT increased to Euro 29.8 million (Euro 10.5 million in 2020) mainly due to increased dividends and improved exchange rate differences due to the US dollar trend.
Finally, net profit amounted to Euro 30.3 million (Euro 14.4 million in 2020) due to the recognition of current income taxes net of deferred tax assets for the period.

4.10.2. KEDRION BIOPHARMA INC.

This US-registered company, originally named Kedrion Melville Inc. and 95.57% owned (and through a call option for the remaining minority share), is the owner of a production plant with a fractionation capacity of approximately 1 million litres acquired under a framework agreement made in 2011 with Grifols, which also allowed, through Kedrion Biopharma Inc. (later incorporated), to enter the most important market in the sector. In 2012, the acquisition of the RhoGAM speciality drug business was finalised. With effect from 1 January 2015, the company merged Kedrion Biopharma Inc. to form a single US company dedicated to producing and distributing pharmaceuticals primarily for the US market. Subsequently, the name was changed to Kedrion Biopharma Inc. and effective November 1, 2016, Kedrion Biopharma merged with Haemopharm Inc., previously the holding company for the plasma procurement business unit. As a result of this merger, the corporate structure in the US market has been simplified, and Kedrion Biopharma has acquired 100% of Kedplasma LLC to directly control the US supply of plasma needed to feed its production needs. In 2020, as part of a transaction agreed with Simest S.p.A., the latter subscribed to the company's capital increase, thus acquiring 4.5% of the ownership. As part of this transaction, an option for the repurchase of this minority interest was defined. In 2021, the merger by incorporation of PPR USA (acquired by Kedrion SpA as part of the transaction with Liminal, owner of the Amherst, NY collection centre) into Kedplasma LLC resulted in a slight revision of the shareholding (95.57% Kedrion, 4.43% Simest).
During the 2021 financial year, the number of litres of fractionated plasma in the Melville plant increased to approximately 637,000 litres which, together with the existing agreement with Grifols for the purification of fractionated products in Melville, resulted in an increase in turnover to $299.8 million (compared to $269.9 million in the previous financial year). Compared to the previous year, plasma-derivatives led the growth with +12.2% in Euro (16.3% in USD) of sales.
Standard immunoglobulin remains the main driver of growth (+18.8%), followed by albumin (+16.2%) and anti-rabies immunoglobulin, which, despite being impacted by reduced mobility for COVID, recorded an increase in sales (+4%); it is factor VIII and anti-D immunoglobulin that mark the pace with a contraction in volumes sold linked to the reduction in stocks by distributors and the decrease in hospital therapies.
The increase in turnover and the further increase in the capacity utilisation of the Melville plant, both for the fractionation plant and the new RhoGAM filling and packaging line, brought material benefits in terms of absorption of plant costs, contributing to the growth of EBITDA, which reached a positive value of USD 26.8 million, an increase compared to the previous financial year of USD 11.5 million.
In January 2022, the subsidiary initiated sales of Ryplazim (acquired from sister company Prometic BioTherapeutics) to third parties.

Despite a negative financial management balance of USD 14.6 million due to the interest of the parent company Kedrion S.p.A. for outstanding loans, the result showed a profit of USD 14.3 million (compared to USD 5.7 million in the previous year).

4.10.3. HUMAN BIOPLAZMA KFT.

Kedrion S.p.A. acquired 100% of the shares of HUMAN BioPlazma Kft. on 31 December 2007, thus increasing its overall production capacity through its plant located in Gödöllő near Budapest.
In the second half of 2012, the new plant also came on stream, expanding the overall fractionation capacity to 550,000 litres per annum and enabling more efficient absorption of production costs.
In April 2015, the assets of the subsidiary Plazmaferezis Kft were transferred to HUMAN BioPlazma, while the Plazmaferezis Company was put into liquidation.
In December 2020, the sale of the assets related to the seven plasma collection centres was finalised.
In the 2020 financial year, the company resolved to adopt IAS IFRS from the 2021 financial year, with an adoption date of 1 January 2020.
In addition, following IAS 21, as the company's sales are almost exclusively made with Kedrion S.p.A. and denominated in Euro currency, the management has decided to adopt the Euro as the company's functional currency, preparing the financial statements and reporting package for inclusion in the consolidated financial statements with the Euro currency instead of the Hungarian Forint, starting from the financial year 2021.
The following table shows the effect that the adoption of the Euro as the functional currency had on the company's and the Group's balance sheet balances as of 31 December 2021, compared to the balances that would have been recorded had the functional currency not been changed:

	31.12.2021		
(in thousands of Euro)	Balance in Euro after functional currency exchange	Balance in HUF converted to Euro at spot exchange rate 31.12.2021	Change
Fixed assets and other non-current assets	34,517	31,347	3,171
Inventories	14,689	16,988	(2,298)
Trade receivables	26,025	25,814	211
Other short-term activities	2,068	1,487	581
Cash and cash equivalents	42	42	0
TOT. ACTIVITIES	**77,342**	**75,678**	**1,664**
Shareholders' Equity	33,784	32,151	1,633
Medium- / long-term debt	751	1,053	(303)
Provisions for risks and charges	778	682	95
Employee benefit liabilities	678	561	118
Deferred tax liabilities	330	330	0
Payables to banks and other lenders	31,257	31,257	0
Trade payables	8,490	7,852	638

Other short-term liabilities	1,275	1,792	(518)
TOT. NET EQUITY AND LIABILITIES	**77,342**	**75,678**	**1,664**

In 2021, the company reported a positive EBITDA of Euro 0.5 million and a loss for the year of Euro 4.8 million, compared to a net profit of Euro 17.4 million in 2020, when the company realised the gain from the sale of plasma collection centres.

4.10.4. KEDRION BIOPHARMA GMBH

This company, incorporated under German law and 100% owned by Kedrion S.p.A., was established in June 2008 to manage the three plasma collection centres acquired and opened in Bavaria at the end of that year. In 2017, the company consolidated the collection in its centres, thanks also to the opening of the new centre in Augsburg, optimised the trading activity (German, Austrian, Polish and Czech suppliers), intending to lower the average cost per litre of plasma and started the marketing of plasma-derivatives in the local market, with effective transfer from 1 January 2017, the company acquired the German market from Kedrion International GmbH. Subsequently, in March 2019, an agreement was finalised to sell the four German plasma collection centres to a third party, concentrating on the distribution of Kedrion products in Germany only. In 2020, in line with the new business mission, the subsidiary's name was changed from KedPlasma GmbH to Kedrion Biopharma GmbH. During the 2020 financial year, a project was developed for the reorganisation of the European subsidiaries, which was completed in 2021 with the merger of Kedrion International GmbH and Kedrion Portugal DISTRIBUIÇÃO DE PRODUTOS FARMACÊUTICOS UNIPESSOAL, LDA into Kedrion Biopharma GmbH with the simultaneous opening of permanent establishments in Austria and Portugal, while Kedrion International's permanent establishment in Poland was transferred to Kedrion Biopharma GmbH as a result of the merger.

The Company generated a turnover of Euro 70.5 million during the financial year 2021 (compared to approximately Euro 20.1 million in 2020 of the German subsidiary alone, Euro 55.9 million if the Portuguese and Austrian subsidiaries are also considered), thanks to the increase in sales of standard immunoglobulins, made possible also by the distribution agreement reached with the Dutch company Prothya Biosolutions.

Net profit amounted to Euro 3.2 million (Euro 0.8 million in 2020 for the German subsidiary alone and Euro 2.1 million if the Portuguese and Austrian subsidiaries are included).

4.10.5. KEDRION SWISS S.A.R.L. IN LIQUIDATION

Established in 2008 and 100% owned by Kedrion International until 2016, it mainly markets Kedrion products in Switzerland. Following the reorganisation of Kedrion International, the shareholding in Kedrion Swiss was transferred to Kedrion S.p.A. In 2021, turnover amounted to Euro 25.4 thousand (Euro 10 thousand in 2020) with a loss of Euro 31.5 thousand.

Following the reorganisation project of the European subsidiaries, in December 2020, the Company was put into liquidation and sales in the country are managed directly by Kedrion S.p.A. The liquidation procedure ended definitively in February 2022.

4.10.6. KEDRION MEXICANA S.A. DE C.V.

This Mexican-registered company was incorporated in June 2008 to distribute Kedrion products in Mexico. Kedrion S.p.A. holds 60% of the share capital, while the remaining 40% is held by a local partner, Medici Pharma, S.A.P.I. de CV.

Sales in 2021 grew to Euro 40.7 million (Euro 22.2 million in 2020), bringing net profit to Euro 2.1 million, compared to Euro 0.2 million the previous year.

4.10.7. KEDPLASMA LLC

This American-registered company, of which Haemopharm acquired the remaining 50% of the share capital in October 2008 (while the first 50% was acquired at the end of 2004), increased overall collection in its centres by about 12% compared to the previous year, reaching 1,018 thousand litres collected. The company currently has 29 collection centres already in operation (27 as of 31 December 2020) following the acquisition of an additional 5 centres from Immunotek, the opening of 3 centres with the support of Stough and the acquisition of the centre in Amherst, NY, incorporated through the merger of PPR USA, net of the sale of 7 centres to Grifols during the current financial year. This growth trend in the collection is linked to Kedrion Group's desire to cover the production needs of the plasma-derived products segment on the one hand, but also to increasingly develop the plasma market, both through long-term agreements with third-party operators for the sale of plasma and through trading activities on centres no longer considered strategic.

The Company was significantly impacted by Covid-19 both due to the decrease in plasma availability with a negative impact on plasma sales to third parties while safeguarding intercompany supplies and due to the higher costs incurred to incentivise donations and for sanitisation.

Turnover consequently fell by 30% year-on-year from USD 277.8 million in 2020 to USD 209.9 million in 2021, recording a net loss of USD 28.0 million (compared to a loss of USD 19.9 million in the previous year).

4.10.8. KEDRION BETAPHAR BIYOFARMASÖTIK İLAÇ SANAYI VE TICARET ANONIM ŞIRKETI

In November 2012, Kedrion S.p.A. acquired a 42.5% stake in the capital of this company based in Ankara, Turkey. On 2 September 2015, Kedrion S.p.A. increased its shareholding from 42.5% to 60% in its capital, thus becoming the majority shareholder. In 2015, the company began distributing pharmaceutical products. At the end of 2020, following the termination of the contract with the previous distributor in Turkey, the company began distributing Kedrion products in the country. In 2021, the company achieved sales of Euro 34.5 million (Euro 28.8 million in 2020), closing with a net loss of Euro 7.9 million (net profit of Euro 3.1 million in 2020) due to exchange rate losses caused by the devaluation of the Turkish lira, despite a positive operating result of Euro 4.6 million.

4.10.9. KEDRION BRASIL DISTRIBUIDORA DE PRODUTOS HOSPITALARES LTDA

Since November 2013, this company, 51% owned by Kedrion S.p.A. and 49% by a local partner - FBM Farma Industria Farmaceutica LTDA, has been officially registered with the Chamber of Commerce of the State of Goias in Brazil. In December 2020, the acquisition of the minority shareholding from FBM was approved for a price of Euro 214 thousand, which repays the percentage of capital held (49%) and the financial receivable from Kedrion Brazil.

Kedrion Brazil obtained in 2014 the authorisation to import biological products into Brazil, in 2017, the registration of albumin, and at the end of 2019 also, that of standard immunoglobulin. Since 2014, the company has started to distribute other pharmaceutical companies' products, pending the obtainment of marketing authorisation for the Group's products. After obtaining the marketing authorisation between June 2017 (albumin) and August 2019 (immunoglobulins), the company began distributing Kedrion Group products on the Brazilian market.

On 10 March 2021, Kedrion SpA acquired the remaining shares of the company's capital, thus increasing its controlling percentage from 51% to 100%.
In 2021, it achieved a turnover of Euro 1.9 million (Euro 0.7 million in the previous year), closing the year with a loss of Euro 0.3 million (Euro 1.2 million in the previous year), partly due to the devaluation of the local currency.

4.10.10. KEDRION BIOPHARMA INDIA PRIVATE LIMITED

On 6 December 2013, this company was incorporated in India, with Kedrion S.p.A. holding 60%, HUMAN BioPlazma Kft. holding 20%, and Kedrion Biopharma Inc. holding the remaining 20%. After a regulatory process to obtain the necessary import and marketing authorisations, this company started marketing Kedrion products in the Indian market in 2015, particularly in the hyperimmune sector. Turnover for the 2021 financial year amounted to Euro 0.8 million (Euro 3.7 million in 2020) with a profit of Euro 4.1 million (loss of Euro 1.4 million in 2020) due to contingencies accrued for the waiver of receivables by the Parent Company, given the start of the voluntary liquidation procedure at the end of March 2022.

4.10.11. KEDRION DE COLOMBIA S.A.S.

Kedrion De Colombia was established in Colombia to consolidate Kedrion's presence in Latin America and, in particular, in this important market. The procedures for the company's incorporation were completed on 26 October 2015, and the company, 100% owned by Kedrion S.p.A., is headquartered in Bogotá.
Since 2017, the company has started the direct distribution of factor VIII. In the financial year, 2021 achieved a turnover of Euro 2.5 million (Euro 2.5 million in the previous financial year), closing the financial year with a loss of Euro 0.3 million (Euro 0.5 million in the previous financial year).

4.10.12. PROMETIC BIOPRODUCTION INC

Prometic BioProduction Inc. is headquartered in Laval, Québec (Canada) and was acquired by Kedrion SpA on 9 July 2021, as part of the Ryplazim transaction concluded with Liminal Biosciences. The company owns the FDA-approved production facility for the plasminogen 'Ryplazim'.
During the 2021 financial year, from the date of acquisition, the company did not record any sales but reported a profit of Euro 24.5 million due to income accrued to Prometic BioTherapeutics (before the latter's acquisition) Kedrion), as described in note 6.2.8.
The company's first sales were to Prometic BioTherapeutics in January 2022.

4.10.13. PROMETIC BIOTHERAPEUTICS INC

Prometic BioTherapeuthics Inc. is headquartered in Fort Lee, NJ (USA) and was acquired by Kedrion SpA on 15 October 2021, as part of the Ryplazim transaction completed with Liminal Biosciences. The company owns the commercial licence, the Orphan Drug designation and the intellectual property of Ryplazim.
During the 2021 financial year, since the date of acquisition, the company had no sales and reported a loss of Euro 4.9 million due to regulatory and clinical costs associated with Ryplazim's intellectual property.
The company's first sales were to Kedrion Biopharma Inc. in January 2022.

4.10.14. SHAREHOLDING STRUCTURE

The shares of Kedrion S.p.A. are held by:

- Sestant International S.p.A. (50.27%)

- FSI Investimenti S.p.A. (25.06%)
- FSI S.G.R S.p.A. (24.11%)
- Refin S.r.l (0.31%)
- PIPS S.r.l (0.25%).

Maria Lina Marcucci, Paolo Marcucci and Andrea Marcucci hold, as of the date of preparation of these financial statements, 21.56% (16.46% in full ownership and 5.10% in bare ownership with voting rights); 21.56% (16.46% in full ownership and 5.10% in bare ownership with voting rights) and 21.55% (16.46% in full ownership and 5.09% in bare ownership with voting rights) of the share capital of Sestant S.p.A., respectively, which owns 100.00% of the share capital of Sestant Internazionale S.p.A., which owns 50.27% of Kedrion S.p.A.
The remaining members of the Board of Directors, the members of the Board of Statutory Auditors and the chief executives do not own shares in Kedrion S.p.A.
Director Remo Grassi holds a 0.31% stake through his control of the company Refin S.r.l. The manager Paolo Melloni, through the company PIPs S.r.l owned together with his sons, holds a 0.25% shareholding.

4.11. SUBSEQUENT MAIN EVENTS

As part of the transformation and streamlining programme, corporate simplification operations continued: the voluntary liquidation of the Swiss subsidiary Kedrion Swiss Sarl was completed in February 2022, while the voluntary liquidation procedure of the Indian subsidiary Kedrion Biopharma India Private Ltd is underway.

In January 2022, funds managed by private equity firm Permira, backed by their co-investor Abu Dhabi Investment Authority (ADIA), signed a partnership with Kedrion's existing shareholders to acquire control of Kedrion SpA and, at the same time, of the UK plasma-derivatives company Bio Products Laboratory (BPL). The merger of the two companies will create a global player in plasma-derived medicinal products, with an estimated annual turnover of Euro 1.1 billion and more than 4,000 employees worldwide.
In partnership with the Marcucci family, Permira intends to support the new unified entity in its organic growth by internationalising the existing portfolio and developing new products. Still, it will also support the search for growth opportunities through external lines, aiming to create a diversified entity specialising in rare diseases. The transaction remains subject to regulatory approvals and customary closing conditions, expected by October 2022. The Permira Funds were advised by Morgan Stanley, EY, Latham & Watkins, Giliberti and Triscornia e Associati. The shareholders of Kedrion were assisted by Lazard, Natixis, Carnelutti and Pedersoli. BofA Securities and Goodwin Procter were advisers to BPL and TII, BPL's sole shareholder.

As part of the agreements reached with Permira, the Board of Directors approved on 31 January 2022 the provisions relating to the obligations to manage the interim period between signing and closing of the transaction, requested by the Purchaser and functional, as per practice, to ensure an orderly transition process to the new controlling shareholder, also in the interest of the Company and its subsidiaries. Among the conditions precedent, the Company requested and obtained a waiver from the financial institutions with whom the Company had signed the senior loan agreement in April 2021, concerning the non-applicability of the financial covenants from 31 December 2021 (inclusive) to the closing date of the transaction.

Concerning the Russian-Ukrainian conflict that broke out at the end of February 2022, the Company has started careful monitoring, through its internal control bodies, the possible impacts on its production and commercial activities, as these are two important markets for the outlet of its products (albumin and anti-D in particular), through local distributors, although the Company does not have significant assets and personnel in the areas affected by the conflict and although it does not have products that are among those subject to sanctions or restrictions. Furthermore, the Company has no suppliers based in Russia. Therefore, it does not depend on production materials directly produced in Russia, although it carefully monitors the possible impact on energy consumption costs and raw materials. Finally, Kedrion has drawn up a contingency plan approved by the Risk Committee, which provides, among other things, for the intensification of cyber security measures.

None of these events has an impact on the 2021 financial statements.

4.11.1. PERFORMANCE IN THE FIRST TWO MONTHS OF 2022 AND BUSINESS OUTLOOK

Also, for the year 2022, the objective is to continue international development through the growth of all business segments, starting with the plasma-derivatives segment with standard immunoglobulin as the driver of development thanks to the price increases expected in the USA and the main European and RoW markets in the face of a continuing structural situation of imbalance between product supply and demand. In particular, significant growth in turnover is expected in the United States, thanks also to the expected recovery in rabies immunoglobulin conditioned by the lockdown during 2020 and 2021, and in other important markets such as Germany, while for Italy, the contraction in turnover linked to the lower volumes available of national plasma processed on behalf of the Regions continues. This contraction, however, is more than offset by the growth in volumes of plasma-derived products sold, helped by the recent agreements on Ryplazim and other distribution contracts, as well as by the growth in the international account.
The plasma segment is expected to consolidate the recovery trend in collection in its centres, which began in the second half of 2021, thanks to the gradual attenuation of the negative impacts caused by Covid-19, thus forecasting an increase in plasma sales to third parties.
In addition, the Group continues to improve its performance, as evidenced by the increase in margins and EBITDA, thanks to the increase in sales and the efficiency measures carried out in recent years as part of the transformation programme with main reference to the Operations, Commercial and G&A areas.
In the first two months of the financial year 2022, consolidated revenues amounted to Euro 65.6 million, up from Euro 59.7 million in the same period of the previous year, mainly due to the increase in sales of plasma-derived products in the United States and Germany.

4.12. NON-RECURRING TRANSACTIONS AND OTHER NON-ORDINARY ITEMS

Below we summarise the non-recurring revenues and costs determined for management purposes as indicated in the definition in note 4.4.3 (non-recurring revenues and costs as provided for by Consob Resolution No. 15519 of 27 July 2006 are shown in the notes).
Concerning the 2021 financial year, net non-recurring expenses and other non-ordinary items were identified for a total value of Euro 47.1 million, of which Euro 40.0 million affected EBITDA. These relate mainly to:

- Costs related to the COVID-19 pandemic which mainly include the additional costs of plasma collection in owned centres (in terms of higher cost per litre collected as a result of both the drop in donations and therefore in the volumes collected and the increase in donor fees to compensate for the drop in donations) and of plasma purchased from third parties (price increase even under prices already contractually determined with the force majeure clause) for a total of Euro 31.2 million; extraordinary sanitation costs of Euro 2.9 million; extraordinary bonuses to employees totalling Euro 1.5 million.

- Ryplazim deal proceeds net of launch and start-up costs include the extraordinary proceeds from the deal and the Purchase Price Allocation and the costs of launching and starting up production at the Laval plant of Euro 40.2 million;

- Costs related to the new RhoGAM production line include the "*extension fees*" paid to the supplier for the extension of the supply contract, in line with the timing of the completion of the insourcing project, and the unabsorbed costs of the production facility. Non-recurring costs for the year amounted to Euro 9.0 million, of which Euro 0.3 million was related to depreciation;

- Plant improvement projects, amounting to Euro 6.3 million, derived from the lack of saturation of the Melville plant and the US logistics hub, whose capacity has been increased through improvement projects but is not yet reflected in the volumes processed and stored;

- Other Start-up costs refer to both the KIg10 project (Euro 1.9 million as the net balance consisting of Euro 17.9 million in total costs of which Euro 3.1 million in depreciation and Euro 16.0 million of other income relating to the capitalisation of internal works and contributions for the innovation agreement with the Ministry of Development and the Tuscany Region) for the construction of a plant dedicated to the production of the new generation immunoglobulin at 10% and the costs necessary for the registration of the product itself, and to the higher plasma collection costs incurred in the new centres opened or acquired that have not yet reached full capacity (Euro 4.9 million);

- Legal settlements and litigations for a total net amount of Euro.7 million represent mainly costs incurred/settled during the year for legal settlements and litigations related to: (i) provision for contingent liabilities for ongoing commercial and administrative disputes of non-recurring nature (Euro 7.3 million); (ii) litigation with suppliers for damages suffered from defective supplies (Euro 2.8 million); (iii) claim received from a customer for compensation concerning defective supplies (Euro 1.2 million); (iv) other sundry (Euro 0.4 million);

- Non-recurring charges to employees totalling Euro 4.4 million related to the efficiency and rightsizing plan;

- Strategic initiatives and transformations refer to operations to revise the corporate structure and projects to improve efficiency and increase yields/production capacity for a total of Euro 8.5 million;

- Disposed of assets relate to business lines no longer in use and companies in the process of liquidation for Euro 0.6 million;

- Net contingencies for a balance of Euro 4.3 million are mainly due to: (i) revision of the amounts allocated for the payback in Italy for Euro 2.1 million; (ii) revision of the previous years' commissions with two US distributors (Euro 1.7 million); (iii) other contingent liabilities (Euro 1.4 million), net of contingent assets (Euro 0.9 million).

The table shows the economic and financial impacts of these transactions:

Significant non-recurring transactions year ended 31.12.2021

(in thousands of Euro)	Cost of sales	Other income	General and administrative expenses	Sales and marketing expenses	Research and development expenses	Other operating costs	TOTAL	Of which with effect on EBITDA	of which D&A
Covid-19	33,504	-	958	462	565	83	35,573	35,573	
Income from the Ryplazim acquisition and product launch costs	623	(48,731)	1,846	318	5,778	-	(40,167)	(41,190)	1,023
Costs related to the RhoGAM Melville line	8,951	(1,967)	-	-	1,967	-	8,951	8,655	296
Plant improvement projects	6,312	-	-	-	-	-	6,312	3,621	2,692
Start-up costs KIg10	3,866	(15,970)	-	-	14,022	-	1,917	(1,195)	3,112
Start-up costs of new plasma centres	-	-	-	-	4,926	-	4,926	4,926	
Legal settlements and litigation	672	(244)	10,091	-	1,226	-	11,745	11,745	
Non-recurring charges to employees	-	-	4,403	-	-	-	4,403	4,403	
Strategic and transformational initiatives	4,033	-	4,476	-	-	-	8,509	8,509	
Discontinued operations	1,746	(1,443)	325	-	-	-	628	628	
Net contingencies	22	(889)	2,711	2,476	5	11	4,336	4,336	
TOTAL	**59,728**	**(69,245)**	**24,810**	**3,257**	**28,488**	**94**	**47,133**	**40,010**	**7,123**

4.13. RELATED-PARTY TRANSACTIONS

In 2021, the Group companies had various types of relations with other companies of the same group and with other related parties identified based on the principles of
established by IAS 24 and detailed in the notes to the financial statements.
The conditions under which these transactions were carried out are considered consistent with current market conditions. However, there can be no assurance that if such transactions had been concluded between or with third parties, they would have negotiated or executed such transactions on the same terms and conditions.

4.14. RECONCILIATION OF THE RESULT FOR THE YEAR AND OF THE GROUP'S SHAREHOLDERS' EQUITY WITH THE ANALOGOUS VALUES OF THE PARENT COMPANY

The table below shows the reconciliation of the result for the period and the shareholders' equity of the group with the analogous values of the parent company:

Reconciliation of the result for the year and net assets

(in thousands of Euro)	Shareholders' Equity 2020	Net profit 2021	OCI 2021	Dividends 2021	Other entries PN 2021	Shareholders' Equity 2021
Financial Statements Kedrion S.p.A.	**378,351**	**30,271**	**375**	**(7,218)**		**401,779**
Intercompany dividend distribution	(42,471)	(35,082)	-	-		(77,553)
Post-establishment results of Kedrion Biopharma US Inc. group (2011)	87,025	(12,178)	-	-		74,847
Post-establishment results of Kedrion International (2006)	3,529		-	-		3,529
Post-acquisition result of HUMAN BioPlazma Group (2007)	30,173	(4,705)	-	-		25,468
Post-establishment results of Kedrion Mexicana (2008)	19,646	2,106	-	-		21,752
Post-acquisition result of Kedrion Brazil (2013)	(965)	(745)	-	-		(1,710)
Post-establishment results of Kedrion India (2013)	(4,106)	4,122	-	-		16
Post-establishment results of Kedrion Colombia (2015)	(347)	(336)	-	-		(683)
Post-establishment results of Kedrion Betaphar (2015)	1,831	(7,630)	-	-		(5,799)
Post-establishment results of Kedrion Biopharma GmbH (2008)	20,183	3,217	-	-		23,400
Post-acquisition result of Kedrion Portugal (2010)	670		-	-		670
Post-establishment results of Kedrion Swiss (2008)	(500)	(32)	-	-		(532)
Result after the acquisition of Prometic Bioproduction (2021)		24,538	-	-		24,538
Result after the acquisition of Prometic BioTherapeutics (2021)		(319)	-	-		(319)
Elimination of profits on inventories	5,737	(636)	-	-		5,101
Elimination of other intercompany profits	(23,845)	824	-	-		(23,021)
Deal Ryplazim		10,408				10,408
Other reserves	(17,059)	-	26,767	-	(7,990)	1,718
TOTAL GROUP SHARE	**457,852**	**13,823**	**27,142**	**(7,218)**	**(7,990)**	**483,609**
Minority shareholders' share	4,459	(2,210)	134	(2,262)	406	527
TOTAL CONSOLIDATED FINANCIAL STATEMENTS	**462,311**	**11,613**	**27,276**	**(9,480)**	**(7,584)**	**484,136**

Castelvecchio Pascoli, 8 April 2022

For the Board of Directors
The President
Paolo Marcucci

4.15. 2021 CONSOLIDATED NON-FINANCIAL STATEMENT UNDER LEGISLATIVE DECREE NO. 254/2016

Executive Chairman Statement

Dear Readers,

2021 was also a year marked by the global Sars-Cov-2 pandemic, albeit in a less pervasive manner than the first experience in 2020.

From the perspective of the plasma-derived products industry in general, the 2020-2021 period has been characterised by a strong decline in plasma collection, especially in the US; this decreased collection forces plasma-derivation companies to produce fewer drugs overall (general and specific immunoglobulins, albumin, coagulation factors, etc.), impacting patients treated worldwide.

This year's DNF shows Kedrion's improvements in the fields of efficient use of energy resources, engagement of its people, *diversity* and social activities.

Kedrion has updated the data necessary to complete the DNF, including the perimeter considered the important acquisition of Prometic. This Canadian company produces a unique drug to treat a very rare disease, congenital plasminogen deficiency.

Concerning its people, who increased overall due to the Prometic acquisition, Kedrion has kept up the measures taken in 2020 to protect employees from the pandemic, limiting contagions and ensuring continuity of production.

Kedrion has been preparing the Consolidated Non-Financial Statement since 2017. The DNF is prepared in compliance with Legislative Decree 254/2016 (and subsequent regulations), which transposed the European Directive 2014/95 in Italy.

In the DNF, the reader will find confirmation of Kedrion's attention to the issues of environmental sustainability, compliance with the rules and principles of ethics in business, attention to the development of people, scientific research and relations with local communities.

The DNF 2021 was drafted in the *GRI-Core* mode.

The text is the result of a global matrix in which Kedrion's main legal entities and several corporate functions contributed to drawing the picture of the impact of our activities in the five areas of the DNF: Environment, People, Social, Anti-corruption, Human Rights.

For each of these areas, we have described the organisation set up for their efficient management and the processes, policies, and related risk analysis (including mitigation initiatives).

In 2021, Kedrion expanded its workforce and significantly increased its managerial and technical training activities; it also confirmed the prevalence of female staff, who continue to increase their presence in positions of responsibility. Performance management tools are in place and consolidated.

From an environmental point of view, Kedrion confirmed the positive impact of its mitigation policies.
For example, in 2021, the total energy consumption of the production plants was lower than in 2020, mainly due to the commissioning of the tri-generation plant at the Bolognana (Lucca) site.
Total water consumption has also been reduced, thanks to efficiency measures for the use of well water at the Bolognana site.
A further improvement in environmental impact was achieved by reducing the number of refrigerant gases dispersed, which more than halved the related CO2 equivalent.

Kedrion's activities in support of local communities, excluding those carried out for marketing purposes, have been mapped worldwide and show the profile of a company that frequently interacts with its reference territories. In addition, Kedrion continues its efforts in compassionate care, for example, through the Factor V project and the integration of Prometic's plasminogen into its portfolio of activities.

Finally, the company confirms its prevention and supervision in the areas of *compliance* and equal treatment and non-discrimination worldwide. Also, in 2021, there were no cases of human rights violations or reports of corruption.

The 2021 DNF is approved while the pandemic is still ongoing. However, the high level of vaccination among employees and the increased knowledge of the disease and the presence of effective therapies give hope that it could be put behind us during 2022.

However, this DNF is being approved at a time when a serious international crisis is threatening the security and well-being of Europe and beyond. Kedrion immediately began monitoring the situation to assess how it could help the many people who will inevitably be affected by this crisis.

I, therefore, invite you to carefully read this document, which shows the path taken by Kedrion towards a precise analysis and reporting of its activities in the field of sustainability and Corporate Social Responsibility.

Castelvecchio Pascoli, 8 April 2022

For the Board of Directors
The President
Paolo Marcucci

FOREWORD - COVID-19 AND THE INTERNATIONAL SITUATION

In 2021, the Sars-Cov-2 pandemic impacted significantly again.

The continuing pandemic situation has reduced plasma collection worldwide, especially in the United States, which has forced the entire plasma processing industry to produce fewer drugs and be able to distribute less product overall to patients worldwide.

Kedrion confirmed the contingency plans putted in place in 2020, continuing to have the Covid-19 Response Team, which quickly became the Covid-19 Global Response Team composed of almost all corporate functions (EHS, HR, Operations, Quality&Regulatory, Medical Area, Communication). Although the vaccination campaign was a game changer and made it possible to carry out daily activities almost normally, also the collective (organisational) and individual protective devices adopted at Kedrion since March 2020 have all remained in place.

The so-called 'agile working' continued throughout the year, as reported in the relevant section of this DNF. In doing so, the company set out to protect its plants and plasma centres, the integrity of which was deemed a vital and necessary issue to continue to reach patients around the world.

Social distancing, mask use and sanitisation policies continued in all of Kedrion's locations and geographies of activity.

In 2021, Kedrion has not experienced any interruptions in its production chain for any drug and geography and has regularly informed patient associations and scientific societies about this continuity of production.

In addition, Kedrion's Research area continued its activities in the search for a possible therapy against Covid-19 through the use of specific immunoglobulins, as can be read in the paragraph of the DNF dedicated to it.

In addition, an attempted invasion of Ukraine by Russia has been underway since 24 February 2022, with inevitable repercussions on the populations involved and, eventually, on the entire European continent. Kedrion is monitoring the ongoing situation both to understand how to manage the patients treated in Russia and to meet - as far as possible - the humanitarian and health needs that the ongoing international crisis is causing.

4.15.1. INTRODUCTION TO KEDRION

Kedrion Biopharma is a biopharmaceutical company that fractionates human plasma to develop, produce, and distribute plasma-derived drugs to care for and treat patients with Haemophilia, Immunodeficiencies, and other severe conditions diseases.
Kedrion’s central focus is on people, attributing great value to both the well-being of those who benefit from its products, and of the communities and individuals with which it operates and collaborates.
Kedrion is the bridge between donors and those who need cures and operates at a global level in order to increase patients’ access to the treatments available. With headquarters in Italy and a commercial presence in 100 countries worldwide, it is the 5th largest player worldwide and 1st in Italy in the plasma-derivatives sector. Kedrion has more than 2,800 employees globally. The 2021 turnover amounts to 660.4 million euros.

In Italy, the company collaborates with the National Health System by supporting the goal of self-sufficiency in the procurement of plasma-derived medicines. At the same time, Kedrion places its own expertise and commitment at the service of communities and health systems all over the world to achieve the same objective, to improve the living conditions of people affected by rare diseases.
The company manages the entire plasma processing cycle (procurement, production and distribution) based on a vertically integrated business model.
Kedrion has six production plants: two in Tuscany (the Bolognana plant and the new plant in Castelvecchio Pascoli, which is nearing completion, both in the province of Lucca); one plant in the province of Naples (in Sant'Antimo); one in Hungary (in Gödöllő, near Budapest), one in the United States (in Melville, in the State of New York) and one in Canada (in Laval, Québec).
Abroad, Kedrion has fully operational plasma collection centres in the United States.
Kedrion's vertical integration allows very tight control over its supply chain and the significant weight of raw material (human plasma) for its business. There were no significant changes in processes and activities along the supply chain in 2021.

In particular, Kedrion has invested and intends to invest over the next few years in the growth of the plasma centres it owns and manages to become self-sufficient in the source material needed by its plants, which will make the business and its planning more sustainable and less dependent on third parties.

As far as stakeholders are concerned, the company identifies the following as its main interlocutors, as is the case in companies of a similar size and scope of activity:

- Employees and their representative organisations
- Components of the global value chain (customers and suppliers)
- National, regional, local public institutions
- Independent administrative and regulatory authorities
- Public and private institutions of secondary, university and advanced training, as well as scientific research departments and institutes
- Local communities of productive settlements
- The national and international financial community
- Patient and medical community associations
- Donor associations
- Other non-profit associations (Farmindustria, Confindustria, PPTA, etc.).

The identification of the list of main stakeholders takes place through interviews with the company's departments and offices exposed to the outside world and responsible for their management and involvement in the company's activities in the broadest sense.

From this point of view, the management of relations with employees and their representative trade unions is essentially handled by the human resources function, following the laws and internal procedures intended for them; relations with public or regulatory institutions at all levels are the prerogative of the Presidency, which receives support from other functions (including Global Public Affairs, the Regulatory Department, the Medical Area and, in Italy, the commercial function); relations with the academic and research world are handled by the Research and Development Department, under the coordination of the Presidency; relations with patients' associations are handled by the marketing function under the supervision of the Medical Area; relations with donors are handled by the company's own plasma centres or, in Italy, by the Donors

Italy function; relations with local communities are mainly handled by the Chairman, Global Public Affairs and the management of the production sites; relations with associations such as Farmindustria, Confindustria and PPTA (*Plasma Protein Therapeutics Association*) are handled by the Company Chairman and his representatives.

As far as Kedrion's participation in associations is concerned, the two most important ones are those in Farmindustria and in PPTA, the association that brings together the world's largest plasma processing or plasma collection companies; Kedrion's President is a member of Farmindustria's Board of Directors and PPTA's Global Board of Directors.
In addition to these memberships, among others, Kedrion is a member of Aspen Italia, Unione Industriale di Napoli, Federchimica and Confindustria Toscana Nord, a founder of the Fondazione Campus di Lucca and the Fondazione Tuscany Life Sciences di Siena, a member of the Fondazione VITA di Siena, the Fondazione Lucchese per l'Alta Formazione e la Ricerca (FLAFR) and the Civita association.

4.15.2. KEDRION GROUP'S 2021 NON-FINANCIAL STATEMENT

In compliance with the provisions of Legislative Decree 254/2016 and its amendments and additions (hereinafter also Decree), which transposes European Directive 2014/95 in Italy, Kedrion is again this year preparing a Consolidated Non-Financial Statement (hereinafter, "DNF") relating to the events of the year 2021.
Kedrion's DNF is annual.
The DNF updates the 2020 DNF, confirming that it was drafted in the *in accordance-Core* manner envisaged by the GRI Standards; in addition to this, a materiality matrix, as envisaged by the Standards themselves, was developed when defining material issues.
As referred to in Art. 5, paragraph 3a of the Decree, this NFS is included in the Management Report to the Financial Statements and was approved by the Kedrion S.p.A. Board of Directors on 21 March 2021.
Precisely because it is included in the management report, the company's governance structure, which is described in detail there, is not shown in DNF. It should, of course, be noted that the various legal entities are administered by Councils, Boards or Managing Directors assisted by Supervisory Boards.
The legislation requires the DNF to report on the main activities, policies and related results, organisational models adopted, risks generated and/or incurred and the way they are managed in the environmental, social, personnel, human rights and anti-corruption fields, taking into account both what is done directly by the company and what can be controlled in the supply chain and the impact on stakeholders.
From an organisational point of view, Kedrion's DNF 2021 was assigned to the company's Finance area, which set up a multifunctional working group. The Finance function is the point of contact for any party interested in learning more about the issues addressed in the DNF and its construction process.

4.15.3. MATERIALITY ANALYSIS

In compliance with the provisions of the transposition in Italy of the European Directive 2014/95, this year, Kedrion once again prepares the **Non-Financial Statement** (consolidated) covering the events of the year 2021.

The Declaration is an integral part of the process of approving the financial statements and the management report. For its drafting, the company has set up an **inter-functional**

working group; the materiality analysis, which it has drawn up, will represent the working outline for the drafting of Kedrion's Non-Financial Statement (DNF) for the year 2021.

The legislation requires the DNF to report on the main activities, policies and organisational models and the main risks - generated or suffered - in the environmental, social and people compliance fields, giving an account of both what the company has done directly and what it can control in the supply chain and the impact on *stakeholders*.

The DNF must include the parent company and its subsidiaries in the reporting boundary, which are consolidated on a line-by-line basis. Therefore, any exceptions will be described and justified within the DNF.

The DNF is divided into five thematic areas: "Personal', 'Social', 'Environment', 'Human Rights', 'Anti-Corruption'.

The materiality analysis designates, within each area, the issues considered to be of greatest relevance, priority and impact for the company.

In some cases, the work carried out has led to the area as a whole is considered as 'material': this is the case with the 'Human Rights' and 'Anti-Corruption' themes; in other cases - the 'Personnel', 'Social' and 'Environment' areas - the theme has been further subdivided into material themes.

From an organisational point of view and following the relevant SOP (Standard Operating Procedure), the DNF process was assigned by the CEO to the company's Finance area and a working group consisting of a data collection coordinator and the HR, EHS, R&D, Legal, Compliance and Ethics Office functions.

To determine the material topics in each area, the function director and the manager responsible for the DNF pointed them out; meetings were held, questionnaires and e-mail queries were administered, and a selection of topics was made together with the function colleagues responsible in the various foreign subsidiaries of the group. This data collection work has benefited from the experience of the past four years, improving and standardising the data collection formats used in the past.

Subsequently, the working group met to consolidate the emerging material themes, share them between the different areas, and define them as follows.

For each topic or material area, the DNF should describe the management model, the policies adopted and the risks associated with the topic.

Entering this year's DNF, the materiality analysis concerning the "**Personnel**" area highlighted the following issues as relevant:

- Emergency management linked to the new Coronavirus
- Managerial development
- Agile working policies

The issue of *management development* continues to be crucial for a company in a challenging, concentrated competitive environment with very large players. In 2021, the topic

was given specific attention and will be developed and reported in the DNF following activities such as management training, development paths, rewarding mechanisms and performance management.

The theme of *agile working* will be examined through the most successful local experiences, recalling the guidelines and the cultural approach that the company suggests for this issue of engagement and reconciliation of life and work needs of its people.

In addition to this, the company continues to carry out activities aimed at reducing the *gender* gap, for example, by setting itself the objective of approximating the percentage of employees who are entitled to a variable remuneration programme (MBO) between genders; or by continuing its membership activities in Valore D, which provides managers with dedicated training and consultancy tools.

The materiality analysis concerning the area "**Social**" highlighted the following two themes.

- Relationship with local communities
- Compassionate drug research

▸ The DNF will show the most important examples of attention to territories and dialogue with social partners regarding the relationship with local communities. In addition, Kedrion's fiscal responsibility in the countries where it operates will be highlighted.

▸ Concerning research activities, the DNF will list the main projects carried out in 2021.

The materiality analysis for the area **EHS (Environment, Health and Safety)** has led to the highlighting of the following themes, which have been confirmed for the previous years:

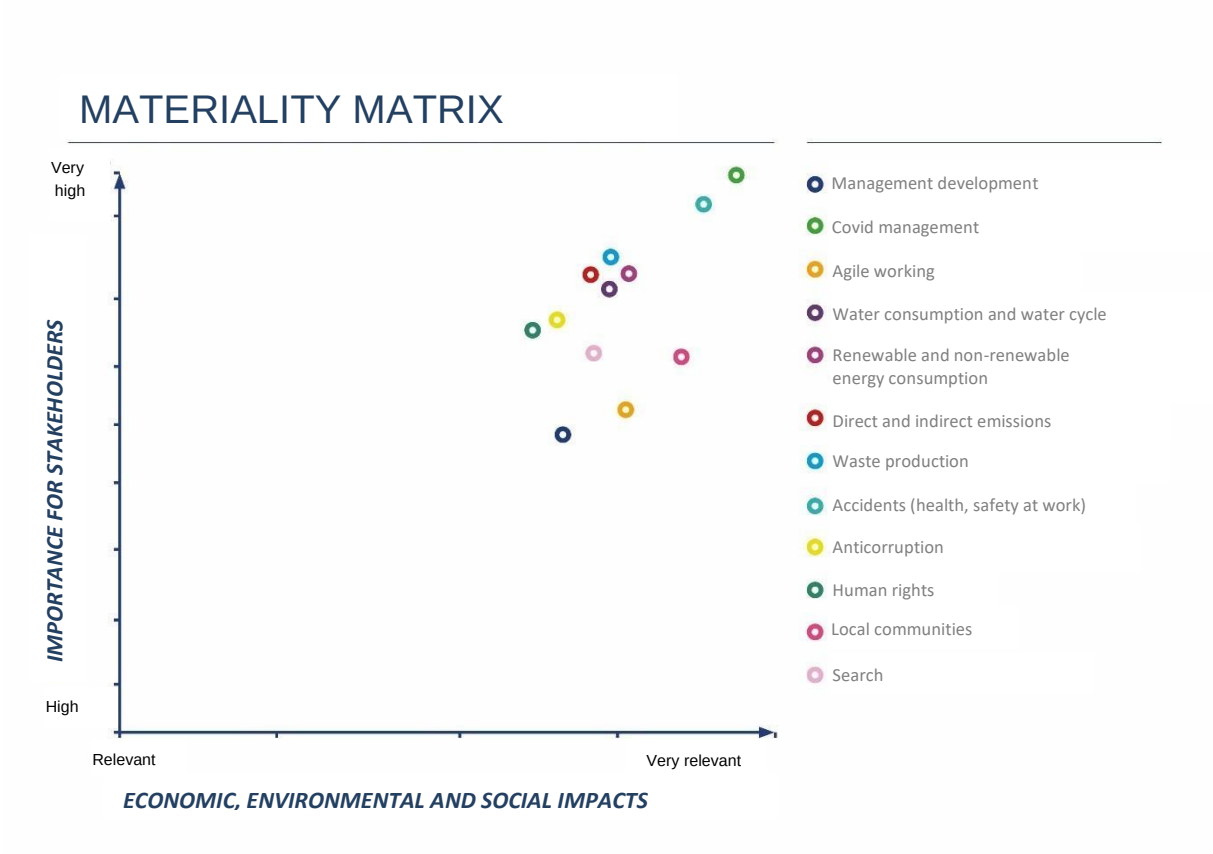
- Water consumption and water cycle
- Renewable and non-renewable energy consumption
- Direct and indirect emissions
- Waste production
- Accidents (Health and safety at work)

Compared to other areas, in this case, the choice of topics has followed the content of the legislation; this is mainly consistent with the manufacturing nature of the company and the presence of production sites that need to be accounted for in terms of environmental impact.

For "**Human rights**" and "**Anti-corruption**", both within the company perimeter and along the supply chain, the materiality analysis led the company to consider the areas as 'material issues' as a whole, without further articulation into sub-themes.

The issue of **human rights** will be examined, starting from the organisational structures and policies adopted to protect it appropriately. At the same time, that of **anti-corruption**, understood as both active and passive, will be dealt with, taking into account the company perimeter and the activities carried out by the various legal entities.

The materiality matrix highlights the relevance of material issues concerning two dimensions: on the x-axis, the importance in terms of economic, environmental and social impact generated by the company's activities, and on the y-axis, the relevance of the issues from a stakeholder perspective.



4.15.4. GENERAL POLICY ON SUSTAINABILITY TOPICS

Kedrion, by the specific nature of the products it manufactures, supports individuals, communities and institutions in alleviating or removing obstacles that prevent them from enjoying the right to life, liberty and security.
Kedrion contributes to the production and distribution of medicines derived from human plasma which are able to improve people's quality of life. It works to maintain excellent sector standards; it operates to consolidate its own role as a recognised representative of the medical and scientific, healthcare and institutional community.
The policy adopted by Kedrion includes a risk analysis on sustainability issues and the adoption of prudential policies and processes to avoid incidents or non-standard behaviours; more specifically, for each of the following areas (Personnel, Social, Environment and Safety, Anti-Corruption and Human Rights), the functions involved have reported the risks they are subject to and the mitigation measures adopted to prevent and manage them.

4.15.5. "STAFF" AREA:

The year 2021 also saw Kedrion dealing with the repercussions of the pandemic. In this context, Kedrion has confirmed the tools already outlined in 2020, adapting them to the needs while respecting the health of workers and ensuring production continuity throughout the year.

Based on the indications received in the "People Forum" launched in 2020 and with the launch of the NEXT transformation programme through a survey of 282 managers on various topics

(understanding of the mission and strategy, involvement of people, corporate culture, the role of leadership, the context of processes, the ability to communicate and change), a series of initiatives were launched on values, engagement, training, talent management, in the wake of Kedrion's history, which is oriented towards free time/work time balance, diversity and some common values, which were made explicit during 2021.

In addition, Kedrion continues to operate so that the health and safety of employees are not left to chance or good intentions by adopting a management system based on safety policies that are frequently reviewed when changes occur, including new processes, activities or production facilities.

As of 31 December 2021, the total staff of Kedrion was made up of 2,784 people, compared to 2,640 at the end of 2020 (+5.5%). In this respect, the growth of the US workforce (+17% compared to the 2020 US workforce) was driven by the increase in plasma centres and the acquisition of Prometic Bioproduction in Canada (135 people), which increased Kedrion's organisational complexity and product portfolio, is worth noting. Against this growth, Hungary was reduced due to the sale of plasma centres and the closure of a production line, which reduced the local workforce by 40% compared to the Hungarian workforce in 2020. Therefore, the group's corporate population is concentrated in Italy (39%), the United States (46%) and Hungary (8%); a residual share (7%) is employed in other locations, mainly in Europe and Canada.

Breakdown of employees by geographical area for the three years 2019-2021

	2019	2020	2021
Italy	1,147	1,128	1,075
Hungary	359	363	217
Germany	17	15	18
Rest of Europe	11	11	11
USA	1,065	1,105	1,292
Rest of the World[9]	16	18	171
Overall total	**2,615**	**2,640**	**2,784**

The predominant form of staff contracting is still open-ended (97.8% of contracts, as in 2020). It should also be noted that 46% of staff are covered by collective agreements, the remainder by individual contracts.
As in 2020, the proportion of women in the total workforce remains 53%.

Breakdown of employees by type of contract

Region	Fixed term			Permanent long-term contract			Total workforce
	Men	Women	Total	Men	Women	Total	
Italy	25	17	42	619	414	1,033	1,075
Hungary	1	11	12	121	84	205	217
USA	5	1	6	440	846	1,286	1,192

[9] *From 2021, the Canadian company Prometic will join the workforce with 135 employees.*

Rest of the World	-	2	2	92	106	198	200
Overall total	**31**	**31**	**62**	**1,272**	**1,450**	**2,722**	**2,784**

With reference to the breakdown by professional category, in 2021 47% of employees were concentrated in the "Blue Collars" category and 50% in "White Collars". On the other hand, the "Directors" category represented 3% of total employees as of 31 December 2021.
Kedrion includes staff employed under management contracts, assimilated or assimilable, in the "Directors" category; employees in office environments or, if in a factory, in a supervisor or manager role (for example in the USA plasma centres) form part of the "White Collars"; employees employed for manual work (workers, those employed in logistics and the warehouse, other operators, etc.) are "Blue Collars".

Total number of employees by category and gender in 2019-2021

	2019			2020			2021		
Category	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Director	65	23	88	65	30	95	52	23	75
White Collar	534	738	1,272	518	737	1,255	603	800	1,403
Blue Collar	620	635	1,255	646	644	1,290	648	658	1,306
Overall total	**1,219**	**1,396**	**2,615**	**1,229**	**1,411**	**2,640**	**1,303**	**1,481**	**2,784**

The use of part-time work remained constant in 2021 compared to 2020.

Total number of employees by type of contract in 2019-2021

	2019			2020			2021		
Type of employment	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Full-Time	1,212	1,362	2,574	1,222	1,375	2,597	1298	1443	2741
Part-time	7	34	41	7	36	43	5	38	43
Overall total	**1,219**	**1,396**	**2,615**	**1,229**	**1,411**	**2,640**	**1,303**	**1,481**	**2,784**

In 2021, the company saw 847 new entries, mainly concentrated in the Plasma BU in the US. Also of note is the "Rest of the World" figure, which was influenced by the entry of Prometic Bioproduction (135 entries in 2021). In 2020, the total number of admissions was 830.

Total new hires by region and age group at 31.12.2021[1]

Region	**< 30**	**30-50**	**>50**	**Total**
Italy	12	7	1	20
Hungary	3			3
USA	348	254	63	665
Rest of the World	12	104	43	159
Overall total	**375**	**365**	**107**	**847**

Compared to 2020, the number of entries increased by 2%, from 830 to 847.

Total new entrants by region and gender over the three years 2019-2021[1]

	2019			2020			2021		
Category	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Italy	36	44	80	22	25	47	10	10	20
Hungary	25	44	69	24	29	53	2	1	3
Germany	0	8	8	1	1	2		3	3
USA	185	573	758	188	535	723	186	479	665
Rest of the World	1	1	2	2	3	5	70	86	156
Overall total	**247**	**670**	**917**	**237**	**593**	**830**	**268**	**579**	**847**

The figure for new recruits should be read together with that for leavers, the main reasons for which were resignations of employees (also read from the point of view of the turnover rate, see table below), redundancies and the sale of some plasma collection centres.
The difference between the Group's recruitments and terminations in the year does not coincide with the growth in the workforce between 2020 and 2021 shown in table *Division of employees by geographical area*. The difference stems from the fact that this table shows only employees as of 31 December, while the data on recruitment and termination also include non-employees (e.g., temporary contracts, even of very short duration). The company often uses such contracts to meet seasonal and specific needs, especially in plasma centres.

Total exits by region and age group as at 31.12.2021

Region	**< 30**	**30 - 50**	**> 50**	**Total**
Italy	7	30	36	73
Hungary	26	86	37	149
USA	209	207	62	478
Other	-	1	3	4
Overall total	**242**	**324**	**138**	**704**

Total expenditure by gender at 31.12.2021

Region	**Men**	**Women**	**Total**
Italy	38	35	73
Hungary	38	111	149
USA	125	353	478
Other	2	2	4
Overall total	**203**	**501**	**704**

Number of exits by cause in 2019-2021

Reason	**2019**	**2020**	**2021**

Resignations	537	564	423
Dismissals	146	206	101
Retirement	11	7	8
Contract expiry date	18	14	13
Plasma collection centres for sale	128	0	98
Other*	33	14	61
Overall total	**873**	**805**	**704**

*Other includes terminations not classifiable in the previous categories (e.g., death, failure to complete trial period, consensual termination, etc.).

As for the turnover rate linked to resignations alone, which - particularly in the United States - is significant, is linked to dynamics typical of plasma collection centres, where the labour market, the competitive environment and the professional figures employed favour frequent changes in employment. In 2021 the turnover due to resignations (16.3%) decreased compared to 2020 (22%, particularly 1.1% in Italy, 10.2% in Hungary and 46% in the USA). In particular, there was a decrease in the resignation of women, from 441 in 2020 to 317 in 2021, and of employees under 30, from 271 in 2020 to 182 in 2021.

Rate of turnover due to resignations in the period considered by region and gender

Region	Turnover rate[10]	Number of people resigned	Women resigned in the period	Men resigned in the period
Italy	1.8%	20	12	8
Hungary	1.4%	3	3	-
USA	30.9%	399	302	97
Overall total	**16.3%**	**422**	**317**	**105**

Turnover rate due to resignations in the period considered by region and age

Region	Turnover rate	Number of people resigned	< 30	30 - 50	> 50
Italy	1.8%	20	-	16	4
Hungary	1.4%	3	2	1	-
USA	30.9%	399	180	171	48
Overall total	**16.3%**	**422**	**182**	**188**	**52**

Regarding turnover from other causes, even including the extraordinary phenomenon of exits in Hungary for the sale of plasma centres, the turnover figure was 10%, in line with the previous year (9%).

The turnover rate for other causes in the period considered by region and gender

[10] *The figure includes only voluntary resignations on 31 December. It does not include:*
- *terminations of temporary contracts opened and closed during 2020;*
- *terminations due to other causes (retirements, dismissals and/or mutually agreed severances).*

Region	Rate of Turnover	Number of people leaving for other causes	Women leaving for other causes	Men who left for other causes
Italy	4.9%	53	23	30
Hungary	67.3%	146	108	38
USA	6.1%	79	51	28
Overall total	**11%**	**278**	**182**	**96**

The turnover rate for other causes in the period considered by region and age

Region	Turnover rate	Number of people leaving for other causes	< 30	30 - 50	> 50
Italy	4.9%	53	7	14	32
Hungary	67.3%	146	24	85	37
USA	6.1%	79	29	36	14
Overall total	**11%**	**278**	**60**	**135**	**83**

The main risks related to personnel at Kedrion are linked to two factors: on the one hand, the technological content and complexity of plasma processes; on the other hand, the geographical location of production plants and sites. There are difficulties in finding the right talent with the technical, scientific and experience skills required to fill key roles, and the talent pool available in the company is relatively limited.

Therefore, it is important to carry out risk mitigation activities by taking care, on the one hand, of the growth of technical skills obtained by investing in technical/professional training and ensuring the permanence of people in their roles; on the other hand, by using tools that favour the retention of figures in possession of key know-how that is not easily replicable. These mitigation activities are carried out through HR policies to foster workplace well-being, professional development and investment in people. The tools most often used are people review, individual development plan management, engagement and performance management.

Kedrion is committed to continuing dialogue with workers' representatives at all levels: European, national and local.

For example, Kedrion S.p.A. applies and meets the requirements of the Collective Bargaining Agreement of the Chemical and Pharmaceutical sector. In addition to the national collective agreement, at Kedrion S.p.A., there are second-level agreements that provide for economic payments linked to achieving significant results, both in terms of profitability and productivity (performance bonuses).

In HUMAN BioPlazma, second-level agreements were also made which provide for economic disbursements tended towards making the company competitive in a highly dynamic and evolving labour market.

Kedrion has strengthened its commitment to *engagement* of people, launching various initiatives such as "NEXT change agents", "The Kedrioneers" interview series and various listening sessions ("Townhall").
As part of the NEXT transformation programme, a team of 45 managers and professionals was created and trained to act as change agents. In particular, during 2021, this team ran workshops and other initiatives aimed at most employees to communicate and gather employees' opinions on the progress of the NEXT programme and company management.

The Kedrioneers' initiative was launched to give our employees a voice through monthly interviews with employees about their history, work and passions.

On the gender *diversity* side, the company continues to monitor gender data for the management population. Finally, it should be noted that the percentage of women receiving an MBO increased from 40.2% in 2020 to 41.4% in 2021.

In addition, it continues to participate in the Valore D association, which provides managers with dedicated training and consultancy tools.

CORONAVIRUS MANAGEMENT AND AGILE WORKING POLICY

As mentioned above, Kedrion tackled the pandemic with the health and well-being of its workers in mind and the continuity of production and logistics, which is necessary to guarantee continuity of treatment for patients.

This experience has led to a rethink of working methods and a move towards an agile working model that allows employees to work from a different location for up to 50% of their working days. By agile mode, Kedrion means working in another company location or the employee's residence, agreeing with the employee's manager.

Kedrion surveyed Italian employees and conducted workshops to present and discuss the agile working model to support this change. In addition, it was decided to provide a restaurant ticket for each day spent in agile mode and invest in individual equipment (printers, monitors, ergonomic chairs, etc.). Finally, training was provided on all aspects of smart working (worker health and safety, how to work remotely, etc.).

Full implementation of this policy is expected in the first part of 2022.

MANAGERIAL DEVELOPMENT

Based on the indications coming from the work of the People Forum and the first feedback from the activities of the NEXT programme, Kedrion has launched initiatives to improve employee motivation and development.

The theme of management development in this Non-Financial Statement will be developed by describing the training activities, the performance and talent monitoring system and the remuneration and rewarding policies.

TRAINING ACTIVITIES

Fostering a culture focused on training and competence development gives the organisation the strength and flexibility to successfully meet future challenges.

Kedrion pays particular attention to training, recognising its importance in building knowledge and maximising the technical-specialist skills of its resources and managerial skills.

Through Scuola Kedrion, the company supports the objectives of internationalisation and educational evolution through the use of digital tools and the consolidation of the managerial and leadership model.

In 2021, the company developed, among others, the following training and management development paths:

- *Kedrion Leadership Team (KLT) Journey*, a programme aimed at Kedrion's 10 top managers, based on strengthening a new *way of working*, common values and expectations, and structured on a blend of *design thinking*, *team coaching* and *action learning*;
- a new management development programme called K-2025, designed to develop management skills and disseminate the *growth-mindset* starting from an individual analysis conducted through *role playing*, questionnaires, *in-basket* and *behavioural event interview* exercises and designing an individualised learning path together with the participants. 32 employees from 5 countries participated in the programme;
- a *follow-up* to the management training programme *Seeds of Leadership*, consisting of a *Booster* to take up the contents of the previous programme through *group coaching* sessions and a new programme called *Propel* on leadership in transition phases and on emotional intelligence, conflict management and *self-awareness* skills. In all, 112 employees from the USA, Italy and Hungary participated in these initiatives in 2021;
- As part of the NEXT programme and together with Scuola Kedrion, Kedrion delivered a programme based on the manager's *toolkit* (analysis, *problem solving*, *programme management*, *story lining, discussion & delivery*). This programme, called *Toolkit Series*, was delivered to 60 *change agents* and *initiative leaders*;
- Also, as part of the NEXT programme and together with Scuola Kedrion, a plenary session was held for the company's 138 key people, dedicated to the themes of *Smart Simplicity*, and 3 masterclasses dedicated to the most important digital trends in Sales and Operations, to which 356 employees were invited
- To strengthen cross-functional collaboration, since 2021, Kedrion School has launched a training programme called *Kedrion Journey,* structured in 9 sessions with the heads of various functions, during which each head presented the typical activities of the function, the main projects in place, and the inter-organisational relationships key to the success of the function. A total of 38 people participated in the initiative, which was launched in Italy in 2021;
- A new programme called *Plant Lab*, on agile working in the Bolognana production plant, structured in interactive sessions facilitated through the use of LEGOs, was introduced in 2021 to enhance listening, communication, collaboration, time management, and results from orientation of departmental supervisors. During the 10 sessions, 59 employees were trained;
- The fifth edition of Scuola Kedrion's international management development programme (Kedrion Management Development Programme - KMDP) was held, aimed at talented

people from the whole group: 27 employees from the USA, Italy and Germany and all company functions;
- The programme *People Management Journey* of Scuola Kedrion continued in 2021. Pathway for newly appointed leaders, one class for a total of 12 Italian people involved.
- Specific training on smart working.

These training paths share an innovative vision of training, with *collaborative learning*, *mentorship* and *project work* experiences used alongside traditional classroom and distance learning techniques.

In 2021, there were 21,874.9 registered hours of training, a substantial increase over the same figure for 2020. In particular, the average hours per capita were 7.9, up 23.4% compared to the same figure for 2020 (6.4). In addition, it should be noted that the training hours dedicated to the female population (10,679.5) are essentially equal to those allocated to the male population and that they have increased by 44% compared to 2020.

Summary of training hours carried out in 2019, 2020 and 2021 by gender

Year	Men	Women	Total hours	Average hours per employee*
2021	11,195.5	10,679.5	21,874.9	7.9
2020	9,434	7,418	16,852	6.4
2019	12,253	11,666	23,919	9.1

* The average is calculated on the total number of employees at the end of the year.

Summary of training hours carried out in 2021 by region and occupational category

Region	Director	White Collar	Blue Collar	Total
Italy	1,299	8,687	250.5	10,236.5
Hungary	353.5	3,472.5	1,276	5,102
USA	260.5	3,475.6	2,672.3	6,408.4
Other	84	44		128
TOTAL	**1,997**	**15,679.1**	**4,198,**	**21,874.9**

PERFORMANCE MONITORING

In 2021, following on from previous years (in Kedrion the performance evaluation system has existed since 2009 and has been a global system since 2014), the annual evaluation process of individual performances was carried out, which is strategically relevant in human resources development.
Compared to 2020, the population involved was reduced from 2,051 to 1,932; the process involved 69% of the population (in 2020, the involvement was 77% of the company population) and 100% of Executives and Senior Management as recipients of incentive programmes (MBO). The reduction particularly affects the US area and is explained by the high turnover rate in the US during the pandemic.

Number of employees involved in performance management process in 2017-2019 by region and gender

	2017			2018			2019		
Region	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Italy	628	383	1.011	647	391	1.038	653	403	1.056
Hungary	22	10	32	22	10	32	22	12	34
Germany	5	4	9	4	4	8	4	3	7
USA	51	40	91	254	395	649	296	539	835
Other	3	0	3	4	2	6	5	5	10
Total	**709**	**437**	**1.146**	**931**	**802**	**1.733**	**980**	**962**	**1.942**

Number of employees involved in the performance management process in 2021 by category and gender

Category	**Men**	**Women**	**Total**
Directors	50	22	72
White Collars	512	611	1,123
Blue Collars	431	306	737
Total	**993**	**939**	**1,932**

The KedPMP (*Kedrion Performance Management Process*) stipulates that, depending on the different roles, employees are evaluated based on the achievement of departmental and individual objectives and the level of possession of the competencies required by the leadership model.

The system envisages homogeneous evaluation criteria at a corporate level for managerial roles, and homogeneous evaluation at country level, in respect of local requirements, for non-managerial roles.

An MBO system exists at corporate level, whose process is constructed in such a way so as to guarantee transparency in assigning and evaluating objectives and the greatest possible homogeneity in evaluation criteria and feedback management.

In 2021, Kedrion further developed its *toolbox* of management development, introducing a new potential assessment tool and a 360° management skills assessment platform integrated with Kedrion's HRMS.

The potential assessment tool was used for the first time in the People Review process on 268 managers and professionals.

As for the 360° assessment platform for managerial competencies was developed in 2021 based on a restricted pilot carried out between December and February 2021. The initiative was launched in December 2021 and involved 52 managers assessed by 203 direct reports, peers and direct managers, who were trained during 10 workshops delivered in November 2021.

REMUNERATION AND REWARDING POLICIES

As far as Rewarding and Compensation are concerned, Kedrion has been reviewing its position evaluation policies over the last few years to allow a segmentation of roles that is valid throughout the group and respects local specificities, to promote remuneration, development and people management policies that value the principles of fairness and transparency.
Within the Group the remuneration policies are oriented towards guaranteeing competitiveness on the labour market, in line with the growth objectives and human resources retention, as well as differentiating remuneration tools on the basis of individual professionalism and competency.
Kedrion has a differentiated system based on the employee's professional category and/or role held, which, as well as the fixed remuneration component, may also include incentive systems (short and long term) related to individual and company objectives.
Within the company, according to corporate rules but applied to local realities, there is an annual Salary Review process linked to the outputs of the performance and potential management process.
At the level of each Group's legal entity, there is a system of employee benefits which, depending on the specifics of the role, context and local laws, can vary from supplementary health insurance to life and accident insurance; from membership of supplementary pension funds to benefits packages that can be modulated to support family life choices (child study, home care, medical visits, travel, etc.). The benefits are assigned based on local procedures and, within the same organisational category, are assigned to all employees independently of the duration and type of the contract.
In particular, there are no differentiations between part-time and full-time employees.

COMPANY WELL-BEING

Kedrion is committed to identifying and promoting initiatives that foster an ever-increasing work-life balance.
Several projects in this area are given as examples below:

- In the United States (KBI), following local laws, there are several *Flexible Working Hours* initiatives, whereby part of the work can be done remotely;
- in Italy (Kedrion S.p.A.), downstream of the pilot project launched in 2018, Kedrion reworked its Smart working policy, raising the number of days allowed in agile mode to 50% and supporting workers through listening initiatives, training, home workstation equipment and ticket restaurant when in agile mode.

HEALTH AND SAFETY AT WORK

Kedrion's policies are aimed at:

- Promote safety culture at every organisational level;
- Support initiatives intended to improve working conditions;
- Support local offices to manage safety in workplaces and monitor their performance.

The EHS function supports and coordinates these policies by disseminating guidelines, sharing tools and expertise, and monitoring key indicators.
The Italian and Hungarian sites have adopted an OSH management system following the ISO 45001 standard, for which certification was confirmed in 2021.
In addition to the preventive and protective measures taken at a local or national level to reduce risks to its employees, visitors and staff of external companies and the local community, initiatives have been implemented at the global level mainly focused on production sites, including accident management.

Therefore, the EHS Global structure monitors and supports local functions in managing incidents, starting with identifying causes, and then shares the results of the analysis with other sites through a "safety alert" system so that everyone can learn from mistakes and prevent new events from occurring.
At a global level, general objectives are shared, which are then transposed to local realities and monitored through key indicators such as frequency and severity indices.
Within the Operations function, the "Zero Accidents" objective is confirmed and monitored globally through indicators that measure its frequency and severity.
Another objective launched at the global level and implemented by the Italian, Hungarian and US production sites is that of achieving the highest level of a safety culture through the active participation of all employees in reporting not only accidents but also *near misses*, i.e. missed accidents, unsafe situations or behaviour, and also suggestions for improvement, setting a minimum annual target of one report per employee. This indicator, including the ratio of accidents, *near misses* and reports, is monitored monthly at the local and global levels.
Despite the fact that the Covid-19 situation required substantial efforts to manage the emergency and to ensure the highest level of safety for internal and external staff and their families, activities aimed at improving the H&S management system were not interrupted but different operational methods were adopted in compliance with the Covid-19 risk minimisation requirements and recommendations, for example, internal and external audits were effectively carried out remotely, training was carried out in hybrid mode according to epidemiological evolution and the indications of the scientific community, and local or *global safety meetings* were held according to the planned schedule but mainly in remote mode.
Activities such as *safety tours*, accident investigations or *near misses* that require to be carried out in person have been carried out in compliance with the anti-covid measures required or recommended by local and international authorities and implemented promptly by the company without affecting their effectiveness.

The distribution of events, days lost and frequency and seriousness indicators by geographic area in 2021 is shown in the following table:

Distribution of accident cases by geographical area as at 31 12, 2021

Region	Number of events	Number of days lost	TIR*	LWR*	Worked hours
Italy	8	182	0.88	20	1,821,400
USA	36	361	3.57	35.8	2,018,138
Hungary	5	76	2.52	38.3	396,780
RoW**	3	142	3	142	199,554
TOTAL	52	761	2.34	34.3	4,435,872

The indicators used are the Total Injury Rate (TIR) and the Lost workdays Rate (LWR).
** RoW includes Laval (Canada) site for 2nd half of 2021

The percentage of accidents involving female personnel is given as an approximation because some of the accidents in US plasma collection centres do not give the names of the persons involved for privacy reasons.
Therefore, the range varies from a minimum of 13% to a maximum of 52%.

Below is the trend in accidents over the three years 2019-2021:

Index	2019	2020	2021	Change 2021/2020
Number of accidents	55	52	52	0%
Number of days lost	796	351	761	+117%
TIR	2.47	2.25	2.34	+4%
LWR	35.8	15.2	34.3	+126%

The overall figure for 2021, compared with the previous year, shows a constant number of events and an increase in days lost due to events that, although not linked to significant risk conditions, led to long periods of absence. The TIR and LWR indicators, considering the hours worked, also confirm the absolute figures.
The most frequent types of injury are impacts and crushing, slips and falls, contact with potentially biohazardous material (punctures or splashes), strains and sprains or cuts and abrasions
Manufacturing plants globally report 27 so-called "*recordable" events* of which 22 have a prognosis of at least one day (LTAs, Lost Time Accidents) with a TIR=2.6
A significant contribution to the number of events *recordable* and the frequency indicator is that of US plasma collection centres with 25 events resulting in a TIR=3.3 but almost all without days of prognosis

ACCIDENTS TO EXTERNAL PERSONNEL

In 2021, there was only one incident involving external staff working in areas under direct responsibility and/or following company directives.
The case involved a crushing while closing a door with a prognosis of 7 days.
The frequency indicator given by the number of events out of the total number of hours worked at the company (multiplied by a coefficient equal to 200,000) takes into account, to count the number of events, all the companies that have seen their employees working at Kedrion's premises, and, as a precautionary measure, puts only the hours worked by companies with employment contracts booked on an hourly basis in the denominator, excluding the hours worked for work booked on an "as is" basis.
The above calculation resulted in an TIR =0.9

OCCUPATIONAL DISEASES

At Kedrion, there are areas and activities where health and safety risk factors are identified, in particular:

- Video terminals, microclimate and lighting, fire/explosion, and work-related stress are present in all activities, from administrative to production/technical;
- Biological risk, chemical risk, manual handling of loads, noise risk, low temperatures and use of machinery and equipment (mechanical risk) are added to the previous ones for production and technical areas (laboratories/plasma collection centres, logistics, maintenance);
- Working at heights, working in confined spaces, driving forklifts and mechanical equipment are added regarding specific tasks.

Risks are measured according to the national legislation in force. In particular, sites in Italy are subject to the Consolidation Act no. 81/08 and produce a Risk Assessment Document (DVR); Hungarian sites are subject to similar legislation and, in turn, produce a risk document similar to the Italian DVR.

The prevention and protection measures adopted in all areas ensure control of the above risk factors, keeping the risk level below the limits set by legislation and company policies.
Data on accidents and occupational diseases in recent years confirm this. There have been no accidents with serious personal injuries or specific occupational diseases attributable to exposure to occupational hazards.
In 2021, 2 occupational disease claims were made without recognition by INAIL.

4.15.6. "SOCIAL" AREA

Driven by a sense of civic responsibility, Kedrion aspires to promote a social and environmental sustainability culture, trust and reciprocity.

RELATIONSHIP WITH LOCAL COMMUNITIES

In 2021, Kedrion will continue to support the communities it serves both through support for local projects and through international product donations and educational and awareness-raising partnerships.

The Covid-19 pandemic, still ongoing in 2021, has reduced the scope of these activities.

From an organisational point of view, the activities in support of local communities are prevalently concentrated at a central level, with the parent company.

The main activities that the company has carried out in favour of local communities are as follows:

KEDRION S.p.A.

- Kedrion S.p.A. is by far the most significant employer in the areas in which its production facilities are located;
- Under the same economic and technical conditions, Kedrion's supply chain favours companies in the territories in which it has offices, also reducing the environmental impact related to transfers;
- Kedrion S.p.A. supports several activities with the Municipalities and schools in the area, including participation in a Higher Technical Institution (ITS) in Life Sciences and a teaching development project with the technical and professional secondary schools in Valle del Serchio (Borgo a Mozzano and Barga);
- The Kedrion Group is one of the founders of the Fondazione Campus di Lucca, a non-profit training and cultural institution which carries out university and advanced training in tourism and the development of the territory and local economies;
- Kedrion encourages local traffic reduction measures through car-sharing and car-pooling initiatives;

In addition to these activities, Kedrion S.p.A has also supported the following non-profit organisations:

- The Robert F. Kennedy Foundation of Italy Onlus (support to RFK Annual Gala for fundraising activities of *advocacy* on human rights)
- La Stella Onlus (student training support)
- Carlo Erba Foundation - Guelfo Marcucci Prizes 2020 - third edition (two scholarships reserved for young researchers in the field of non-oncological studies)

- Fondazione Carlo Erba, in collaboration with PPTA (Plasma Protein Therapeutics Association), Fabrizio Fabbrizzi Prizes (two prizes dedicated to the memory of Dr Fabrizio Fabbrizzi for research in the field of plasma and plasma-derived drugs)
- Municipality of Barga - liberal disbursement in support of culture and entertainment, the so-called Art Bonus
- University of Tor Vergata (contribution to medical-scientific education in the form of a master's degree)
- Associazione Sportiva Dilettantistica - Sport Experience Ideas - A.S.D. SEI (support for annual activities related to the "CONI Centre" project)
- AIL Alessandria Asti (activities aimed at improving services and socio-health care for leukaemia patients)

KEDRION BIOPHARMA INC. (USA) AND HUMAN BIOPLAZMA KFT (HUNGARY)

In the United States, where for several years the company has been promoting spontaneous voluntary activities in support of local communities through the Kedrion Cares programme, Kedrion and KEDPLASMA employees have offered their support and/or participated, for example, in

- Feeding America for the Seasons of Giving campaign Heart Health Awareness (support for the initiative)
- Backpack Programme for the Back-to-School programme as part of Covid-19 pandemic activities
- Adopt A Family for the Holiday campaign

Other contributions and donations were made to:

- Breast Cancer Basket Raffle
- Virtual Food Drive
- Virtual Costume Contest
- Stress Awareness Initiative

In addition, on the occasion of *Thanksgiving*, all plasma collection centres in America supported local organisations to collect food for people in need. Both donors and staff of the centres contributed to the initiative: more than 6,500 products were collected and delivered to various charity centres throughout the country.

In Hungary, the company is also committed to contributing to the communities in which it operates, as evidenced, for example, by its support for Medicopter Alapítvány (an organisation for air rescue during health emergencies), Katasztrófavédelem (the Gödöllő Fire Department), Gödöllői Idősek Otthona (a nursing home run by the Municipality of Gödöllő).

In 2021, Kedrion did not suffer any economic or non-economic sanctions related to the social area (stakeholders, local communities, patients, etc.).

In this area, the company will continue to systemise the various Corporate Social Responsibility activities, assessing their impact and formalising the mechanism for selecting the activities in which it will decide to engage.

RESEARCH ACTIVITIES, ORPHAN DRUGS AND EXPANDED ACCESS

The development of orphan drugs and the provision of compassionate care has always been Kedrion's vocation. In this context, Kedrion's main projects on orphan drugs are represented by the following initiatives:

1. “Plasminogen" project
2. PV Factor" project
3. Ceruloplasmin project
4. New proteins from plasma processing intermediates' project
5. COVID-19 Enforcement activities

As they aim to provide patients with first-in-class examples of specific therapies for their target diseases, the first three initiatives represent the cutting edge of Kedrion's research into new therapies. The fourth initiative aims to optimise the plasma resource (a precious gift from society to patients) to identify new therapeutic opportunities, including fractions derived from the plasma process that are not currently exploited in the production of Kedrion's drugs. In all these cases, Kedrion's awareness and willingness to "team up" with various Italian research centres of excellence spread throughout the country (North, Centre and South), which actively contribute their expertise to developing new therapies, is evident.

PLASMINOGEN PROJECT

Plasminogen (PLG) is an important blood protein that plays a key role in clot dissolution by acting physiologically on fibrin and fibrinogen A-chains. Plasminogen deficiency type 1 or severe hypoplasminogenemia (HPG) is a very rare systemic disease which causes the formation of fibrin-rich pseudomembranes (with a wooden appearance) in the mucous membranes when a wound is healing. The prevalence of HPG, although not properly determined to date, is estimated at around 1.6 cases per million of inhabitants. As there is no previously authorised drug available for plasminogen replacement therapy in patients with HPG (and in particular ligneous conjunctivitis), this has been treated in recent years by surgical resection of the ocular lesions (pseudomembranes) and/or the use of non-specific drugs such as corticosteroids, antibiotics and heparin. Each of these approaches, however, do not have entirely effective results, and have lesser resolving power. In 2020, Kedrion provided the investigational concentrate under compassionate use/early access to 16 patients (there were 13 in 2019) suffering from ligneous conjunctivitis (6 in Italy through L.648/96, 1 in France through nominal ATU, 2 in Spain through compassionate use and 7 in the USA through Kedrion-sponsored IND and physician-sponsored IND).

In 2021, the acquisition of the Canadian company Prometic enabled Kedrion to take possession of plasma-derived plasminogen (Ryplazim®), a drug recently approved by the FDA, which is the world's first ("first-in-class", i.e., the first example of a disease-specific therapy available on the market) for the treatment of hypoplasminogenemia. As a result, Kedrion is now in a position to deliver a drug to patients as early as 2022 and will focus on the product launch by pausing further internal development of plasma-derived plasminogen for the time being. The acquisition of Prometic and the Ryplazim® product is an example of Kedrion's dynamism and the integration of internal innovation and innovation implemented through appropriate *Business Development* activities.

In the case of plasminogen, particular attention is also paid to developing a vision of the future development of therapies for plasminogen deficiency, with a keen eye on the history of the evolution of therapies for other genetic diseases of relevance to the plasma-derived products sector, such as Haemophilia. In the latter, new therapeutic approaches to drugs produced from plasma have rapidly developed, including recombinant proteins with improved characteristics compared to plasma-derived products, gene therapy approaches and, most recently, genome editing approaches with the increasing involvement not only of small industrial entities but also of pharmaceutical giants. Kedrion is committed to creating a pathway for the evolution of ever-better

plasminogen deficiency therapies for the benefit of patients and their quality of life. In this pathway, the importance of companion biomarkers, i.e., diagnostics capable of rapidly diagnosing the presence of a plasminogen deficiency and monitoring the effectiveness of treatment with the product, is an essential complement to therapy, and Kedrion is also committed to this. This integrated vision of "life cycle management" of a "first-in-class" product such as Ryplazim®, leading to a "franchise" of products (plasma-derived products, non-plasma-derived therapies and accompanying diagnostics) is, in fact, the model that Kedrion can follow for the other projects described in this section.

FACTOR V PROJECT

Factor V is a plasma protein present at a concentration of approximately 7 µg/ml in healthy individuals, which plays a pro-coagulant role in the coagulation cascade by participating in thrombin formation. Congenital factor V deficiency, alone or in combination with factor VIII deficiency, is an extremely rare haemostasis disease which occurs in 1:1,000,000 of the population. Individuals affected by a lack of this protein manifest haemorrhaging in various areas and magnitudes: epistaxis, menorrhagia, haemarthrosis and haematomas, and those more serious, including intracranial and gastrointestinal.

Due to the extreme rarity of the associated pathology, no specific Factor V concentrate is commercially available to date, so the treatment of Factor V deficiency relies on replenishing the deficient factor using fresh frozen plasma, but this involves risks and complications. Kedrion has developed an experimental prototype of Factor V concentrate and is currently ready to start its industrial development. Once developed and placed on the market, the product would be 'first-in-class', i.e., the first specific therapy available for the target disease. In 2020, Kedrion applied for funding from the MISE using the "Development Agreements" tool to support its industrial and clinical development. The submitted project has been accepted for funding and is completing the preliminary investigation to start operations in 2022. Within the framework of a public-private consortium (of which Kedrion is the lead partner) comprising the University of Naples "Federico II", CEINGE-Advanced Biotechnologies, the CNR and the University of Campania "Luigi Vanvitelli", an industrial prototype of plasma PV concentrate will be developed. In addition to the role of Kedrion, the industrial partner, the public partners will contribute directly by developing new methods of purification and characterisation of plasma PV.

CERULOPLASMIN PROJECT

Ceruloplasmin is a plasma protein with a key role in iron homeostasis. Its deficiency is the cause of the symptoms present in aceruloplasminemia, a rare disease in which ceruloplasmin deficiency causes iron accumulation in the brain (as well as other tissues), leading to progressive neurodegeneration. Kedrion has developed an experimental prototype of plasma ceruloplasmin concentrate, the efficacy of which has been demonstrated in an animal model of aceruloplasminemia in collaboration with IRCCS Ospedale San Raffaele (Milan). In the case of ceruloplasmin, too, Kedrion is ready to begin industrial development. As with Factor V, this product would be another example of a "first-in-class" therapy to support Kedrion's drive for innovation and new products. As well as offering a valid therapy for patients with aceruloplasminemia, there are other indications where treatment with ceruloplasmin could benefit, such as Wilson's syndrome.

NEW PROTEINS FROM INTERMEDIATES PROJECT

Plasma is a valuable resource and a gift from blood donors to the community, with an important ethical implication. Kedrion, aware of this implication, is committed to using as much of the plasma resource as possible to develop new therapies for patients suffering from various protein

deficiencies, which represent rare and ultra-rare diseases in the vast majority of cases. Therefore, in collaboration with Toscana Life Sciences (Siena) and using the most modern proteomics techniques, Kedrion has conducted the first systematic analysis of plasma industrial processing intermediates, i.e., those parts of the plasma-derived drug production process that are not used and therefore represent processing waste. More than 300 proteins have been identified in these intermediates, many of which, if developed on an industrial scale, could be used as therapies for various rare diseases. In addition, the presence in these intermediates of proteins representing plasma-derived products presents the opportunity to reuse these intermediates to produce the same products already available to patients. Together with the ethical value represented by the optimisation of the use of the plasma resource, this activity also represents an important signal by Kedrion in its commitment to the reuse of industrial processing waste, thus fully falling within some of the development objectives (the "green" ones in particular) highlighted by the European Community and implemented in the various national instruments such as the National Recovery and Resilience Plan.

COVID-19 ENFORCEMENT ACTIVITIES

As mentioned in DNF 2020, Kedrion has started a project with the biologic company Kamada (Israel) to develop a specific immunoglobulin. Specific immunoglobulins, i.e., made from the plasma of people who have overcome a specific disease, are antibodies in a concentrated form that can be infused intravenously into patients and staff potentially exposed to the disease (prophylaxis). To give some examples, specific immunoglobulins are commonly used against diseases such as rabies and tetanus, alongside vaccines (as is well known, the existence and wide accessibility of vaccines do not mean that there should not be treatments for diseases produced by viruses). Using this principle, Kedrion and other plasma-derived companies worldwide have considered initiating projects to develop immunoglobulins derived from high antibody titre plasma from people convalescing from Covid. In this activity, Kedrion has set up a network that, in addition to Kamada, involves American plasma centres and university and scientific institutions such as Columbia University in New York, the Federico II University in Naples, as well as leading companies in the development of diagnostics such as Euroimmun, also based in Italy. The first specific anti-Covid immunoglobulins produced from US plasma and through Kamada's technology have demonstrated high specific activity and ability to neutralise several SARS-CoV2 variants in vitro, as well as efficacy in animal models of COVID-19 disease and are currently under clinical evaluation in Israel in a study funded by the Israeli Ministry of Health.

FISCAL RESPONSIBILITY

An organisation's tax approach defines how it balances tax compliance with business activities and with ethical, social and sustainable development expectations.

The Group, in compliance with the principle of "*corporate responsibility*", acts according to the values of honesty and integrity in the management of tax activities, aware that tax revenues constitute one of the main sources of contribution to the economic and social development of local communities by the Group. Therefore, it pursues a behaviour oriented towards compliance with the tax rules applicable in the countries in which it operates, managing the tax risk responsibly while protecting its image and reputation.

In this regard, the Company considers taxes as a cost of doing business, which must be managed to safeguard the company's assets and pursue the primary interest of creating value for stakeholders in the medium to long-term.

To ensure compliance in tax matters, the Parent has adopted a specific corporate *Transfer Pricing* Policy in line with the provisions of specific regulations. In addition, a Taxation and Taxation procedure that identifies the roles and responsibilities of the parties involved in tax management, defining the information flows between these parties and the related processes to achieve an effective and, where possible, preventive control of tax risk, as well as a policy to manage the risk of interpretation of tax provisions. The objective is to pursue:

- lasting growth of the company's assets and protection of the Group's reputation;
- the correct and timely determination and settlement of taxes due by law and the performance of related duties;
- a containment of tax risk is understood as the risk of incurring the violation of tax rules or the abuse of the principles and purposes of the tax system.

The Group maintains a cooperative and transparent relationship with the tax authority, ensuring that the latter can fully understand the facts underlying the application of tax rules.

To consolidate transparency towards the authorities, the Group ensures the correct application of local, national tax laws and regulations and the OECD Transfer Pricing Guidelines ("*Transfer Pricing Guidelines*"). The Company does not engage in transactions without valid economic reasons to obtain tax advantages, nor does it exploit privileged tax jurisdictions for tax avoidance purposes.

As regards the management of reports of unethical or illegal conduct in tax matters, the appropriate information channels are the same as those provided by the Supervisory Board to ensure the communication of irregularities or violations of the Code of Ethics, the Anti-Corruption Code of Conduct and the Organisation, Management and Control Model under Legislative Decree no. 231/2001.

In 2020, the Kedrion Group paid taxes in the amount shown in the table below (figures expressed in Euros):

Names of the resident entities	Number FTEs	Primary activities of the organization	Revenues from third-party sales	Revenues from intra-group transactions with other tax jurisdictions	Profit/loss before tax	Tangible assets other than cash and cash equivalents	Corporate Income Taxes paid on cash basis	Corporate income tax accrued on profit/(loss)
Kedrion S.p.A. (Italia)	1.134	Plasmaderivatives production and trading	270.971.885	122.943.230	(6.325.415)	229.543.707	1.624.170	1.146.073
Kedrion Biopharma Inc (Usa) and KEDPlasma LLC (Usa)	1.170	Plasma collection, plasmaderivatives production and trading	335.950.983	161.035.361	(20.633.681)	266.246.618	(13.036.792)	(10.750.673)
Human BioPlazma Kft. (Ungheria)	336	Plasmaderivatives production and trading	36.723.013	106.063.998	18.441.897	64.508.214	0	1.100.305
Kedrion Biopharma GmbH (Germania)*	13	Plasmaderivatives trading	20.403.770	1.169.478	987.635	1.004.932	0	283.803
Kedrion Biopharma GmbH (Austria)	2	Plasmaderivatives trading	12.665.329	0	604.922	927.095	184.562	486.480
Kedrion Biopharma GmbH (Poland)	5	Plasmaderivatives trading	15.587.934	0	1.080.862	3.331	249.226	182.463
Kedrion Biopharma GmbH (Portogallo)	3	Plasmaderivatives trading	7.481.677	0	122.775	647.632	0	26.264
Kedrion Mexicana S.A. de C.V. (Messico)	9	Plasmaderivatives trading	22.177.394	0	270.216	15.952.144	1.230.522	288.793
Kedrion Swiss Sarl (Svizzera)	0	Plasmaderivatives trading	7.735	49.265	(88.487)	240.511	0	0
Kedrion Brasil Distributoria (Brasile)	2	Plasmaderivatives trading	900.098	0	(1.139.606)	875.929	0	0
Kedrion Biopharma India Private Limited (India)	5	Plasmaderivatives trading	3.713.119	290.510	(1.364.905)	862.428	0	0
Kedrion Betaphar Biyofarmasoti k (Turchia)	6	Plasmaderivatives trading	32.010.972	0	3.611.879	33.060	31.691	845.695
Kedrion de Colombia SAS (Colombia)	4	Plasmaderivatives trading	2.652.222	0	(583.950)	1.593.896	0	161

* Fusione di Kedrion International e Kedrion Portugal con Kedrion Biopharma GmbH avvenuta a giugno 2021

4.15.7. ENVIRONMENT AREA

Kedrion's attention to the environment starts from the territory in which its employees operate. From the workplace, it extends to the communities which surround the company, with a strong commitment to reducing environmental impact to a minimum. Conscious of Man's responsibility in global climate change, Kedrion's environmental policy contributes to mitigating the consequences of human activity on the surrounding environment.
Kedrion employees are aware of environmental protection and operate to evaluate and monitor environmental aspects connected to activities carried out, pursuing opportunities for improvement.
The Kedrion management team undertakes to implement, maintain and document its processes and activities in compliance with the highest quality standards, including, for example:

- UNI EN ISO 14001 and EMAS Regulation[11] (Environmental Management System);
- BS ISO 45001 (Occupational Health and Safety Assessment Series).

Adherence to the UN Global Compact[12] implies a global commitment to improving environmental performance through a strategy based on the principles of:

- Optimisation of resources by prioritising sustainable ones;
- Reducing negative impact;
- Spreading an environmental culture within and between external collaborators.

The Italian offices have adopted an environmental management system according to ISO 14001. The sites in Lucca (KIg10 production site, Castelvecchio Pascoli warehouse, Bolognana site and administrative offices) and the Sant'Antimo (NA) site are ISO 14001 certified and EMAS registered.
The adopted model integrates the monitoring and control activities of environmental performance required by the Integrated Environmental Authorisations applicable to the sites mentioned.
The Italian offices have an *Energy Management* structure with the aim of optimising the use of energy resources through analysis and monitoring activities and promotion of initiatives.
To improve its environmental performance, Kedrion is committed to increasing its knowledge of its impacts by analysing the life cycle of its products and extending its control to the entire supply chain.

EUROPEAN TAXONOMY

Starting from this DNF and following the provisions of Regulation (EU) 2020/852, Kedrion has assessed the percentage of revenue, OPEX and CAPEX associated with eligible assets (so-called *eligible*) under the European Taxonomy.

The percentage of revenues relating to the year 2021 compared to *taxonomy-eligible* activities is 0%, as the group's area of operation is not currently included within the Delegated Acts relating to climate change mitigation and adaptation.

[11] EMAS, the European Union Eco-Management and Audit Scheme (*Eco-Management and Audit Scheme*), is a model by which companies and organisations, both public and private, based in the territory of the European Union can voluntarily adhere and which wish to commit themselves to assess and improve their environmental performance.

12 The *United Nations Global Compact* is an initiative of the United Nations created to encourage companies around the world to adopt sustainable policies that respect corporate social responsibility and to make the results of their actions public. It is a framework that encompasses ten principles in the areas of human rights, employment, environmental sustainability and anti-corruption.

Similarly, the share of OPEX and CAPEX related to expenses attributable to eligible activities under the European Taxonomy is 0% of total corporate CAPEX and OPEX.

WATER CONSUMPTION AND WATER CYCLE

Attention to water resources is concentrated on the use of water provided by the public network and water coming from wells, for Italian sites, and on wastewater production.
Water taken from production facilities is mainly used to power cooling systems, softeners, steam production, washes and sanitation. In the other offices, it is used as domestic hot water and for cleaning the environments.
The risks connected to the water resource depend on the presence of obligations required by legislation or specific authorisations. Water consumption can constitute a risk connected to the capacity of local infrastructures and the availability of the resource (aqueduct and wells), constituting a constraint with regard to any increases in production capacity. Furthermore, an increase in water consumption corresponds to an increase in wastewater, whose hydraulic load is governed by authorisation and/or technical/infrastructural limitations.
The processes of the four production sites produce wastewater that is delivered to the public networks in compliance with the applicable rules and regulations in terms of both hydraulic load and quality characteristics of the wastewater.
The discharge is predominantly industrial and a smaller percentage of 10% is civil wastewater.

Water balance (water consumption and discharges in cubic metres) at 31.12.2021

Water consumption from network* Mc	Water consumption from well Mc	Total consumption of water Mc	Wastewater** Mc
478,170	333,825	811,995	569,320

*The figure is the sum of measured (Bolognana, CVP, Sant'Antimo, Gödöllő, Melville) and estimated (Offices and plasma centres) consumption.
**Measured discharges for Bolognana, CVP, Sant'Antimo, Gödöllő and Melville; estimated for offices and plasma centres.

The largest contribution, at 72%, came from Italy and was due to the presence of its two main production sites, followed by Hungary (14%) and the United States (13%), which also included production sites (Gödöllő and Melville).

Below is the table summarising the global water consumption and wastewater discharge for the three years 2019-2021:

Water budget 2019-2021

Index (CBM)	2019	2020	2021	Difference 2021/2020
Consumption of water from network	635,954	507,585	478,170	-6%
Consumption of water from well	399,874	372,390	333,825	-10%
Total water consumption	**1,035,828**	**879,975**	**811,995**	**-8%**

Wastewater **	743,936	645,066	569,320	-12%

*The figure is the sum of measured (Bolognana, Sant'Antimo, CVP; Gödöllő, and Melville and plasma centres) and estimated (Laval and Offices) consumption.
**Measured discharges for Bolognana, Sant'Antimo, CVP, Gödöllő; estimated for Melville; Laval, Offices and Plasma centres.

The reduction in mains water consumption is the result of optimising the use of the resource, especially at the Melville and Gödöllő sites for water from the aqueduct and at the Bolognana site for well water.

RENEWABLE AND NON-RENEWABLE ENERGY CONSUMPTION

The production sites mainly use energy sources for the production of cold, heat and steam, as well as to power the factories and for lighting.
The provision of electric energy presents constraints related to the infrastructures which can impact on the continuity of the service and on any production developments, even if there are emergency generator systems for the most critical equipment.
As of November 2020, the Bolognana plant will use a significant portion of the electricity produced by a tri-generation plant located on the site, which, in addition to having a reduced environmental impact, guarantees an improvement in the quality of supply, although it does not reduce the risks associated with any interruptions to the grid. This plant replaces the self-production done by a cogeneration system with a further improvement of energy performance.
No particular constraints of a legal/authorising type exist for the various sites.
Energy monitoring and diagnosis, required by the Integrated Environmental Authorisations and by the legislation on the rational use of energy, is an opportunity for action to optimise consumption.
The use of natural gas, both for the production of electricity and steam, represents the best source of non-renewable energy in terms of greenhouse gas emissions and, therefore, an opportunity to improve the environmental impact of the sector; however, it presents risks linked to possible short or prolonged supply interruptions due to possible technical problems of the network infrastructure or the supplier with a significant impact on the *business continuity* of the production plants. This applies to the Bolognana site, which uses methane to produce a large part of the electricity consumed, even though an external company carries out production on site.

To continue to guarantee emergency operation, the supply from the power grid remains active.

ELECTRIC ENERGY FROM THE GRID

At the Bolognana plant, a tri-generation plant has recently been activated, replacing the previous cogeneration plant and meeting part of the plant's electricity demand.
Therefore, since the end of 2020, there has been a shift from self-production of electricity to a new supplier, which has joined the external supply and uses the recently activated tri-generation plant.
Therefore, the figures reported for 2021 take into account the change from November 2020 in the calculation method.

Below is the figure for overall consumption:

Electricity consumption from the grid* as at 31.12.2021

GJ	285,209

*The figure is the sum of measured (Bolognana, Sant'Antimo, CVP, Gödöllő, and Melville and plasma centres) and estimated (Laval and offices) consumption.
The Bolognana plant buys from the external grid and the local operator (tri-generation plant).

The largest contribution to total consumption is made by the Italian, American and Hungarian production plants, accounting for 57%, 19% and 11%, respectively,

FOSSIL FUELS

The absolute values and contributions of the individual companies to the consolidated figure for methane consumption, expressed as a percentage, are shown in the following tables:

Methane gas consumption* as at 31.12.2021	
GJ	239,726

*The figure is the sum of measured (Bolognana, Sant'Antimo, CVP, Gödöllő, and Melville and plasma centres) and estimated (Offices) consumption.

The Italian, US and Hungarian production plants make the largest contribution to total consumption, accounting for 43%, 36% and 16%, respectively.

The following table summarises electric energy, methane and gas oil consumption expressed in GJ at a global level for the 2019-2021 two-year period:

Energy balance for 2019-2021

Index (GJ)	2019	2020	2021	Difference 2021/2020
Electric energy from the grid	198,582	217,318*	285,209	+31%
Methane gas	472,384	443,059*	239,726**	-46%
Other fossil fuels***	11,262	6,118	4,408	-28%
Total energy	**682,228**	**666,495***	**529,343**	**-20%**

**In calculating the energy consumption figure, more detailed data became available than in last year's calculation in the 2020 DNF.*
The data that became available in the course of 2021 made it possible to refine the calculation for both the current reporting year (2021) and, consistently, for the previous year (2020), in order to give as reliable and consistent a representation as possible; this DNF therefore reports the most accurate figure for both 2021 and 2020.
***The decrease in methane consumption and the increase in electricity consumption is mainly due to the use of the tri-generator at the Bolognana site operated by an external company (switch from methane consumption for self-generation of EE to purchase of EE produced by third parties on-site).*
*** only diesel consumption is reported as it is representative of almost all fossil fuels used.

The table shows a significant increase in the consumption of electricity from the grid and a significant decrease in the consumption of natural gas, mainly due to the new method of supplying electricity at the Bolognana plant (switch from self-production to on-site production by an external company, for which electricity consumption is the sum of the electricity purchased from the grid and the tri-generator operator).

There was also a decrease in total energy consumed following energy efficiency measures at the sites, the suspension of a production line at the Hungarian site and a reduction in transport by own means.

DIRECT AND INDIRECT EMISSIONS

Kedrion calculates carbon footprint in order to identify the greenhouse gas emissions generated by its activities, considering the direct emissions coming from the consumption of natural gas and other fuels and by coolant gas losses (Scope I) and indirect ones coming from the consumption of electricity (Scope II).
The consumption of natural gas is the main source of energy for heat production (in the form of steam or hot water), while electricity is the main source for the production of cold. Climatic conditions influence both consumptions. An increase in temperature leads to greater electricity consumption for cooling, while a drop in temperature leads to greater consumption of natural gas for heat production. The biggest impact in terms of energy consumption is from the production of refrigeration.
Below is the graph representing the contributions to total CO2 equivalent emissions (Scope I) and the trend over the three years 2019-2021:

Carbon Footprint 2019-2021 - Scope I

CO2 equivalent (T)	2019	2020	2021	Delta 2021/2020
O2 eq. From refrigerant gas leaks (makeup)	5,091	7,103	2,932	-59%
CO2 eq. From the consumption of methane gas	26,890	25,176	13,622	-46%
CO2 eq. From the consumption of other fuels	841	457	332	-27%
Total CO2 eq	**32,821**	**32,736**	**16,894**	**-48%**

The data show a decrease in CO2 emissions from the reintegration of refrigerant gases, to which the improvement and retrofit of the cooling systems have contributed, a decrease in the consumption of methane gas as it is no longer used for the self-production of electricity at the Bolognana site and lower consumption of diesel fuel due to a decrease in transport by own means.

Below is the graph representing the contributions to the total CO2 equivalent emission (Scope II), according to the location-based approach:

Carbon Footprint 2019-2021 two-year period – Scope II

Ton CO2 eq	2019	2020	2021	Delta 2021/2020
CO2 eq from consumption of electric energy from the grid	20,073	21,143	25,581	+21%
Total CO2 eq	**20,073**	**21,143***	**25,581**	**+21%**

* As part of the Scope II emissions figure calculation, more detailed data became available than was considered for last year's calculation and reported in the 2020 DNF.

The data that became available in the course of 2021 made it possible to refine the calculation for both the current reporting year (2021) and, consistently, for the previous year (2020), in order to give as reliable and consistent a representation as possible; this DNF therefore reports the most accurate figure for both 2021 and 2020.

WASTE PRODUCTION

Waste from production sites accounts for the largest share of all waste produced by the Group, followed by waste produced by collection centres and waste generated by administrative activities, which contribute negligibly to waste production.

Waste, when not delivered to the municipalities as it can be assimilated into urban waste, is managed according to the country's regulations of the production site, both for its classification and packaging and its disposal.

Obligations imposed by legislation or specific authorisations or voluntarily assumed to bind the company to maintain a high level of attention in classification, packaging and compliance with time and quantity limits defined by legislation and any local regulations/authorisations.

The possibility of any interruptions to transport and disposal services related to incorrect classification or packaging, unavailability of suppliers (technical, authorising and contract problems) make waste management an extremely significant environmental aspect.

In addition to *compliance* regulations and *business continuity*, Kedrion's attention is focused on the safety of people who may come into contact with the material (internal staff, waste operators and the community) and the environment in general; this leads the company to favour sustainable disposal methods (energy recovery or recycling of the material).

Waste production at 31.12.2021

Non-dangerous waste kg	Dangerous waste kg	Total waste Kg
854,457	**5,823,034**	**6,677,491**

Waste evaluation by geographical area at 31.12.2021

Region	Non-dangerous waste kg	Dangerous waste kg	Total waste Kg
Italy	610,103	933,084	1,543,187
USA*	214,230	2,628,930	2,843,160
Hungary	30,124	2,261,020	2,291,144
TOTAL	**854,457**	**5,823,034**	**6,677,491**

*includes Laval (Canada)

Below are the values for the three years 2019-2021:

Waste evaluation 2019-2021 two-year period

Type (kg)	2019	2020	2021	Difference 2021/2020
Non-dangerous waste	838,332	995,536	854,457	-14%
Dangerous waste	5,505,034	5,146,923	5,823,034	+13%
TOTAL WASTE PRODUCED	**6,343,366**	**6,142,459**	**6,677,491**	**+9%**

Quantity of waste for recovery as of 31.12.2021	
% of total non-dangerous waste	**68%**
% of total dangerous waste	**44%**

4.15.8. ANTI-CORRUPTION AREA

Kedrion, in line with its constitutive values, with specific anti-corruption regulations and in line with the tenth principle of the Global Compact, according to which "*companies undertake to fight corruption in all its forms, including extortion and bribes*", pursues its commitment to fight corruption, in all of its forms, both direct and indirect.

The Board of Directors of Kedrion S.p.A., in January 2020, adopted the Global Ethics Policy, which contains ethical principles and values that inspire the responsible management of company activities, establishing rules of conduct and implementation rules; the Global Ethics Policy was formally implemented by the administrative bodies of the subsidiaries and expressed in the Codes of Ethics made available on the Company's website.
Kedrion has also adopted the Global Anti-bribery and Anti-corruption Policy which confirms the "*zero tolerance*" approach to all forms of corruption; the Policy was formally acknowledged by all the companies of the group.
During 2021, no episodes of corruption were identified in any of the companies of the Kedrion group.
The following paragraphs show the organisation and the safeguards adopted by the main operating companies of the group as regards anti-corruption.

KEDRION S.p.A.

Kedrion S.p.A. has promoted and adopted an integrated Global Policy system aimed at preventing and also mitigating corruption risks within the Company.
Since 2004, Kedrion S.p.A. has implemented an Organisation, Management and Control Model pursuant to Article 6 of Legislative Decree 231/2001 (hereinafter also referred to as "Model 231") in order to prevent the risk of committing the offences envisaged by the same Decree and a Code of Ethical Conduct which forms an integral part of Model 231. The offences also include corruption in all its forms, both in relations with the Public Administration and in relations between private individuals, including all relations with the supply chain.
Kedrion S.p.A. keeps the 231 risk mapping updated, or rather the mapping of the corporate areas exposed to "crime risk", including the risk of the crime of corruption.
The potential risks pertaining to the offences provided for by Legislative Decree 231/2001, which emerged from the mapping, are mainly those typical of the pharmaceutical sector; after assessing all the control and mitigation measures implemented by the Company, the residual risk was found to be acceptable.
Kedrion has made tools available to report any breaches, even anonymously; these tools are the web platform accessible from the website www.kedrion.it, implemented in compliance with Law no. 179 of 2017, i.e., "*Whistleblowing*"; the 'mailboxes/letterboxes' located in all the factories and sites of the Company; the help line available on the company Intranet platform. All the tools are equipped with adequate measures to protect the privacy and confidentiality of the whistleblower.

During 2021, Kedrion made available, on the KedPeople e-learning platform, a training aimed at providing a first "guide tool" for the knowledge of the main Global Compliance Policies, including the Anti-Corruption Policy. This training is mainly focused on the following thematic areas:
Ethics and human rights, to reaffirm the Group's values and the priorities of Kedrion's mission;

- ✓ Antitrust, to ensure fair conduct on the markets;
- ✓ Anti-corruption, to counter the abuse of one's position within the Group in order to obtain personal advantages;
- ✓ Privacy, to ensure maximum protection of personal data collected by Kedrion in carrying out its activities, primarily those of its employees;
- ✓ Global Compliance with Legislative Decree 231/2001, to encourage the dissemination at Group level of the fundamental principles contained in the Organisation, Management and Control Model adopted by the Company.

KEDRION BIOPHARMA INC.

Kedrion Biopharma Inc. (KBI) has kept the Compliance Program updated, in which the fight against corruption, both nationally and internationally, has the highest priority.
The Compliance Director, in agreement with the Legal Department, followed the implementation of the Compliance Program, which included updating the anti-corruption behaviour guidelines and training staff on related issues including the fight against corruption.
The US regulatory environment includes numerous laws, including the Anti-Kickback Statute, the False Claims Act, and the Foreign Corrupt Practice Act (FCPA), as well as specific legislation of the Member States. This legislation provides for severe federal and state punishments, both civil and penal. The Company has adopted the Global Policies promoted by the Parent Company and specific local procedures.

HUMAN BIOPLAZMA KFT.

HUMAN BioPlazma Kft. (hereinafter also referred to as HBP) operates in Hungary in compliance with the regulatory framework applicable to its activities.
HBP has implemented the Global Policies promoted by the parent company and has implemented procedures in order to combat active and passive corruption in its activities. The Company has adopted an Ethical Code of Conduct aimed at all its employees.
HBP has activated Whistleblowing channels to report any violations of laws, policies and procedures.
Compliance regarding the subject of sponsorship activities, considered a sensitive topic, is ensured by compliance with the code of the European Federation of Pharmaceutical Associations and Industries (EFPIA) and by compliance with the communication and pharmaceutical ethics code of the Hungarian Pharmaceutical Manufacturers Association (Magyarországi Gyógyszergyártók Országos Szövetsége - MAGYOSZ).

KEDRION BIOPHARMA GMBH

Kedrion Biopharma GmbH, in order to fight corruption, has formally implemented the Global Policies introduced by the parent company as well as procedures and guidelines compliant with local legislation.
Please note that compliance with regard to sponsorships, a sensitive activity from the point of view of corruption, is ensured not only by compliance with the code of the European Federation of Pharmaceutical Associations and Industries (EFPIA), but also by compliance with the FSA code of pharmaceutical communication and ethics. "Freiwillige Selbstkontrolle für die Arzneimittelindustrie e.V.", of the AKG "Arzneimittel und Kooperation im Gesundheitswesen e.V." and other accredited entities.

4.15.9. “HUMAN RIGHTS” AREA

Kedrion has always been committed to creating a work environment based on mutual accountability, trust and respect, enhancing the personality and diversity of individuals.
Kedrion considers it essential that relations between colleagues, at every level of the organisation, are carried out with loyalty and fairness in mutual respect for the rights and freedoms of individuals; it also believes it is necessary that all employees and collaborators of the company contribute to maintaining a climate of mutual respect for dignity, honour and reputation.
The company prevents and opposes the employment of minors, forced labour, unjust disciplinary procedures, physical or mental coercion or abuse towards a person. The Board of Directors of Kedrion S.p.A. has adopted the Anti-Slavery And Human Trafficking Global Policy which firmly reaffirms the Company's ethical vocation.
Kedrion counteracts all forms of discrimination against workers based on nationality, ethnicity, religion, social class, gender, sexual orientation, political and trade union orientation, health conditions, physical limitations, age, previous family responsibilities, marital status or any other condition that may give rise to discrimination.
The company proposes to offer equal opportunities to all employees in career development, leave from work and retirement, respecting the fundamental principle of equality.
During 2021, no incidents involving violations of human and Workers' rights were detected throughout the company scope of consolidation.
The following paragraphs show the organisation and the safeguards adopted by the main operating companies of the group in the area of human rights.

KEDRION S.P.A.

The Company's Board of Directors has for some time implemented the Ethics Office function, responsible for the definition, implementation, adaptation and continuous improvement of the Corporate Management System for Business Ethics. The delegation conferred is extended to the implementation of the voluntary international standard SA8000 (Social Accountability 8000), or to the implementation of the System of Social Responsibility on Ethics in relations with internal Kedrion workers and in the supply chain. Kedrion, since 2004, has been SA8000 certified by a third party.
Kedrion S.p.A. updated its system for Business Ethics in 2021 also in consideration of the pandemic situation that characterised the entire year.
Kedrion S.p.A. has adopted an SA8000 Manual (the "Manual") which summarises the principles of the Standard and describes the entire Social Responsibility Management System adopted by the Company. The Manual, together with the Code of Ethics, is disseminated to all employees upon hiring.
None of the reports submitted by the workers to the Ethics Officer involved violations of human rights and workers' rights; specifically, the following did not occur:

- breaches of laws, applicable regulations;
- open or suspected breaches of the business ethics management system adopted by Kedrion and related procedures;
- practices and/or behaviours not in line with the provisions of the Code of Ethical Conduct and with the SA8000 Social Responsibility System adopted by Kedrion.

Kedrion S.p.A., since 2005, recognises, approves, supports and adopts the 10 ethical principles of the UN Global Compact concerning human rights, work, the environment and the fight against corruption.

KEDRION BIOPHARMA INC.

Kedrion Biopharma Inc. (KBI) respects all American laws on the fight against discrimination and has an internal control system to prevent and identify said conduct. KBI has implemented a system to be able to report discriminatory conduct or, in any case, conduct that is not in line with the values and principles of the Company.
Federal laws and those of individual member states are very restrictive with regard to phenomena of violation of equal treatment and protection of human rights.

HUMAN BIOPLAZMA KFT.
KEDPLASMA operates in Hungary in compliance with the legal regulatory framework applicable to its activities.
With reference to the issue of human rights and discrimination, HBP pays particular attention also in consideration of the fact that in Hungary the prohibition of discrimination and the principle of equal treatment are governed by numerous laws, including the Hungarian Constitution, the Civil Code (Law No. V of 2013), Law No. CXXV of 2003 on equal treatment and the promotion of equal opportunities (transposed into Hungarian legislation and thus harmonized with the respective EU Directives such as, for example, 2000/78, 2000/43 and 2004/113; and regulation 2016/679 - GDPR), the Labour Code (Law No. I of 2012). Therefore, the Company is very careful to comply with the legal requirements during the exercise of its activities.
The company conducts constant and accurate monitoring of employment relationships, to reject and prevent any form of discrimination, from hiring to the termination of the employment relationship, conducted and controlled by the company's human resources function.

KEDPLASMA GMBH
Kedrion Biopharma GmbH with reference to the issue of human rights, non-discrimination and equal treatment is recognised in the values of the parent company set out above.
Specifically, the fundamental legislative reference in this context is the German federal law on equal treatment, Allgemeines Gleichbehandlungsgesetz (AGG), of 14 August 2006, which adopted the European Directives passed in the years 2000-2004: Guidelines 2000/78/EG on employment, anti-racism guidelines 2000/43/EG, guidelines 2002/73/EG and 2004/113/EG on equal treatment of men and women.
The AGG has the aim of preventing and eliminating discrimination due to race, ethnic origin, sex, religion or ideology, disability, age or sexual identity.
KEDPLASMA complies with the aforementioned legislative provisions, for the entire duration of the employment relationship with its employees. Specifically, under the coordination of the human resources department, KEDPLASMA puts in place recruitment policies, benefits planning and contractual conditions compliant with the legal obligations represented by the AGG. Likewise, extreme attention is paid to any occurrences of behaviour that are not compliant with the requirements in force.

4.15.10. METHODOLOGICAL NOTE

GIVEN BOUNDARY AND REPORTING PROCESS FOLLOWED

The NFS includes, in the reporting scope, the parent company and the subsidiaries consolidated on a line-by-line basis (please note that the American company that manages the plasma collection centres, KedPlasma LLC, is 100% controlled by KBI, therefore, the relative data to KBI or the US region also include those of KedPlasma LLC). Any exceptions are indicated in the text; in the case in which some data are not available, the text highlights this in a clear and transparent way. The Canadian company PBP, acquired by Kedrion in mid-2021, is included in this year's NFS.

The working plan followed to prepare the NFS 2021 followed the above phases and timeframes, coherent with Legislative Decree 254/16 and aligned to the financial reporting process and the SOP (Standard Operating Procedure) on non-financial communications prepared and approved by the Kedrion Group:

1. Assignment of the task by the CEO of Kedrion S.p.A., to the Finance department (start of November 2021);
2. Identification of the activity coordinator (mid-November 2021);
3. Choose the type of NFS (consolidated), its location in the management report, its relationship with the GRI Standards and the chosen methodology (GRI in accordance - Core) (end of November 2021);
4. Contact the coordinator with the data owners and the representatives of each department and legal entity of the Group concerned (before end of November 2021);
5. Training activity and information on the NFS (before mid-December 2021);
6. Preparation and approval, by the functions involved and the Executive Chairman, of the Materiality Analysis (between January and the end of February 2022);
7. Collection of data and their validation alongside the data owners and department representatives (before mid-February 2022);
8. Write the NFS draft and submit it to the data owners (end of February 2022);
9. Approval of the NFS draft by the data owners and submit the document to the Finance department (10 March 2021);
10. Send the NFS proposal to the Company Secretary with a view to its approval in the Board of Directors Meeting on 29 March (15 March 2022).

CORRELATION TABLE

Kedrion material topics	GRI Standard	Scope		
		Internal	External	Limitations
Managerial development	404: Training and Education	✓		
Company well-being	GRI 401 Employment	✓		
Accidents (Health and safety at work)	403: Occupational Health and Safety	✓	✓	
Covid Management – Staff Area	403: Occupational Health and Safety	✓		
Covid Management – Social Area	413: Local Communities	✓	✓	
Relations with local communities and research on compassionate use drugs	413: Local Communities	✓		
	419: Socio-economic Compliance	✓		
	207: Tax	✓		
Water consumption and water cycle	303: Water	✓		
Renewable and non-renewable energy consumption	302: Energy	✓		
Direct and indirect emissions	305: Emissions	✓		
Waste production	306: Effluents and Waste	✓		
Human rights	406: Non-discrimination	✓		
Anti-corruption	205: Anti-corruption	✓	✓	Reporting not extended to the external boundary (suppliers and other partners)

CALCULATION METHODOLOGIES ON ACCIDENTS AND EMISSIONS

Health and Safety Indicators

The indicators used are the Total Injury Rate (TIR) and the Lost Workdays Rate (LWR).

TIR = number of events* x 200,000/hours worked**

LWR = number of days lost*** x 200,000/hours worked**

*Number of accidents (recordable injuries) that led to absence from work, restrictions to work or medical treatment, including events of biological risk (first aid cases and accidents on way to/from work are excluded).
**Hours effectively worked (where a measurement system is not present, these are estimated according to the work schedule).
*** Considering the calendar days (the day of the event and the day of return to work are excluded) in which the employee was absent from work (the days of transfers or restrictions are not considered).
The data on the distribution of injuries by gender is partial due to the lack of information for staff operating in American plasma centres in the case of a biohazard injury for which the employee's name does not appear in respect of privacy.
The consumption of electric energy from the grid, methane gas and gas oil, measured by reading on-site counters or telemetries, is transformed into GJ using conversion factors available on the network:
Coefficient from therms to scm of natural gas 1 scm = 0.3734 therms (SNAM converter)
Consumption of electric energy purchased: kWh x 0.0036 = GJ electric energy purchased
Gas oil and natural gas (fuel): conversion factors from Defra tables 2020 version

- Consumption of natural gas: scm x 35.808 / 1000 = GJ
- Consumption of gas oil: tonne x 42.932 = GJ
- Consumption of LPG: tonne x 45.94 = GJ

To calculate the equivalent emissions of CO2, the references are those reported below:

SCOPE I (DEFRA version 2021)
natural gas: scm x 2.03473 = kg CO2e
gas oil: litres x 2.70553 = kg CO2e

GWP coolant gases:
R404A: kg x 3922 = Kg CO2e
R407C: kg x 1774 = Kg CO2e
R410A: kg x 2088 = Kg CO2e
R507: kg x 3985 = Kg CO2e

R134A: kg x 1430 = Kg CO2e
R422D: kg x 2730 = Kg CO2e (value according to Linde Gas)
ISCEON: kg x 3805 = Kg CO2e (value according to Linde Gas)
R449: kg x1397 = Kg CO2e (value provided by General Gas 2020 edition as unavailable on DEFRA 2021)
R417A: kg x 2346= Kg CO2e (value provided by General Gas 2020 edition as unavailable on DEFRA 2021)

SCOPE 2 (TERNA 2019 version)
electric energy:
Kwh x 0,315 = kg CO2e (Italy);
kwh x 0.374 = kg CO2e (USA)
kwh x 0.253 = kg CO2e (Hungary)
kwh x 0.122 = kg CO2e (Canada)
kwh x 0.521 = kg CO2e (World)

GRI Standard	Disclosure	Paragraph	Omission
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	**Organisational profile**		
	102-1 Name of the organization	§4.15.1	
	102-2 Activities, brands, products and services	§4.15.1	
	102-3 Location of headquarters	§4.15.1	
	102-4 Location of operations	§4.15.1	
	102-5 Ownership and legal form	Ref. Report on Operations	
	102-6 Markets served	Ref. Report on Operations	
	102-7 Scale of the organization	Ref. Report on Operations	
	102-8 Information on employees and other workers	§4.15.5	
	102-9 Supply chain	§4.15.1	
	102-10 Significant changes to the organization and its supply chain	§4.15.5	
	102-11 Precautionary Principle approach	§4.15.4	
	102-12 External activities	§4.15.1 and 4.15.6	
	102-13 Membership of associations	§4.15.1	
	102-14 Statement from senior decision-maker	§4.15	
	Strategy		
	102-15 Key impacts, risks, and opportunities	§4.15.4	
	102-16 Values, principles, standards and norms of behaviour	§4.15.4	
	102-18 Governance structure	Ref. Report on Operations	
	Reporting practice		
	102-40 List of stakeholder groups	§4.15.1	
	102-41 Collective bargaining agreements	§4.15.5	
	102-42 Identifying and selecting stakeholders	§4.15.1	
	102-43 Approach to stakeholder engagement	§4.15.1	
	102-44 Key topics and concerns raised	§4.15.3	
	102-45 Entities included in the consolidated financial statements	§4.15.2	
	102-46 Defining report content and topic Boundaries	§4.15.2	
	102-47 List of material topics	§4.15.3	
	102-48 Restatements of information	No	
	102-49 Changes in reporting	No	

	102-50 Reporting period	2021
	102-51 Date of the most recent report	15/03/2021
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	§4.15.2
	102-54 Claims of reporting in accordance with the GRI Standards	§4.15.2
	102-55 GRI content index	§4.15.10
	102-56 External assurance	
Material Topics		
GRI 200 Economic Standard Series		
Anti-corruption		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.8
	103-2 The management approach and its components	§4.15.8
	103-3 Evaluation of the management approach	§4.15.8
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Zero
Tax		
GRI 207: Tax 2019	207-1 Approach to Tax	§4.15.8
	207-2 Tax Governance, control, and risk management	§4.15.8
	207-3 Stakeholder engagement and management of concerns related to tax	§4.15.8
	207-4 Country-by-country reporting	§4.15.8
GRI 300 Environmental Standards Series		
Energy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.7
	103-2 The management approach and its components	§4.15.7
	103-3 Evaluation of the management approach	§4.15.7
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	§4.15.7
Water and Effluents		
GRI 303: Water and Effluents 2018	303-1 Interaction with water as a shared source	§4.15.7
	303-2 Management of water discharge-related impacts	§4.15.7
		§4.15.7
	303-3 Water withdrawal	§4.15.7
	303-4: Water discharge	
Emissions		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.7
	103-2 The management approach and its components	§4.15.7
	103-3 Evaluation of the management approach	§4.15.7

GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	§4.15.7
Waste		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	§4.15.7
	306-2 Management of significant waste-related impacts	§4.15.7
	306-3: Waste generated	§4.15.7
GRI 400 Social Standard Series		
Employment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.5
	103-2 The management approach and its components	§4.15.5
	103-3 Evaluation of the management approach	§4.15.5
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	§4.15.5
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	§4.15.5
Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	
	403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services	§4.15.5
	403-4 Worker participation, consultation, and communication on occupational health and safety	§4.15.5
	403-5 Worker training on occupational health and safety	§4.15.5
	403-6 Promotion of worker health	§4.15.5
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	§4.15.5
	403-9 Work-related injuries	§4.15.5
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanat§4.15.5 ion of the material topic and its Boundary	§4.15.5
	103-2 The management approach and its components	§4.15.5
	103-3 Evaluation of the management approach	§4.15.5
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	§4.15.5
Non-discrimination		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.9
	103-2 The management approach and its components	§4.15.9
	103-3 Evaluation of the management approach	§4.15.9
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Zero
Local Communities		

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.6
	103-2 The management approach and its components	§4.15.6
	103-3 Evaluation of the management approach	§4.15.6
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	§4.15.6
Socio-economic compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.6
	103-2 The management approach and its components	§4.15.6
	103-3 Evaluation of the management approach	§4.15.6
GRI 419: Socio-economic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	§4.15.6

5. FINANCIAL STATEMENTS

KEDRION Group
Based at LOC. AI CONTI - 55051 CASTELVECCHIO PASCOLI (LU)
Share Capital Euro 60,453,901 fully paid up

5.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	31/12/2021	31/12/2020
NON-CURRENT ASSETS			
Property, plant and equipment	6.4.1	322,150	293,868
Investments property	6.4.2	1,465	1,468
Goodwill	6.4.3	269,889	253,057
Rights of use	6.4.4	106,476	88,377
Intangible fixed assets with a finite useful life	6.4.5	162,133	127,267
Equity investments in other companies	6.4.6	20	20
Other non-current financial assets	6.4.7	6,455	8,565
Deferred tax assets	6.4.8	10,009	10,413
Income tax receivables	6.4.9	1,783	276
Other non-current assets	6.4.10	945	772
TOTAL NON-CURRENT ASSETS		**881,325**	**784,083**
CURRENT ASSETS			
Inventories	6.4.11	266,438	283,832
Trade receivables	6.4.12	133,354	138,308
Contractual assets	6.4.13	33,896	34,025
Income tax receivables	6.4.14	9,503	8,828
Other current assets	6.4.15	29,062	28,431
Other current financial assets	6.4.16	1,016	6,636
Cash and cash equivalents	6.4.17	134,200	100,592
TOTAL CURRENT ASSETS		**607,469**	**600,652**
TOTAL ASSETS		**1,488,794**	**1,384,735**

(in thousands of Euro)	NOTES	31/12/2021	31/12/2020
SHAREHOLDERS' EQUITY			
GROUP SHAREHOLDERS' EQUITY			
Share capital	6.4.18	60,454	60,454
Reserves	6.4.18	409,332	392,176
Net profit attributable to the Group	6.4.18	13,823	5,222
TOTAL GROUP SHAREHOLDERS' EQUITY		**483,609**	**457,852**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
Capital and reserves of non-controlling interests	6.4.18	2,737	3,643
Net profit attributable to non-controlling interests	6.4.18	(2,210)	816
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**527**	**4,459**
TOTAL SHAREHOLDERS' EQUITY		**484,136**	**462,311**
NON-CURRENT LIABILITIES			
Medium-/long-term loans	6.4.19	519,481	592,412
Payables to banks and other lenders	6.4.19	0	109
Provisions for risks and charges	6.4.20	778	692
Liabilities for employee benefits	6.4.21	3,707	3,915
Other non-current liabilities	6.4.22	2,999	1,610
TOTAL NON-CURRENT LIABILITIES		**526,965**	**598,738**
CURRENT LIABILITIES			
Payables to banks and other lenders	6.4.19	50,052	103,271
Current portion of medium-/long-term loans	6.4.19	212,241	18,801
Provisions for risks and charges	6.4.23	16,444	1,910
Trade payables	6.4.24	148,157	141,927
Contractual liabilities	6.4.25	6,253	7,649
Income tax payables	6.4.26	4,097	8,413
Other current liabilities	6.4.26	40,449	41,715
TOTAL CURRENT LIABILITIES		**477,693**	**323,686**
TOTAL LIABILITIES		**1,004,658**	**922,424**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,488,794**	**1,384,735**

KEDRION Group
Based at LOC. AI CONTI- 55051 CASTELVECCHIO PASCOLI (LU)
Share Capital Euro 60,453,901 fully paid up

5.2. STATEMENT OF PROFIT OR LOSS FOR THE YEAR

(in thousands of Euro)	NOTES	31/12/2021	31/12/2020
Revenue	6.5.1	660,384	697,234
Cost of sales	6.5.2	516,380	533,505
GROSS MARGIN		**144,004**	**163,729**
Other income	6.5.3	103,820	50,278
General and administrative expenses	6.5.4	98,949	80,760
Sales and marketing expenses	6.5.5	50,305	45,677
Research and development expenses	6.5.6	40,157	29,165
Other operating costs	6.5.7	8,355	7,943
OPERATING PROFIT		**50,058**	**50,462**
Financial expenses	6.5.8	61,573	67,814
Financial income	6.5.9	31,410	13,991
PROFIT BEFORE TAXES		**19,895**	**(3,361)**
Income taxes	6.5.10	8,282	(9,399)
NET PROFIT FOR THE PERIOD		**11,613**	**6,038**
Of which:			
Net profit attributable to the Group		13,823	5,222
Net profit attributable to non-controlling interests		(2,210)	816

As regards the income components deriving from non-recurring transactions, please refer to note 6.5.11 included in the notes to the consolidated financial statements.

KEDRION Group
Based at LOC. AI CONTI- 55051 CASTELVECCHIO PASCOLI (LU)
Share Capital Euro 60,453,901 fully paid up

5.3. PROFIT AND LOSS STATEMENT AND OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	31/12/2021	31/12/2020
NET PROFIT FOR THE YEAR		**11,613**	**6,038**
OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME			
Other components of the Statement of Comprehensive Income which will be restated under profit/(loss) for the year:			
Net (loss)/profit on cash flow hedges		518	191
Income taxes		(124)	(46)
Translation differences of foreign financial statements	6.4.18	26,901	(21,408)
Total other comprehensive income components which will be restated under profit/(loss) for the year after taxes		**27,295**	**(21,263)**
Other components of the Statement of Comprehensive Income which will not be restated under profit/(loss) for the year:			
(Loss)/Actuarial net profit on defined benefit plans	6.4.21	(28)	(51)
Income taxes		9	5
Total other comprehensive income components which will not be restated under profit/(loss) for the year after taxes		**(19)**	**(46)**
TOTAL OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME, AFTER TAXES		**27,276**	**(21,309)**
TOTAL COMPREHENSIVE PROFIT/(LOSS) AFTER TAXES		**38,889**	**(15,271)**
Attributable to:			
Group interests		40,965	(14,998)
Non-controlling interests	6.4.18	(2,076)	(273)

Based at LOC. AI CONTI- 55051 CASTELVECCHIO PASCOLI (LU)
Share Capital Euro 60,453,901 fully paid up

5.4. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(in thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Other reserves	Cash flow hedge reserve	Translation reserve	Severance reserve (IAS 19)	Profit for the period	Total Group Shareholders' Equity	Total minority shareholders' equity	Total Shareholders' equity
Notes	6.4.17	6.4.17	6.4.17	6.4.17	6.4.17	6.4.17	6.4.21				
BALANCE AS AT 01/01/2020	**60,454**	**8,576**	**77,903**	**294,820**	**(539)**	**3,481**	**(803)**	**36,740**	**480,632**	**5,443**	**486,075**
Allocation of profits for the year	0	923	0	27,050	0	0	0	(27,973)	0	0	0
Distribution of dividends	0	0	0	0	0	0	0	(8,767)	(8,767)	(711)	-9478
Issuance of financial equity instruments	0	0	0	1000	0	0	0	0	1,000	0	1,000
Other changes	0	0	0	(16)	0	0	0	0	(16)	0	(16)
Translation differences	0	0	0	0	0	(20,318)	0	0	(20,318)	(1,089)	(21,407)
Comprehensive profit for the year	0	0	0	0	145	0	(46)	5,222	5,321	816	6,137
BALANCE AS AT 31/12/2020	**60,454**	**9,499**	**77,903**	**322,854**	**(394)**	**(16,837)**	**(849)**	**5,222**	**457,852**	**4,459**	**462,311**

(in thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Other reserves	Cash flow hedge reserve	Translation reserve	Severance reserve (IAS 19)	Profit for the period	Total Group Shareholders' Equity	Total minority shareholders' equity	Total Shareholders' equity
BALANCE AS AT 01/01/2021	**60,454**	**9,499**	**77,903**	**322,854**	**(394)**	**(16,837)**	**(849)**	**5,222**	**457,852**	**4,459**	**462,311**
Allocation of profits for the year	0	722	0	(2,718)	0	0	0	1,996	0	0	0
Distribution of dividends	0	0	0	0	0	0	0	(7,218)	(7,218)	(2,262)	(9,480)
Purchase of a minority stake in Kedrion Brazil	0	0	0	0	0	0	0	0	0	406	406
Translation differences	0	0	0	(7)989	0	26,766	0	0	18,777	134	18,911
Comprehensive profit for the year	0	0	0	0	394	0	(19)	13,823	14,198	(2,210)	11,988
BALANCE AS AT 31/12/2021	**60,454**	**10,221**	**77,903**	**312,147**	**0**	**9,929**	**(868)**	**13,823**	**483,609**	**527**	**484,136**

KEDRION Group
Based at LOC. AI CONTI- 55051 CASTELVECCHIO PASCOLI (LU)
Share Capital Euro 60,453,901 fully paid up

5.5 CONSOLIDATED CASH FLOW STATEMENT

(in thousands of Euro)	NOTES	31/12/2021	31/12/2020
PROFIT BEFORE TAXES		**19,895**	**(3,361)**
Adjustments to reconcile pre-tax profit to the cash flow generated / (absorbed) by operating activities:			
Depreciation / amortization	6.5.7	49,571	45,769
Financial expenses	6.5.8	61,573	67,814
Financial income	6.5.9	(31,410)	(13,991)
Other income (Ryplazim)		(44,480)	0
Provisions to liabilities for employee benefits	6.4.21	120	(2,165)
Benefit payments to employees	6.4.21	(356)	(343)
Net change in provisions for risks and charges	6.4.20 6.4.23	14,620	160
Change in other non-current liabilities	6.4.22	1,389	(3,476)
Change in other non-current assets	6.4.10	1,515	(46)
Changes in working capital			
Trade receivables	6.4.12	5,179	(31,347)
Inventories	6.4.11	25,494	44,497
Trade payables	6.4.24	(6,375)	(36,635)
Other current assets and liabilities	6.4.15 6.4.27	(13,936)	34,510
Other cash flows from operating activities			
Taxes paid		(8,595)	(5,450)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)		**74,205**	**95,936**
Investments in property, plant and equipment	6.4.1	(29,942)	(48,978)
Disposal of property, plant and equipment	6.4.1	280	40
Purchase of plasma collection centres		(27,345)	(33,067)
Proceeds associated with the acquisition of Ryplazim		26,381	0
Acquisition of the Ryplazim BU net of cash and cash equivalents		(18,558)	0
Sale of plasma collection centres		31,648	1,210
Equity investments in associates/other companies		(214)	0
Investments in intangible assets	6.4.5	(36,405)	(20,436)
Disposal of intangible assets	6.4.5	843	619

NET CASH FLOW ABSORBED BY INVESTMENT ACTIVITIES (B)	**(53,311)**	**(100,613)**

(in thousands of Euro)	NOTES	31/12/2021	31/12/2020
Dividends paid out	6.4.18	(13,040)	(3,253)
New bond issuance	6.4.19	401,066	0
Issuance of financial equity instruments	6.4.18	0	1,000
Bond loan reimbursement	6.4.19	(149,991)	0
New medium-/long-term loans	6.4.19	0	45,000
Reimbursement of medium-/long-term loans	6.4.19	(166,599)	(52,762)
Interests collected	6.5.9	806	409
Interests paid	6.5.8	(32,658)	(23,795)
Change in non-current financial liabilities	6.4.18	(109)	(287)
Change in non-current financial assets	6.4.7	2,110	1,124
Change in current financial liabilities	6.4.19	(26,077)	12,778
Change in current financial assets	6.4.16	(2,336)	4,239
NET CASH FLOW GENERATED / (ABSORBED) BY FINANCING ACTIVITIES (A)		**13,172**	**(15,547)**

Net cash flow generated by operating activities (A)		74,205	95,936
Net cash flow absorbed by investment activities (B)		(53,311)	(100,613)
Net cash flow generated / (absorbed) by financing activities (C)		13,172	(15,547)
TOTAL CASH FLOW D = (A+B+C)		**34,066**	**(20,224)**
Cash and cash equivalents at the beginning of year (E)	6.4.17	100,584	121,451
Net effect of foreign currency translation on cash and cash equivalents (F)		(464)	(643)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR G=(D+E+F)		**134,186**	**100,584**

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
Cash and cash equivalents	100,592	121,468
Current account overdrafts and cash equivalents payable on demand	(8)	(17)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**100,584**	**121,451**

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash and cash equivalents	134,200	100,592
Current account overdrafts and cash equivalents payable on demand	(14)	(8)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**134,186**	**100,584**

Castelvecchio Pascoli, 8 April 2022

For the Board of Directors
The President
Paolo Marcucci

6. EXPLANATORY NOTES

6.1. INTRODUCTION

Kedrion S.p.A. is a joint stock company incorporated and domiciled in Italy and, together with its subsidiaries (the "Kedrion Group"), carries out the production and distribution of biological drugs deriving from the industrial plasma fractionation process. The Group also operates in the marketing of synthetic pharmaceutical products and operates in the collection and marketing of plasma in foreign markets and in other activities, including the transfer of technology relating to the production of plasma derivatives. Please refer to the report on operations for more details on the activities carried out by the Group.

The consolidated financial statements of Kedrion as of 31 December 2021, drawn up by the directors of the Parent Company, include, in addition to Kedrion S.p.A., the following companies:

- the US subsidiary, Kedrion Biopharma Inc. (formerly Kedrion Melville Inc.) of which Kedrion S.p.A. holds 95.57%.
- the US indirect subsidiary KEDPLASMA LLC, of which Kedrion Biopharma Inc. holds 100%;
- the Hungarian subsidiary, HUMAN BioPlazma Kft., of which Kedrion S.p.A. holds 100%;
- the Swiss subsidiary, Kedrion Swiss Sarl in liquidation, of which Kedrion S.p.A. holds 100%. On 31 December 2020, the Company was placed in liquidation and the trade authorizations were transferred to Kedrion S.p.A. which will then be able to sell directly in the territory;
- the German subsidiary Kedrion Biopharma Gmbh (formerly KEDPLASMA GmbH), of which Kedrion S.p.A. holds 100%. On 11 June 2021, the merger by incorporation was completed, with retroactive effect to the first of the year, with the Austrian company Kedrion International GmbH and the Portuguese company Kedrion Portugal Distribução de Produtos Farmacêuticos Unipessoal Lda;
- The Mexican subsidiary Kedrion Mexicana S.A. de C.V. (hereinafter Kedrion Mexicana), of which Kedrion S.p.A. holds 60%. The remaining 40% is owned by minorities;
- The Brazilian subsidiary KEDRION BRASIL DISTRIBUIDORA DE PRODUTOS HOSPITALARES LTDA (hereinafter Kedrion Brazil), of which Kedrion S.p.A. held 51%. On 10 March 2021, Kedrion S.p.A. acquired the remaining shares of the company's share capital with a consequent increase in the percentage of control from 51% to 100%;
- The Indian subsidiary Kedrion Biopharma India Private Limited of which Kedrion S.p.A. holds 60%, HUMAN BioPlazma Kft. holds 20% and Kedrion Biopharma Inc. holds the remaining 20%;
- The subsidiary Kedrion Betaphar Biyofarmasötik İlaç Sanayi ve Ticaret Anonim Şirketi (hereinafter Kedrion Betaphar) of which Kedrion S.p.A. holds 60%. The remaining 40% is owned by minorities;
- The subsidiary KEDRION DE COLOMBIA S.A.S. (hereinafter Kedrion Colombia) of which Kedrion S.p.A. holds 100%;
- The subsidiary Prometic BioProduction Inc., of which Kedrion S.p.A. holds 100%. The company, which is based in Laval, Quebec (Canada), was acquired on 9 July 2021 as part of the Ryplazim transaction concluded with Liminal Biosciences and is the owner of an FDA-approved production plant for the "Ryplazim" plasminogen;
- the subsidiary Prometic BioTherapeuthics Inc., of which Kedrion S.p.A. holds 100%. The company, which is based in Fort Lee, NJ (USA), was acquired by Kedrion SpA on October 15, 2021, as part of the Ryplazim transaction concluded with Liminal Biosciences. The

company owns the business licence, orphan drug designation and intellectual property of Ryplazim.

During the year, the reorganisation process of the European subsidiaries was completed which resulted in the merger by incorporation of Kedrion International and Kedrion Portugal into the German company Kedrion Biopharma Gmbh, resulting in the establishment of the related permanent establishments in Austria and Portugal. As a result of the merger, the permanent establishment in Poland of Kedrion International was automatically transferred to the German incorporating company.

The parent company Kedrion S.p.A., on 12 July 2017, issued a second bond loan of Euro 350 million with a 3% coupon of the senior, unsecured, non-convertible type, with an issue price set below the equal to 99.43 and with a duration of 5 years from the date of issue. Previously, in 2014, a bond loan was in fact issued for an initial amount of Euro 300 million, fully repaid at maturity in April 2019.
As a result of these listed loans, Kedrion has become a Public Interest Entity ("EIP") according to the definition provided for in Article 16 of Legislative Decree 39/2010.
During 2021, Kedrion SpA entered into a process of refinancing the existing debt.
In the months of April and May 2021, Kedrion S.p.A. in fact issued a new rated and secured bond loan of Euro 410.0 million with a maturity of 5 years, placed with leading international investors on the Euronext market and, together with the issue of this new bond loan entered into to support working capital two revolving credit facilities of Euro 50.0 million each (one denominated in Euro and one in Dollars) and a bank loan of Euro 140.0.
Through the issue of the new bond loan, Kedrion SpA repurchased part of the existing bond for an amount equal to Euro 150.0. The residual of this instrument as of 31 December 2021 is equal to Euro 200.0 million.

From 15 November 2019, following the stipulation of an "Investment Agreement" between the Company, Sestant Internazionale S.p.A., Sestant S.p.A., FSI Investimenti S.p.A. and FSI SGR S.p.A., the share capital of Kedrion S.p.A. is held for 50.27% by Sestant Internazionale S.p.A., for 25.06% by FSI Investimenti S.p.A., for 19.59% by FSI SGR S.p.A, for 4.02% by Sestant S.p.A., for 0.56 % from Refin S.r.l. and for 0.50% by PIPS S.r.l. All the class A shares, assigned to Sestant Internazionale S.p.A., to Sestant S.p.A., to REFIN S.r.l. and to PIPS S.r.l., those of category B assigned to FSI Investimenti S.p.A. and those of category C assigned to FSI SGR S.p.A., have no expressed nominal value.
On March 22, 2021, there was a change in the corporate structure of Kedrion S.p.A. following a series of share transfers through which Sestant S.p.A. (entirely), PIPS S.r.l. and REFIN S.r.l. (partially) sold their shares to FSI SGR S.p.A. Below is the new distribution of the share capital of Kedrion S.p.A.:

- Sestant Internazionale S.p.A. (50.27%)
- FSI Investimenti S.p.A. (25.06%)
- FSI S.G.R S.p.A. (24.11%)
- Refin S.r.l (0,25%)
- PIPS S.r.l (0,31%).

The shareholders jointly control the Company on the basis of the statutory provisions which provide for a qualified majority of the Board of Directors for the adoption of the Reserved Matters. The Board of Directors acknowledges that the Company is not subject to management and coordination by the joint parent companies Sestant Internazionale S.p.A., FSI Investimenti S.p.A.,

and FSI SGR S.p.A. in accordance with the provisions of Article 2497-sexies and 2497-septies of the Italian Civil Code. The bodies of the Company enjoy full and unconditional autonomy from the management point of view, as the preparation of the strategies is carried out by the Management without any interference by the shareholders.
The format for the presentation of the consolidated statement of financial position presents a financial classification with increasing liquidity, where:

- current assets include assets that:
  - are assumed that they are made, or held for sale or consumption, in the normal course of the operating cycle;
  - are mainly held for the purpose of trading them;
  - are assumed to be realised within twelve months from the closing date of the financial year; or
  - consist of cash or equivalent means unless it is forbidden to exchange them or use them to pay off a liability for at least twelve months from the closing date of the financial year.
- Non-current assets are all other assets that do not fall within the definition above. They mainly include intangible assets with a finite and indefinite life, tangible assets and equity investments.
- Current liabilities include assets that:
  - are expected to expire in their normal operating cycle;
  - are mainly held for the purpose of trading them;
  - must be paid off within twelve months from the closing date of the financial year; or
  - the entity does not have an unconditional right to defer the settlement of the liability for at least twelve months from the closing date of the financial year.
- Non-current liabilities include all other liabilities that do not fall within the definition above.

The presentation scheme of the consolidated income statement for the year ended 31 December 2021 and 2020 is presented according to a classification of costs by destination, a form considered more representative than the so-called presentation by nature of expenditure. The form chosen is in fact compliant with the internal reporting and business management methods.
The cash flow statement is prepared on the basis of the indirect method and is presented in compliance with IAS 7, classifying the cash flows among operating, investing and financing activities. The flow relating to financial income and charges paid and collected is shown under financing activities and not under operating activities.
The financial statements as of 31 December 2021 were approved by the Directors at the meeting of the Board of Directors on 8 April 2022.

6.2. SIGNIFICANT EVENTS DURING THE YEAR

6.2.1. ACQUISITION OF RYPLAZIM

In October 2021, Kedrion completed the latest in a series of acquisitions related to the Prometic division, dedicated to the development and production of the product Ryplazim®, from the Canadian company Liminal BioSciences.
This was a deal that took place in several business combinations, which began in May with the acquisition of the two companies Prometic Plasma Resources US (PPR USA) and Prometic Plasma Resources Canada (PPR CAD), owners of 2 FDA approved plasma collection centres, respectively located in Amherst, New York (USA) and Winnipeg, Manitoba (Canada) and of the exclusive option for the acquisition of the rights on the drug and on the manufacturing plant in

Canada where it is produced, subject to obtaining by the seller FDA regulatory approval of Ryplazim. The Amherst centre was fully integrated into the Kedplasma centre network through the US PPR merger, which took place at the end of July 2021, whilst the Winnipeg centre was sold to Grifols at the end of 2021, as it was considered non-strategic in the development plans. development of the Group.
Following the FDA approval, which took place on 4 June 2021, Kedrion exercised the option by purchasing, in July, the Canadian company Prometic BioProduction Inc., owner of the Ryplazim production plant and, in October, the US company Prometic BioTherapeutics, which owns the FDA (Biological License) commercial licence, orphan drug designation and intellectual property on the purification process and technology.
The total fee paid for all the acquisitions described was $33.2 million.

Ryplazim is a plasma-derived human plasminogen indicated in adult and paediatric patients for the treatment of clinical symptoms associated with congenital plasminogen deficiency. This is the first therapy approved for this ultra-rare disease, which can lead to blindness, respiratory failure and other serious complications.
The commercial launch of the product is currently underway, the first sales of which occurred in January 2022, as is the reimbursement authorisation process by US patient insurance companies. At the same time, the production plant has started the production of the first commercial batches and a progressive increase in production capacity is planned.

In addition to the product, Kedrion has acquired the intellectual property of a state-of-the-art purification technology, which could lead to further developments on other plasma proteins and has significantly consolidated its presence in the North American market, having, for the first time, a controlled on Canadian territory.

As further described below, the acquisitions described involved the recognition of an income in the income statement for the year, amongst "other income", for a total of Euro 48.7 million.

6.2.2. COVID-19: EFFECTS AND MEASURES TAKEN

The Covid-19 pandemic, which continued in 2021 with new variants, continued to have a significant impact on the world economy, albeit to a gradually decreasing extent. The restrictions imposed on travel and quarantine measures continued, as well as continuing to record severe restrictions on hospital access and therapies not related to the pandemic emergency. Businesses continued to record significant reductions in revenues and supply difficulties, even if the economic system withstood the impact, partly thanks to the financial support measures for individuals and businesses set up by the various governments and began to demonstrate important signs of recovery in the second half of the year, proving resilience and adaptation to containment measures, gradually eased thanks to the vaccination campaign launched at the beginning of 2021 and the vaccination "passports" issued as a result.

The pandemic has had significant effects, still ongoing, also on the world market of plasma derivatives and on the performance of Kedrion. Specifically, significant impacts continued on plasma collection in the United States, due to the combined effect that the lock-down measures ('stay-at-home orders') and the economic subsidies program had on the number and frequency of donations, in particular for certain usual groups of donors such as students, helping to increase the cost per litre of the plasma collected, both due to the increase in the so-called donor-fees paid to donors and due to the greater incidence of fixed costs of the centres compared with the lower volumes collected. The closure of the borders between the US and Mexico for all Mexican donors

residing in the border areas also impacted the collection of plasma in the centres near the border. The donation collection trend resumed growth in the central months of 2021, not returning to pre-COVID monthly levels until towards the end of 2021.
On the product side, significant impacts were again recorded on the sales of anti-rabies hyperimmune immunoglobulins (Kedrab) on the US market, following lower exposure to infection due to travel blocking and sales of FVIII were impacted as the effects of the pandemic have facilitated home therapies. Lastly, the higher costs incurred for safety and prevention measures (sanitisation, protection devices, etc.) implemented to guarantee the production continuity of the plants should be noted. In addition, the lower availability of collected plasma, whilst being sufficient for the supply of production plants, has penalised the sales of third-party plasma, as described below, as well as encouraged the search for foreign plasma processing contracts. In November 2021, an agreement was signed with the French company LFB to fractionate over 100,000 litres of plasma collected in the self-sufficiency programme in France, to produce 5% intravenous immunoglobulin under our brand Humaglobin produced in Gödöllő, the processing of which started in December. In the previous months, an agreement was signed with the Iranian company Behestan, which provided for the delivery, by the end of the year, of the first 30,000 litres for fractionation at the Bolognana site, a quantity destined to increase to 100,000 litres in 2022. Lastly, Kedrion S.p.A. won a tender at the end of December for 250,000 litres of Polish plasma, a tender which stipulated that 75% of the immunoglobulins produced by that plasma must be made available to the Polish market, which thus sets out to pursue a self-sufficiency policy similar to that of others European countries.

The pandemic was an opportunity for the company and the Group to rethink working methods, facilitating a gradual return to the workplace, in compliance with the law, alongside extended and flexible forms of "smart working".

6.2.3. "RHOGAM" AND "KIG10" STRATEGIC PROJECTS

The US plant in Melville, in addition to continuing the growth path (i.e., “Ramp-up”) in the split volumes, which reached approximately 700,000 litres in 2021, continued the filling and packaging of the RhoGAM product, pending the completion of the technology transfer of the bulk which will lead, in 2022, to the full internalisation of the production cycle, according to the project timelines revised in light of the integration requests received by the FDA in 2020 with reference to our regulatory dossier (PAS). The project activities continued during the year in line with the plan and the production of the PPQ batches is currently underway.
The production growth of the Melville plant, both for the fractionation plant and for the new filling and packaging line of the RhoGAM, led to a further significant improvement in the income statement for the year mainly due to the reduction in unabsorbed plant costs, also leading to an increase in margins on sales of products for the American market.
Non-recurring costs remain in the income statement for the year due to the lengthening of the approval times by the FDA of the new RhoGAM line, which, on the one hand, forced the subsidiary Kedrion Biopharma Inc. to extend the contract with the current supplier of finished product up to the end of 2023 against the payment of an "extension fee", to avoid risks of discontinuity in the product; on the other hand it did not allow for the absorption of the costs of the production structure which the subsidiary has already equipped, in line with previous plans. These phenomena have therefore resulted in non-recurring costs for the year, equal to Euro 9.0 million.

During the year, the validation process of the production process continued at the new purification plant for immunoglobulin 10% (KIg10) with the chromatographic method in Castelvecchio Pascoli (LU), as well as the clinical trials in view of the commercial authorisation of the new product.

During the year, the activities relating to clinical trials for the PID indication (primary immunodeficiencies) on the adult population in the United States were completed (i.e., “CARES10”) and the final study report was obtained, with no significant adverse reactions recorded. Furthermore, as of April 2021, the enrolment and treatment of paediatric patients began within the paediatric PID study in Italy, Hungary, Slovakia, Russia and Portugal (i.e., “KIDCARES10”) for the purpose of registering this indication in the US and Europe.
Currently, production for clinical studies is carried out in the Godollo plant (purification phase) and the completion of the technology transfer at the industrial plant in Castelvecchio is underway; the validation activities continued as planned and in the coming months the batches of PPQs will be produced in Castelvecchio Pascoli, in view of the regulatory authorisation expected in the United States in 2024.
The project costs charged to the year that have not yet found a balance in production and related revenues amounted to Euro 2.0 million, whilst total investments in 2021 amounted to Euro 23.1 million.

6.2.4. NEW BOND AND PARTIAL REPURCHASE OF EXISTING BOND

During 2021, Kedrion SpA completed the refinancing process of the existing debt, issuing a new bond loan equal to Euro 410 million, as described in further detail in the Report on Operations.

6.2.5. PRICE TREND

The sales prices of plasma-derived products in this year continued the growth trend with regard to immunoglobulin, supported by the constant increase in demand in excess of the increases in supply being implemented by the fractionators. In fact, in the European and RoW markets the price of immunoglobulin increased by about 11% whilst in the United States, where the rebalancing between supply and demand is closer, the growth was about 2% (in USD currency; -2 % in Euro due to currency dynamics). The price of albumin started to rise again in the United States (+ 5% in USD currency; + 1% in Euro) due to the recovery of hospital demand whilst it fell by about 4% in the European and RoW markets, in line with the more volume-oriented sales strategy (+ 14% in volumes sold compared with the previous year). The price of plasma factor VIII has started to rise again in the United States (around + 5% in currency; around + 1% in Euro) in line with the more price-oriented sales strategy in response to the drop in demand caused by Hemlibra, whilst the reduction continued in the European and RoW markets by approximately 22%, following the drop in product demand following the gradual introduction of Hemlibra and the consequences deriving from the Covid-19 pandemic, as well as the unfavourable currency dynamics in some key countries, such as Turkey.

6.2.6. OTHER STRATEGIC AND TRANSFORMATION INITIATIVES

For Kedrion, 2021 was also a year of intense changes and planning efforts included in the so-called "NEXT” programme, launched in 2020 to improve the financial balance and competitive position of the Group. The programme, supported by qualified external consultants and an internal working group, has carried out a series of initiatives to improve performance, efficiency and procurement excellence already launched in the following two years, especially in the Operations, Commercial and G&A areas of the “plasma-derived products” segment, including initiatives to increase yield and capacity and corporate restructuring and simplification initiatives. Amongst the latter, it is worth mentioning the merger by incorporation into Kedrion BioPharma GmbH (Germany) of the subsidiaries Kedrion International GmbH (Austria) and Kedrion Portugal Lda (Portugal), carried out on 11 June 2021 with retroactive accounting effect as of 1 January 2021 and simultaneous opening of commercial branches of the German subsidiary in Austria, Portugal

and Poland, for the purpose of simplifying the Group structure and, therefore, of the consolidation and efficiency of local administrative costs.

6.2.7. SALE AND PURCHASE / OPENING OF OWNED COLLECTION CENTRES

During this year, the plasma segment saw on the one hand the sale of 7 plasma collection centres in America and of the centre in Canada to the company Grifols; on the other hand the purchase during the year of 5 centres in the United States and start-up of other centres for a total of 29 owned centres at the end of the year, compared with 27 centres at the end of the previous year. During the year, three centres (Lincoln North, Springfield, Urbana) opened and developed internally were also authorised by the FDA, now engaged in bringing donations and collection levels to full capacity.
The sale of the assets of the 7 American collection centres and 1 Canadian centre and the consequent transfer of all related risks and benefits contributed significantly to the result for the period, recording an amount of Euro 24.7 million amongst other income (last year the sale of the Hungarian centres had led to the recognition of an income of Euro 15.5 million).

6.2.8. 2021 BUSINESS COMBINATIONS

COMBINATIONS LINKED TO RYPLAZIM
In the period between May and October 2021, Kedrion S.p.A. completed a series of business combinations with Liminal BioSciences Inc. (hereinafter Liminal), a Canadian pharmaceutical group listed in the United States, active in the field of discovery, development and marketing of new treatments for patients suffering of diseases such as fibrosis, respiratory, liver and kidney diseases (i.e., “Small molecules business”) and, until the transactions described below are completed, also in the field of plasma derivatives.

To fully understand the context in which the mergers and the related accounting effects on the consolidated financial statements of Kedrion developed, it is necessary to frame the recent past of the seller.

The branch of activity dedicated to plasma-derived products was developed by Liminal mainly in relation to the development of a new drug called Ryplazim: a plasma-derived human plasminogen, indicated on adult and paediatric patients for the treatment of clinical symptoms associated with congenital plasminogen deficiency. The development of this drug entailed for Liminal the investment in a series of facilities which over time included (i) two plasma collection centres, one in Amherst, New York (USA) and the other in Winnipeg, Manitoba (Canada), for the sourcing of raw material (plasma), (ii) a manufacturing facility, owned by the subsidiary Prometic BioProduction ("PBP"), located in Laval, Quebec (Canada), (iii) a company called Prometic BioTherapeutics Inc. ("PBT"), located in Delaware (USA), which has carried out the clicnical development and regulatory authorisation process of the new product at the US Food and Drug Administration ("FDA"), and which is the owner of the commercial license and the rights relating to the production technology, used by the sister company PBP for the production of the drug on the basis of the agreements in place between the two companies since 2017.

According to expectations, the project, whilst requiring considerable investments, should have led to an economic return linked both to the marketing of a product destined for a pathology which had no therapeutic indications, and to the disbursement in favour of the PBT subsidiary (market authorisation holder) of a Priority Review Voucher ("PRV"), that can be used to request to FDA an accelerated authorisation process (6 months instead of the ordinary 12) for the approval of a

new innovative drug. It is, to all intents and purposes, an incentive granted by the US legislation to support research for rare diseases, which determines evident economic advantages in the beneficiary, also because it can be sold to third parties and used for another drug even not related to rare diseases. It is important to note that the disposals of these PRVs occur at values around USD 100 million.

In 2018, the Liminal group actually submitted to the FDA the Biologic License Application or "BLA" (the request for marketing authorisation in the USA) of Ryplazym, but, contrary to expectations, the authority asked for a series of further evidence and changes (also relating to the production process) which required new investments and a significant lengthening of time, for which Liminal reported significant losses and created a situation of strong financial tension and even uncertainty about the business continuity of the Liminal group.

Lastly, in September 2020, after a series of vicissitudes that included the restructuring of the financial debt and the change of management, PBT resubmitted the application for authorisation of the drug, at the same time announcing the start of the search for a commercial partner for the launch of the product once authorisation has been obtained. Furthermore, the further uncertainty generated by the fact that, in November 2020, the FDA postponed the deadline for final response by additional three months, from 5 March to 5 June 2021, and by the absence of interesting offers for the search for a commercial partner, induced Liminal to communicate, in January 2021, the decision to focus the efforts and the cash in support of the "small molecules" business, with the launch of initiatives that could have involved divestment from the plasma-derived business, also through “strategic” transactions or even the closure of operations relating to Ryplazym.

It is in this context that the negotiation and then the agreement between Kedrion and Liminal for the combinations described below took place.

The business combination relating to "Ryplazim" was concluded between Liminal BioSciences Inc. (Seller) and Kedrion S.p.A. (Purchaser) and can be divided into three main steps, through which the Group has concluded 4 different business combinations:

1) On 21 May 2021:
   - Kedrion S.p.A acquired 100% of the shares of and control over Prometic Plasma Resources US (PPR USA) and Prometic Plasma Resources Canada (PPR CAD), two companies owning 2 FDA approved plasma collection centres;
   - in addition, Liminal awarded Kedrion an exclusive option for the acquisition of PBT and PBP at a price of USD 6,490,000; the exercise of the option was subject to the actual regulatory approval of the Ryplazim product.

   Kedrion therefore concluded, on that date, the first two business combinations for the purchase of the two plasma collection centres, for which it paid a total price of USD 11,322 thousand, including the net working capital (mainly plasma stock). The accounting treatment of these business combinations is described in the next paragraph, dedicated to the acquisitions of plasma collection centres.

2) Following the obtaining of the authorisation of Ryplazim from the FDA and the simultaneous granting from FDA to PBT of the PRV mentioned above, which took place on 4 June 2021, the option was exercised by Kedrion on 22 June 2021 and, on 9 July 2021, Kedrion S.p.A acquired 100% of the shares of and control over PBP, owner of the "Ryplazim" plasminogen production plant for USD 5,000 thousand; the transaction completed a third business combination by establishing an independent business, having resulted in the acquisition of

control at the date of the transaction and no longer being linked to other events or transactions; the acquisition of the PBT was instead further subject to the sale of the PRV to third parties; as part of the agreements between Liminal and Kedrion, in fact, at that date, the parties provided for PBT to sell the PRV and that the proceeds (net of broker fees, bank fees and any taxes) were destined for 70% to repay loans received from the parent company Liminal and for the remaining 30% to reimburse the costs incurred by PBP (now owned by the Kedrion Group) in the previous trial phase which then led to the approval of the drug.

3) Lastly, on 15 October 2021, after PBT had sold the PRV and paid the amounts due to Liminal and PBP, Kedrion S.p.A. acquired 100% of the shares of and control over PBT, owner of the commercial licence, the orphan drug designation, the intellectual property of Ryplazim, for USD 5,200 thousand; with this latter combination, the 4 business combinations connected to the transaction carried out with Liminal were completed.

The total consideration paid for the combinations described is summarised in the following table:

	(in thousands of Dollars)	(in thousands of Euro)
PPR Canada (Winnipeg)	7,543	6,189
PPR USA (Amherst)	3,778	3,100
Plasma Centres	**11,322**	**9,289**
PBP (inc. option)	13,783	11,623
PBT (inc. option)	8,046	6,935
Ryplazim	**21,829**	**18,558**
TOTAL CONSIDERATION PAID	**33,150**	**27,847**

Through these combinations, Kedrion has expanded its portfolio of products on rare diseases, taking advantage of the deep experience gained on plasminogen and its therapeutic applications, whilst Liminal has overcome a situation of financial difficulty, successfully completing the divestment project from the plasma-derived business, monetising the PRV and focusing its business strategy on so-called “small molecules”.

The commercial launch of the product is currently undergoing, the first sales of which occurred in January 2022 and the first commercial treatments were approved for reimbursement by insurance companies in February 2022.

From the point of view of accounting treatment, Kedrion has developed the allocation of the prices paid ("Purchase Price Allocation" or "PPA") to the assets and liabilities purchased with the support of external consultants.
Specifically, the PPA of the plasma collection centres purchased by Liminal are described in the following paragraph.
The PPA relating to PBP and PBT instead revealed the following intangible assets with a finite useful life, identified and valued in accordance with IFRS 3, on the basis of inputs not observable on the market (level 3 inputs in the fair value hierarchy):

- Know-How identified in PBP as of 9 July 2021, the fair value of which was estimated at USD 3,934 thousand (gross of deferred taxes) using the so-called MEEM (multi-period excess earnings method); amortisation period established at 8 years;

- Market Authorisation identified in PBT as of 15 October 2021, the fair value of which was estimated at USD 21,731 thousand (gross of deferred taxes) through the so-called Relief from Royalty method, of which USD 4,923 thousand already recorded in the balance sheet as at the acquisition date.

After confirming that these assets and liabilities had been correctly identified, that there were no additional assets and liabilities and that the fair value had been correctly estimated, the Management concluded that the business combination constituted a "bargain", mainly determined by the evident difficult situation of the seller (situation expressly provided for by IFRS 3 as a typical case in which a "bargain" can occur) which was recorded as extraordinary income in the income statement at the acquisition date, as a positive difference between the fair value of the net assets acquired and the consideration paid.

The following table shows the price paid for the Ryplazim CGU and the values of the assets purchased and the liabilities assumed recorded at the acquisition date, as well as the "good business" that emerged and is recognised in other income in the income statement, equal to USD 21,017 thousand, equivalent to Euro 18,099 thousand.
The proceeds from the payment made by PBT to PBP after the sale of the PRV, equal to Euro 30,632 thousand, as paid to reimburse costs incurred before the acquisition, were also charged to the income statement under the item other revenues.
Overall, therefore, the business combinations concluded during the year with Liminal resulted in total income of Euro 48,731 thousand, which was considered non-recurring (see note 6.5.11).

	BPT		PBP		CGU Ryplazim	
(in thousands of Euro)	Amount acquired	Fair value	Amount acquired	Fair value	Amount acquired	Fair value
NET ASSETS ACQUIRED						
Property, plant and equipment	0	0	6,253	6,253	6,253	6,253
Rights of use assets	0	0	2,697	2,697	2,697	2,697
Intangible fixed assets with a finite useful life	5,695	20,182	599	3,917	6,294	24,099
- of which Licences	4,243	18,730	0	0	4,243	18,730
- of which Patents	1,452	1,452	0	0	1,452	1,452
- of which Know-How	0	0	0	3,318	0	3,318
- of which Other	0	0	599	599	599	599
Other non-current assets	0	0	34	34	34	34
NET WORKING CAPITAL						
Inventories	0	0	3,132	5,469	3,132	5,469
Trade receivables	45	45	936	936	980	980
Other current assets	85	85	228	228	313	313
Trade payables	(212)	(212)	(1,784)	(1,784)	(1,996)	(1,996)
Deferred tax assets/(liabilities)	0	(3,622)	0	5,310	0	1,688

Financial liabilities	0	0	(2,881)	(2,881)	(2,881)	(2,881)
TOTAL NET ASSETS ACQUIRED	**5,613**	**16,478**	**9,213**	**20,178**	**14,826**	**36,657**
RYPLAZIM DEAL GAIN ("BARGAIN")						**18,099**
CONSIDERATION PAID						**18,558**

PLASMA CENTRES ACQUIRED

The Group is continuing its investment activity aimed at increasing the number of collection centres as envisaged in the strategic lines of the plan.
This growth takes place through the establishment of new collection centres, the purchase of plasma collection centres from third parties and is partly financed by the sale of less performing or strategic collection centres.

In 2021, the subsidiary KEDPLASMA LLC acquired, from Immunotek Biocenters LLC, the company branches relating to 5 plasma collection centres in the United States, mainly comprising the relative plants and equipment, the staff involved, the existing contractual relationships, the authorisations, as well as relations with donors. The allocation of the price paid for the 5 business combinations, totalling USD 32.5 million (Euro 28.7 million), was completed by the end of the year on the basis of an appraisal entrusted to a third-party company.
As described above, as part of the business combinations completed during the year in connection with the new drug Ryplazim, Kedrion S.p.A. acquired, on 21 May 2021, two companies owning 2 plasma collection centres, located respectively in Amherst, New York (USA) and Winnipeg, Manitoba (Canada), mainly comprising the relative plants and equipment, the staff employed, existing contractual relations, authorisations, as well as relations with donors. The allocation of the price paid for the two business combinations, totalling US $11.3 million (Euro 9.3 million), was completed by the end of the year based on an appraisal entrusted to a third-party company.

These acquisitions were recognised in accordance with IFRS 3 by recognising the goodwill, the assets acquired and the identifiable liabilities assumed. The Group determines that it has acquired a business activity when the integrated set of assets and goods includes at least one production factor and one substantial process which, together, significantly contribute to the ability to generate an output, in line with the new definition of corporate activity.
The acquisitions made in 2021 were consolidated from the date of acquisition of control.

	Fair value recognised in the acquisitions							
(in thousands of Euro)	**Westmoreland**	**Amherst**	**Winnipeg ***	**Cleveland**	**Lithia Springs**	**Port Orange**	**Sanford**	**Total**
NET ASSETS ACQUIRED								
Property, plant and equipment	426	1,764	82	206	210	207	433	**3,327**
Intangible fixed assets with a finite useful life	1,128	328	656	1,434	1,065	1,458	1,435	**7,505**

- of which Donor lists	343	0	0	330	166	346	304	**1,489**
- of which Licences	428	328	656	663	464	670	689	**3,899**
- of which Trade Names and Trademarks	356	0	0	442	435	443	442	**2,117**
Assets for rights of use	4,246	933	333	3,662	3,340	4,898	3,868	**21,281**
Liabilities for rights of use	(4,246)	(933)	(333)	(3,662)	(3,340)	(4,898)	(3,868)	**(21,281)**
NET WORKING CAPITAL	**330**	**725**	**4,903**	**513**	**534**	**333**	**453**	**7,790**
TOTAL NET ASSETS IDENTIFIED AT FAIR VALUE	**1,884**	**2,817**	**5,641**	**2,153**	**1,809**	**1,998**	**2,321**	**18,622**
GOODWILL IDENTIFIED	**3,744**	**283**	**549**	**3,658**	**4,022**	**3,633**	**3,429**	**19,318**
ACQUISITION FEES	**5,627**	**3,100**	**6,189**	**5,811**	**5,831**	**5,631**	**5,750**	**37,940**
- Of which in cash	5,627	3,100	6,189	5,811	5,831	5,631	5,750	**37,940**

* Centre sold on 31 December 2021

6.2.9. SALE OF OWNED COLLECTION CENTRES

In March 2021, seven plasma collection centres were sold to the Grifols Group. In addition, in December 2021, the sale of the company PPR CAD, owner of the collection centre in Winnipeg, Manitoba (Canada), acquired in May as described above, was formalised, as it was considered non-strategic in the growth plan of the overall plasma collection.
The sales for the year contributed significantly to the result for the period, recording an amount of approx.. Euro 25 million under other income.

The table below shows the effects of the sales of the centres in 2021:

	Net value of the sales								
(in thousands of Euro)	Allentown	Decatur	Longview	Meridian	Myrtle Beach	Odessa	Sarasota	Winnipeg *	Total
NET ASSETS SOLD									
Property, plant and equipment	960	257	332	351	283	455	274	36	**2,948**
Intangible fixed assets with a finite useful life	1,723	1,013	3,055	2,044	1,246	1,498	1,406	550	**12,535**
- of which Donor list	754	114	1,455	705	323	457	408	-	**4,215**
- of which Licences	671	585	1,208	1,016	687	705	758	550	**6,181**
- of which Trade Names and Trademarks	298	313	392	323	236	336	240	-	**2,139**
Assets for rights of use	2,127	3,116	1,813	2,128	1,935	2,359	1,764	295	**15,537**
Liabilities for rights of use	(2,127)	(3,116)	(1,813)	(2,128)	(1,935)	(2,359)	(1,764)	(295)	**(15,537)**
NET WORKING CAPITAL	**8**	**11**	**50**	**66**	**36**	**3**	**83**	**4,785**	**5,042**
TOTAL NET ASSETS IDENTIFIED AT FAIR VALUE	**2,690**	**1,280**	**3,437**	**2,462**	**1,565**	**1,956**	**1,763**	**5,371**	**20,525**
GOODWILL IDENTIFIED	**825**	**1,536**	**2,123**	**1,155**	**1,244**	**1,714**	**2,051**	**654**	**11,303**
PROCEEDS FROM SALE	**5,397**	**5,668**	**9,440**	**7,571**	**6,078**	**7,462**	**7,122**	**7,790**	**56,550**

-	Capital gain realised	1,882	2,851	3,880	3,954	3,268	3,792	3,307	1,765	**24,700**

***** Centre acquired on 21 May 2021

6.2.10. EXCHANGE RATE TREND

The exchange rate trend (especially of the US dollar, which went from 1.2271 as at 31 December 2020 to 1.13260 as at 31 December 2021) generated a significant positive impact on the income statement for realised and unrealised exchange differences equal to Euro 11.6 million (last year, the effect on the result was negative for Euro 30.9 million), in addition to an increase in the shareholders' equity of the Group and minority interests for Euro 27.0 million due to the change in the translation reserve.

6.3. ACCOUNTING PRINCIPLES AND MEASUREMENT CRITERIA

6.3.1. CONTENT AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Kedrion S.p.A. as of 31 December 2021 were drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union, as well as in compliance with the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005.

IFRS also includes all the main reviewed international accounting standards ("IAS"), all interpretations of the International Financial Reporting Interpretations Committee ("IFRS IC") including those previously issued by the Standing Interpretations Committee ("SIC").

The accounting standards adopted for the preparation of the consolidated financial statements as of 31 December 2021 are consistent with those used for the preparation of the annual consolidated financial statements as of 31 December 2020 except for the adoption of the new standards, amendments and interpretations in force as of 1 January 2021. In addition, for the purposes of better exposure, the classification of contributions for research and development and technological innovation has also been changed in the comparative period.

The consolidated financial statements are drawn up on the basis of the historical cost principle, except for derivative financial instruments which are recognised at fair value. They are also drawn up with a view to business continuity, also taking into consideration, where permitted, the accrual accounting principle.

The consolidated financial statements are presented in Euro - which is also the functional currency - and all values are rounded to the nearest thousand Euro, unless otherwise indicated.

6.3.2. AREA OF CONSOLIDATION

The consolidated financial statements include the financial statements of Kedrion S.p.A. and its subsidiaries as of 31 December 2021. Control is achieved when the Group is exposed to or entitled to variable returns from its relationship with the entity being invested in and, at the same time, can affect those returns by exercising its power over that entity.

Specifically, Kedrion S.p.A. controls an investee if, and only if, the company has:

- power over the investee entity (i.e., it has valid rights that give it the current ability to direct the relevant activities of the investee entity);
- the exposure to or rights to variable returns arising from the relationship with the entity being invested in;
- the ability to exercise its power over the invested entity to affect the number of its returns.

Generally, there is a presumption that most voting rights involve control. To support this presumption and when the Group holds less than a majority of the voting (or similar) rights, the Group considers all relevant facts and circumstances to determine whether it controls the investee, including:

- contractual arrangements with other holders of voting rights;
- rights under contractual agreements;
- voting rights and potential voting rights of the Group.

The Group reconsiders whether or not it has control of an investee if facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control thereof. The assets, liabilities, revenues and expenses of the subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the year and each of the other components of the comprehensive income statement are attributed to the shareholders of the parent company and to the minority shareholdings, even if this implies that the minority shareholdings have a share of equity with a negative balance. When necessary, appropriate adjustments are made to the financial statements of subsidiaries to ensure compliance with the group's accounting policies. All assets and liabilities, equity, revenues, expenses and intra-group cash flows relating to transactions between group entities are eliminated in full consolidation.

Changes in the shareholding in a subsidiary that do not lead to a loss of control are accounted for as capital transactions.

If the Group loses control of a subsidiary, it must derecognise the related assets (including goodwill), liabilities, non-controlling interests and other components of shareholders' equity, and any gain or loss is recognised in profit or loss. Any retained interest must be recognised at fair value.

The following table summarises, relating to the subsidiaries, the information as of 31 December 2021, relating to their name, registered office and share capital held directly and indirectly by the Group.

Subsidiaries (consolidated using the full method)

Name	Registered office	Currency	Share Currency units	Percentage control		Notes
				Direct	Indirect	
HUMAN BioPlazma Kft.	Gödöllő – Hungary	Euro	12,461,835.63	100%		
Kedrion Mexicana S.A. de C.V.	Mexico City – Mexico	Mexican peso	2,061,320	60%		
Kedrion Biopharma Inc.	New Jersey – Unites States	US Dollar	1	95.5%		
KEDRION BRASIL DISTRIBUIDORA DE PRODUTOS HOSPITALARES LTDA	Goiania - Brazil	Brazilian Real	2,734,000	100%		
Kedrion Betaphar Biyofarmasötik İlaç Sanayi ve Ticaret Anonim Şirketi	Ankara - Turkey	Turkish Lira	40,000,000	60%		
KEDRION DE COLOMBIA S.A.S.	Bogotà - Colombia	Colombian peso	30,000,000	100%		
Kedrion Swiss Sarl in liquidation	Zug – Switzerland	Swiss Frank	20,000	100%		
Kedrion Biopharma Gmbh	Grafelfing – Germany	Euro	145,000	100%		

Kedrion Biopharma India Private Limited	Gurgaon – India	Indian Rupal	13,900,000	60%	40%	1
KEDPLASMA LLC	Delaware – United States	US Dollar	1,382,522		100%	2
Prometic BioProduction Inc.	Quebec - Canada	Canadian Dollar	230,643,549	100%		
Prometic BioTherapeutics Inc.	New Jersey – United States	US Dollar	75,219,394.01	100%		

1. Via Kedrion Biopharma Inc. and via HUMAN BioPlazma Kft.
2. Via Kedrion Biopharma Inc.

6.3.3. CONSOLIDATION CRITERIA

The consolidated financial statements are prepared on the basis of the draft financial statements prepared by the individual companies included in the consolidation and approved by the respective Boards of Directors or similar competent bodies. These draft financial statements of the subsidiaries are drawn up with reference to the same accounting period and adopting the same accounting standards as the parent company. Subsidiaries are fully consolidated from the date of acquisition, or the date on which the Group acquires control and cease to be consolidated on the date on which control is transferred outside the Group.

Specifically, for the consolidated companies, the following consolidation criteria were applied:

- the book value of the equity investments included in the consolidation area has been eliminated against the shareholders' equity of the subsidiaries according to the global integration method and where the direct or indirect equity investment is less than 100%, the share of the result and equity is attributed net attributable to non-controlling interests, which is shown in a separate item of the consolidated income statement and consolidated statement of financial position;
- any difference between the acquisition cost and the book equity of the subsidiaries at the time of acquisition of the investment, if positive, is allocated to the specific assets of the acquired companies on the basis of their current values at the date of acquisition and, for the residual part, if the conditions exist, under the item "Goodwill". In this case, these amounts are not amortised but rather subjected to an impairment test at least on an annual basis and in any case whenever the need arises deriving from a permanent loss in value. If a negative difference emerges from the elimination of the equity investment, this is recorded in the income statement;
- payables and receivables, costs and revenues and profits and losses resulting from transactions between the companies of the Group are eliminated with consideration for the related tax effects;
- the effects deriving from extraordinary transactions carried out between Group companies (mergers, transfers, etc.) in the case of business combinations under common control are eliminated.

6.3.4. CONVERSION INTO EURO OF FINANCIAL STATEMENTS DRAWN UP IN FOREIGN CURRENCIES

The consolidated financial statements are presented in Euro, which is also the functional currency. Each Group company defines its own functional currency, which is used to evaluate the items included in the individual financial statements.

The financial statements of foreign companies expressed in currencies other than the Euro are converted into Euro in the following ways:

- the items in the income statement are converted at the average exchange rates for the period, while the items in the statement of financial position are converted at the current

exchange rates at the end of the period, excluding shareholders' equity (including the result for the year);

- the items of the shareholders' equity, including the result for the year, are converted at historical exchange rates.

The translation difference resulting from this conversion process is recognised in the consolidated equity under the item Conversion reserve which is classified under the item Other reserves. At the time of divestment of a foreign company or business, the exchange differences accumulated in this reserve, and relating to the company or business sold, are recognised in the income statement.

The exchange rates used to determine the equivalent value in Euro of the financial statements expressed in foreign currencies of the subsidiaries (currency for 1 Euro) are shown in the following table:

	Average exchange rates for the year ended 31 December		Exchange rates at the end of the period as of 31 December	
Currency (for 1 Euro)	2021	2020	2021	2020
US Dollar	1.18	1.14	1.13	1.23
Swiss Franc	1.08	1.07	1.03	1.08
Mexican Peso	23.99	24.52	23.14	24.42
Brazilian Real	6.38	5.89	6.31	6.37
Indian Rupal	87.44	84.64	84.23	89.66
Canadian Dollar	1.48	1.53	1.44	1.56
Turkish Lira	10.51	8.05	15.23	9.11
Colombian Peso	4,426.81	4,217.06	4,598.68	4,202.34

TRANSACTIONS AND BALANCES

Foreign currency transactions are initially recognised in the functional currency, applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate at the balance sheet date.

Realised exchange rate differences or those deriving from the conversion of monetary items are recognised in the income statement. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rates on the date of initial recognition of the transaction. Non-monetary items recorded at fair value in foreign currency are converted at the exchange rate on the date of determination of this value. The profit or loss that emerges from the conversion of non-monetary items is treated consistently with the recognition of profits and losses related to the change in the fair value of the aforementioned items (i.e. the translation differences on the items whose variation in fair value is recognized in the statement of comprehensive income or in the income statement, respectively, recorded in the statement of comprehensive income or in the income statement).

In 2020, the Hungarian subsidiary Human BioPlazma Kft. had approved the adoption of the international accounting standards IAS IFRS as of financial year 2021, with date of adoption as of 1 January 2020. Furthermore, in accordance with IAS 21, since the company's sales are almost exclusively made with Kedrion S.p.A. and denominated in the Euro currency, the management

decided to adopt the Euro as the company's functional currency, preparing the 2021 financial statements with this currency instead of the Hungarian Forint.

6.3.5. CHANGES IN INTERNATIONAL ACCOUNTING STANDARDS

The Group has not early adopted any new standards, interpretations or amendments that have been published but are not yet effective.

INTERST RATE BENCHMARK REFORM – PHASE 2: AMENDMENTS TO IFRS 9, IAS 39, IFRS 7, IFRS 4 AND IFRS 16

The changes include the temporary easing of the requirements concerning the effects on the balance sheets when the interest rate offered in the interbank market (IBOR) is replaced by an alternative rate that is essentially risk-free (Risk-Free Rate - RFR):

The changes include the following practical expedients:

- A practical expedient that allows contractual changes, or changes in cash flows that are directly required by the reform, to be considered and treated as changes in a variable interest rate, equivalent to a movement of an interest rate in the market;
- Allow changes required by the IBOR reform to be made to the documentation for the designation of the hedging report without the hedging report having to be discontinued;
- It provides temporary relief to entities to comply with separate identification requirements when an RFR is designated as a hedge of a risk component.

These changes have no impact on the Group's interim financial statements. The Group intends to use these practical expedients in future periods in which they are applicable.

AMENDMENT OF IFRS 16 COVID-19 RELATED RENT CONCESSIONS AFTER 30 JUNE 2021

On 28 May 2020, the IASB published an amendment to IFRS 16. The amendment allows a lessee not to apply the requirements in IFRS 16 on the accounting effects of the contractual changes for the reductions in lease payments granted by the lessors that are a direct consequence of the Covid-19 epidemic. The amendment introduces a practical expedient whereby a lessee may choose not to assess whether the lease fee reductions represent contractual changes. A lessee who chooses to use this expedient accounts for these reductions as if they were not contractual changes within the scope of IFRS 16.

The changes were to be applicable until 30 June 2021 but, since the impact of the Covid-19 pandemic continues, on 31 March 2021, the IASB extended the application period of the practical solution until 30 June 2022.

The amendments apply to financial years starting on 1 April 2021 or later. However, the Group has not received concessions on lease payments relating to Covid-19 but plans to apply the practical expedient should the case occur within the permitted application period.

6.3.6. PRINCIPLES ISSUED BUT NOT YET IN FORCE

The principles which, at the date of preparation of the consolidated financial statements of the Group, were already issued but not yet in force are described below. The list refers to principles and interpretations that the Group reasonably expects will be applicable in the future. The Group intends to adopt these principles when they enter into force.

IFRS 17 INSURANCE CONTRACTS

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a new comprehensive standard relating to insurance contracts that covers the detection and measurement, presentation

and disclosure. When IFRS 17 enters into force it will replace IFRS 4 Insurance Contracts which was issued in 2005. IFRS 17 applies to all types of insurance contracts (for example: life, non-life, direct insurance, re-insurance) regardless of the type of entity that issues them, as well as to some guarantees and financial instruments with discretionary investment features.
To this end, limited exceptions shall apply. The general objective of IFRS 17 is to present an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the provisions of IFRS 4, which are largely based on the maintenance of previous accounting policies, IFRS 17 provides a complete model for insurance contracts that covers all relevant accounting aspects. The heart of IFRS 17 is the general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach);
- a simplified approach (the award allocation approach) mainly for short-term contracts.

IFRS 17 will be in force for the financial years starting on 1 January 2023 or later and will require the presentation of comparative balances. Early application is permitted, in which case the entity must also have adopted IFRS 9 and IFRS 15 on the date of first application of IFRS 17 or earlier. This principle does not apply to the Group.

AMENDMENTS TO IAS 1: CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

In January 2020, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The changes clarify:

- what is meant by the right to postpone the deadline;
- that the right of postponement must exist at the end of the financial year;
- that the classification is not impacted by the probability with which the entity will exercise its right of subordination;
- that, only if an embedded derivative in a convertible liability is itself an equity instrument does the liability's maturity have no impact on its classification.

The amendments will be effective for financial years as of 1 January 2023 or later and must be applied retrospectively. The Group is currently assessing the impact that the changes will have on the current situation and if it becomes necessary to renegotiate existing loan agreements.

REFERENCE TO THE CONCEPTUAL FRAMEWORK – AMENDMENTS TO IFRS 3

In May 2020, the IASB published the amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments aim to replace the references to the Framework for the Preparation and Presentation of Financial Statements, published in 1989 with references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change in the requirements of the standard.
The Board also added an exception to the IFRS 3 valuation principles to avoid the risk of potential "next day" losses or gains resulting from contingent liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21 Levies, if contracted separately.
At the same time, the Board decided to clarify that the existing guidance in IFRS 3 for potential assets will not be impacted by the update of the references to the Framework for the Preparation and Presentation of Financial Statements.
The amendments will be effective for the financial years starting on 1 January 2022 and will apply prospectively.

PROPERTY, PLANT AND EQUIPMENT: PROCEEDS BEFORE INTENDED USE – AMENDMENTS TO IAS 16

In May 2020, the IASB published Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from the sale of products sold during the period in which that activity it is brought to the place or conditions necessary for it to be able to operate in the manner for which it was designed by management. Instead, an entity records the revenues from the sale of these products, and the costs of producing these products, in the income statement.
The amendment will be effective for the financial years starting on or after 1 January 2022 and must be applied retrospectively to the items of property, plant and equipment made available for use on or after the start date of the period prior to the period in which the entity applies this change for the first time.
No material impacts are expected for the Group with reference to these changes.

ONEROUS CONTRACTS – COSTS OF FULFILLING A CONTRACT – AMENDMENTS TO IAS 37
In May 2020, the IASB published amendments to IAS 37 to specify which costs must be considered by an entity in assessing whether a contract is onerous or loss-making.
The amendment provides for the application of an approach called "directly related cost approach". Costs that refer directly to a contract for the supply of goods or services include both incremental costs and costs directly attributed to contractual activities. General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly recharged to the counterparty on the basis of the contract.
The amendments will be effective for financial years as of 1 January 2022 or later. The Group will apply these changes to contracts for which it has not yet satisfied all its obligations at the beginning of the year in which it will apply these changes for the first time.

IFRS 1 FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS – SUBSIDIARY AS A FIRST-TIME ADOPTER
As part of the 2018-2020 annual improvements process of IFRS standards, the IASB has published an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. This amendment allows a subsidiary that chooses to apply paragraph D16 (a) of IFRS 1 to account for the accumulated translation differences on the basis of the amounts accounted for by the parent, considering the date of transition to IFRS by the parent. This amendment also applies to associates or joint ventures that choose to apply paragraph D16 (a) of IFRS 1.
The change will be effective for financial years as of 1 January 2022 or later, early application is allowed.

IFRS 9 FINANCIAL INSTRUMENTS – FEES IN THE ’10 PER CENT’ TEST FOR DERECOGNITION OF FINANCIAL LIABILITIES
As part of the 2018-2020 annual improvements process of IFRS standards, the IASB has published an amendment to IFRS 9. This amendment clarifies the fees that an entity includes in determining whether the conditions of a new or modified financial liability are substantially different from the conditions of the original financial liability. These fees include only those paid or received between the debtor and the lender, including fees paid or received by the debtor or lender on behalf of others. An entity applies this amendment to financial liabilities that are changed or exchanged after the date of the first financial year in which the entity applies the change for the first time.
The change will be effective for financial years as of 1 January 2022 or later, early application is allowed. The Company will apply this modification to financial liabilities that are modified or

exchanged subsequently or on the date of the first financial year in which the entity applies this modification for the first time.
No material impacts are expected for the Group with reference to this amendment.

IAS 41 AGRICULTURE – TAXATION IN FAIR VALUE MEASUREMENTS
As part of the 2018-2020 annual improvements process of IFRS standards, the IASB has published an amendment to IAS 41 Agriculture. The amendment removes the requirements in paragraph 22 of IAS 41 referring to the exclusion of cash flows for taxes when the fair value of an asset is assessed within the scope of IAS 41.
An entity applies this change prospectively to fair value measurements starting for financial years as of 1 January 2022 or later, early application is permitted.
No material impacts are expected for the Group with reference to this amendment.

DEFINITION OF ACCOUNTING ESTIMATE - AMENDMENTS TO IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting standards and correction of errors. In addition, they clarify how entities use measurement and input techniques to develop accounting estimates.
The amendments are effective for financial years starting on or after 1 January 2023 and apply to changes in accounting standards and changes in accounting estimates that occur starting from the beginning of that period or subsequently. Early application is permitted provided this fact is disclosed.
The changes are not expected to have a significant impact on the Group.

DISCLOSURE ON ACCOUNTING STANDARDS - AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidelines and examples to help entities apply materiality judgements to disclosure on accounting standards. The amendments aim to help entities provide information on the most useful accounting policies by replacing the obligation for entities to provide their own "significant" accounting policies with the obligation to disclose their "relevant" accounting policies; in addition, guidelines are added on how entities apply the concept of relevance in making decisions regarding disclosure on accounting standards.
The amendments to IAS 1 are applicable starting from financial years starting on or after 1 January 2023, early application is permitted. Since the changes to PS 2 provide non-mandatory information
on the application of the definition of material to the disclosure on accounting standards, an effective date is not required for such changes.
The Group is currently assessing the impact of the changes to determine the impact they will have on the disclosure of the Group's accounting standards.

6.3.7. DISCRETIONARY EVALUATIONS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires directors to make discretionary assessments, estimates and assumptions that affect the values of revenues, costs, assets and liabilities as well as the disclosure relating to potential assets and liabilities at the balance sheet date. During the year, the most significant discretionary assessments, which inevitably had to take into account the current context of uncertainty deriving from the spread of the Covid-19 pandemic, if possible amplified by recent international events, concerned the Purchase Price Allocations relating to the Ryplazim business, the verification of any impairment of goodwill and

the judgement applied in defining the accounting effects associated with the projects in progress (and, specifically, the development of the KIG10 product and the new Castelvecchio Pascoli plant, the completion of the internalisation of the Rhogam production process) as further specified below. Additional items that require the formulation of estimates include the valuation of inventories, deferred tax assets and liabilities, employee benefits and other items detailed below. In the future, should these estimates and assumptions, which have been based on the best evaluation currently available and which are periodically reviewed, differ from the final results, they will be modified accordingly in the period in which the circumstances themselves change. The effect of any change will be charged to the income statement. Lastly, the appreciation of the directors is required in the identification of revenues and costs considered non-recurring, as well as in the definition of the related information set out in paragraph 6.5.11.

PURCHASE PRICE ALLOCATION OF BUSINESS COMBINATIONS RELATING TO THE "RYPLAZIM" ACQUISITION

Business combinations are accounted for using the acquisition method provided for by IFRS 3; according to this method, the consideration transferred in a business combination is measured at fair value, determined as the sum of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date. If the value of the net assets acquired and liabilities assumed at the acquisition date exceeds the sum of the considerations transferred, this excess is immediately recognised in the income statement as income deriving from the completed transaction.

During 2021, the Group concluded the acquisition of Prometic BioProduction Inc. and Prometic Biotherapeutics Inc. and in the consolidated financial statements as of 31 December 2021, the effects of the accounting recognition at fair value of the assets acquired and the liabilities assumed were reflected following these acquisitions. The processes and methods of accounting for acquisition transactions are based on complex assumptions and have required recourse to the judgement of the Directors, in particular with reference to the identification of the assets acquired, the allocation of the purchase price at the fair value of the assets acquired and the liabilities assumed, as well as the examination of contractual agreements with the counterparty.

IMPAIRMENT OF GOODWILL

Goodwill is checked for any impairment at least annually; this test provides for an estimate of the fair value or value in use of the cash-generating unit to which the goodwill is attributed, based on the discounted cash flow model (DCF) and the most significant estimates and assumptions refer to the estimate of cash flows, the growth rates to be applied beyond the explicit forecast period and the determination of the discount rate.

As of 31 December 2021 and 2020, the book value of goodwill is respectively Euro 269,889 thousand and Euro 253,057 thousand. Further details are provided in paragraph 6.4.3.

VALUATIONS RELATING TO THE MAIN PROJECTS IN PROGRESS

The projects in progress, especially with reference to the construction of the Castelvecchio Pascoli plant, the development of the KIG 10 and the construction of the new RhoGAM production line at the Melville plant, entail significant accounting effects on the consolidated financial statements and involve recourse to the judgement of the administrators, especially with reference (i) to the assessment of the expected outcome of the projects themselves, in relation to the issuing of the necessary authorisations by the bodies in charge, (ii) to the identification of the requirements for the capitalization of the investments made, (iii) the determination of the date from which these assets become available for use and the definition of their useful life, (iv) the assessment of the recoverability of investments in progress and (v) the identification of additional charges attributable to such projects included in non-recurring charges.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

As part of the strategic projects in progress, the Group constantly monitored the costs related to them, dividing them between the capitalised amounts ("Capex") and the costs charged to the income statement for the year ("Opex").
All those costs that do not meet the capitalisation requirements envisaged by the accounting standards and described in the following note 6.3.8 were considered Opex.
The Group evaluates the availability for use of the investments made in order to determine the date from which to start the amortisation process.
The Group also verified the recoverability of the book value of the capitalised costs in relation to these projects.

INVENTORIES

Inventories of raw materials, semi-finished and finished products are generally subject to expiry, so management considers the expiry date associated with each lot a fundamental element in evaluating their recoverability. It should be noted that the expiry dates of raw materials are no longer relevant once they are put into production. In such cases, the expiry date that is attributed in the production process to semi-finished and finished products is detected.
Inventories with near maturity dates are fully written down to take into account their difficult recoverability.

DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are recognised against all temporary differences and all tax losses carried forward, to the extent that it is probable the existence of adequate future tax profits against which these losses can be used. A significant discretionary assessment is required of the directors to determine the amount of deferred tax assets that can be accounted for. They must estimate the likely temporal manifestation and the amount of future taxable profits as well as a planning strategy for future taxes. Deferred tax assets and deferred tax liabilities are offset where there is a legal right that allows offsetting current tax assets and current tax liabilities and the deferred taxes refer to the same taxpayer and the same tax authority. The book value of deferred tax assets as of 31 December 2021 amounts to Euro 10,009 thousand. Deferred tax assets are recognised to the extent that it is likely the existence of adequate future tax profits against which the temporary differences and tax losses can be used. In this regard, the Group estimates the likely temporal manifestation and the amount of future taxable profits.
Further details are provided in paragraph 6.4.8. The same considerations described above are also applied to tax consolidation receivables from the shareholder Sestant S.p.A. for any sales of tax losses of the Parent Company.

EMPLOYEE BENEFITS - SEVERANCE INDEMNITY

Actuarial valuation requires the development of hypotheses about discount rates, future wage increases, turnover and mortality rates. Due to the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty. All assumptions are reviewed annually.
The net liability to employees for the severance indemnity as of 31 December 2021 and 2020 is respectively Euro 3,707 thousand and Euro 3,915 thousand. Further details are provided in paragraph 6.4.21.

OTHER ACCOUNTING ESTIMATES

The estimates are also used to record the provisions for credit risks, product returns and potential liabilities, the amortisation of tangible and intangible assets with a finite life, the valuation of receivables for services accrued, invoices to be received for services provided and income taxes for the year.

Furthermore, they relate to development costs which are capitalised on the basis of the accounting standard referred to in note 6.3.8. To determine the values to be capitalised, the directors must elaborate hypotheses regarding the future cash flows expected from fixed assets, the discount rates to be applied and the periods of manifestation of the expected benefits. As of 31 December 2021 and 2020, the capitalised development costs are, respectively, Euro 3,124 thousand and Euro 63 thousand.

Lastly, the following paragraph indicates the estimates applied in determining the fair value of financial instruments, the determination of which did not, however, have any specific effects in the 2021 financial statements.

FAIR VALUE VALUATION

The Group evaluates financial instruments, such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received for the sale of an asset, or that would be paid for the transfer of a liability, in a regular transaction between market operators on the valuation date.

A fair value assessment assumes that the sale of the asset or the transfer of the liability takes place:

(a) in the main market of the asset or liability; or

(b) in the absence of a main market, in the most advantageous market for the asset or liability.

The main market or the most advantageous market must be accessible for the Group.

The fair value of an asset or liability is assessed by adopting the assumptions that market operators would use in determining the price of the asset or liability, assuming that they act to best satisfy their economic interest.

A fair value measurement of a non-financial asset considers the ability of a market operator to generate economic benefits by using the asset to its maximum and best use or by selling it to another market operator who would use it to its maximum and best use.

The Group uses valuation techniques that are suitable for the circumstances and for which there is sufficient data available to evaluate the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which the fair value is measured or shown in the financial statements are categorised according to 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 on the valuation date;
- Level 2 - inputs other than the listed prices included in Level 1, observable directly or indirectly for the asset or liability;
- Level 3 - valuation techniques for which the input data are not observable for the asset or liability.

The fair value measurement is classified entirely in the same level of the fair value hierarchy in which the input of the lowest hierarchy level used for the evaluation is classified.

For assets and liabilities recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between the levels of the hierarchy by reviewing the categorisation (based on the lowest level input, which is significant for the purposes of measuring fair value in its entirety) at each balance sheet closure.

Group Management determines the criteria and procedures for both recurring fair value valuations and for non-recurring valuations.
For the valuation of significant assets, such as real estate and significant liabilities, external experts are involved, where necessary.
At the end of each balance sheet, the Group Management analyses the changes in the values of assets and liabilities for which the revaluation or restatement is required, based on the accounting principles of the Group.
For this analysis, the main inputs applied in the most recent valuation are verified, comparing the information used in the valuation with contracts and other relevant documents.
The Group Management carries out, also with the support of external experts where necessary, a comparison between each change in the fair value of each asset and liability and the relevant external sources, in order to determine whether the change is reasonable.
The results of the assessments are periodically presented to the Board of Statutory Auditors and to the Group's auditors. This presentation includes a discussion of the main assumptions used in the evaluations.
For the purposes of disclosure relating to fair value, the Group determines the classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as previously described.

6.3.8. VALUATION CRITERIA

PROPERTY, PLANT AND EQUIPMENT

Tangible assets are recognised at historical cost, including directly attributable ancillary costs necessary for the commissioning of the asset for the use for which it was purchased. This cost includes the costs for the replacement of part of machinery and plants when they are incurred if they comply with the recognition criteria.
Maintenance and repair costs, which are not likely to enhance and/or extend the residual life of the assets, are expensed in the year in which they are incurred; otherwise they are capitalised.
Tangible assets are shown net of the related accumulated depreciation and any impairment losses determined according to the methods described below. Depreciation is calculated on a straight-line basis based on the estimated useful life of the asset for the company, which is reviewed annually and any changes, if necessary, are applied prospectively.
If significant parts of these tangible assets have different useful lives, these components are accounted for separately. Land, both free of construction and annexed to buildings, is recognised separately and is not depreciated as it has an unlimited useful life.
The book value of property, plant and equipment is subject to verification, to detect any losses in value, if events or changes in the situation indicate that the book value cannot be recovered. If there is an indication of this type and, in the event that the book value exceeds the recoverable value, the assets are written down to reflect their recoverable value. The recoverable value of tangible assets is represented by the greater of the net sale price ("fair value") and the value in use.
The value in use is calculated by discounting the expected future cash flows, using a pre-tax discount rate that reflects the current market estimate referring to the cost of money in relation to time and the specific risks of the asset. For an activity that does not generate largely independent cash flows, the value in use is determined in relation to the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement under costs for depreciation and write-downs based on the destination to which the asset refers. Such losses in value are reinstated if the reasons that generated them no longer exist.
At the time of sale or when there are no future economic benefits expected from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the

difference between the transfer value and the book value) is recognised at income statement in the year of the aforementioned elimination.

INVESTMENTS IN PROPERTY

Fixed assets held for income purposes and not for instrumental use are classified in a specific class called "Real estate investments", according to IAS 40 and are accounted for at the reduced cost of depreciation and impairment.
The assets falling within these cases consist of land and/or buildings (or parts of buildings) held by the owner or the lessee as part of a financial or operating lease agreement in order to lease them to others to benefit from the relative rents, or in order to benefit from an increase in the value of the asset, unless such properties:

- are used in the context of production, in the supply of goods and services, or for administrative purposes;
- are held for sale as part of the normal management of the business.

These types of properties are classified separately from other owned properties.
Property investments are initially recognised at historical cost, including negotiation costs.
After the initial recognition, the Group has opted for accounting at cost and evaluates all its real estate investments in compliance with the provisions on that criterion envisaged by IAS 16 except for those that meet the criteria for classification as held for sale (or are included in a disposal group classified as held for sale) in accordance with IFRS 5 Non-current assets held for sale and discontinued operations. Property investments that meet the criteria to be classified as held for sale (or are included in a disposal group classified as held for sale) must be valued in accordance with IFRS 5.
Property investments are eliminated from the financial statements with the sale or when the investment is permanently unusable and no future economic benefits are expected from its sale. Any profits or losses arising from the withdrawal or disposal of a real estate investment are recognised in the income statement in the year in which the withdrawal or disposal takes place

LEASING

The Group assesses, at the beginning of the contract, whether the contract is, or contains, a lease. The contract is, or contains, a lease if, in exchange for consideration, it confers the right to control the use of a specified asset for a period of time.
The Group makes use of the exemption provided for by IFRS16 for intangible assets.
The Group applies a single accounting model for all lease agreements in which it is lessee, except for short-term contracts and leasing contracts for assets of low value. The Group recognises a financial liability for leasing and a right of use asset.

Right-of use assets:

The Group recognises an asset by right of use on the effective date of the contract (i.e., the date on which the underlying asset is available to the lessee). Right-of-use assets are measured at cost, net of the related accumulated depreciation and any accumulated impairment losses determined in the manner described below and adjusted to take into account any restatements of the lease liability. The cost of the Right-of-Use assets includes the value of the recognized lease liability, the initial direct costs incurred, the payments due for the lease made on or before the effective date, net of the lease incentives received, and the estimate of the costs that the Group will have to incur to restore the underlying asset to its original conditions, if envisaged by the contract.
Unless the Group is reasonably certain to purchase the leased asset at the end of the lease, depreciation is calculated on a straight-line basis based on the lesser of the duration of the contract and the estimated useful life of the asset.

The value of the Right-of-Use Assets is subjected to verification, to detect any losses in value, if events or changes in situation indicate that the book value cannot be recovered. If there is an indication of this type and in the event that the book value exceeds the estimated realizable value, the assets are written down to reflect their realisable value. The realisable value is represented by the greater of the net sale price and the value in use. In defining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market estimate referring to the cost of money in relation to time and the specific risks of the asset. For an asset that does not generate largely independent cash flows, the realisable value is determined in relation to the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement under costs for depreciation and write-downs. Such losses in value are reinstated if the reasons that generated them no longer exist.

Lease liabilities:

On the effective date of the contract, the Group recognises a leasing liability calculated as the present value of the residual future payments until the end of the contract. Future payments include fixed payments, net of any leasing incentives to be received, variable payments that depend on an index or rate and the amounts that the Group is expected to pay as residual value guarantees. Future payments also include the purchase option exercise price, if the Group has the reasonable certainty of exercising the option, and the lease termination penalty payments, if the Group has the reasonable certainty of exercising the option to resolution. Variable payments, which do not depend on an index or rate, but which for the Group mainly depend on the volume of sales, continue to be recognised as costs in the income statement, among costs for services. To calculate the present value of future payments, the Group uses the Incremental Borrowing Rate (IBR) at the start date of the contract. Subsequently, the leasing liability is increased for interest and decreased for payments made. In addition, the lease liability is remeasured to take into account changes to the terms of the contract.

Short-term contracts and contracts for goods of low value:

The Group makes use of the exemption from the application of IFRS 16 for short-term contracts (less than 12 months) and for contracts in which the single leased asset is of low value (less than Euro 5,000). The lease payments of these contracts are recognised on a straight-line basis as costs in the income statement, on the basis of the terms and conditions of the contract.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. This requires the recognition at fair value of identifiable assets (including intangible assets with a finite and indefinite life previously not recognised) and identifiable liabilities (including potential liabilities and excluding future restructuring) of the purchased company.
Acquisition costs are expensed during the year and classified under administrative expenses.
The Group determines that it has acquired a business activity when the integrated set of assets and goods includes at least one production factor and one substantial process which, together, significantly contribute to the ability to generate an output.
The acquired process is considered substantial if it is crucial for the ability to continue to generate an output and the acquired production factors include an organised workforce that has the necessary skills, knowledge or experience to carry out that process or to significantly contribute to generating an output and is considered unique or scare or cannot be replaced at no cost, without effort or significant delays for the ability to generate an output.
When the Group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed in accordance with the contractual terms, economic conditions and other

relevant conditions existing as at the acquisition date. This includes verifying whether an embedded derivative should be separated from the primary contract.
If the business combination is carried out in several stages, the shareholding previously held is carried over to fair value at the acquisition date and any resulting profit or loss is recognised in the income statement.
Any potential consideration to be recognised is recorded by the buyer at fair value as at the date of acquisition. The change in fair value of contingent consideration classified as an asset or liability, such as a financial instrument within the scope of IFRS 9 Financial Instruments, shall be recognised in profit or loss following IFRS 9.
The goodwill acquired in a business combination is initially measured at the cost represented by the excess of the cost of the business combination over the relevant share of the net fair value of the identifiable assets, liabilities and contingent liabilities (of the acquiree). If the consideration is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the income statement.
After initial recognition, goodwill is valued at cost, net of accumulated impairment losses. For the purpose of the impairment test, the goodwill acquired in a business combination is allocated, as of the date of acquisition, to each cash-generating unit which is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to said units.
Goodwill is tested for impairment at least once a year (as of 31 December) and, more frequently, when circumstances suggest that the book value could be subject to impairment.
Goodwill impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. If the cash-generating unit's recoverable amount is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, an impairment loss is recognised. Goodwill impairment cannot be reversed in future periods.
If the goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of that unit, the goodwill associated with the divested business is included in the carrying amount of the asset when determining the profit or the loss of disposal. The goodwill associated with the divested business is determined on the basis of the relative values of the divested business and the retained part of the cash-generating unit.

Intangible fixed assets with a finite useful life

Intangible assets with a finite life are recognised under assets at purchase cost when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be reliably determined. Intangible assets acquired through business combinations are recognised at the fair value defined at the acquisition date, if this value can be reliably determined.
Intangible assets with a finite useful life are amortised on a straight-line basis over their estimated useful life; the useful life is reviewed annually and any changes, where necessary, are applied prospectively.
Intangible assets with a finite useful life are subjected to a verification of the congruity of value whenever there are indications of a possible loss in value.

Development costs

Research costs are charged to the income statement when they are incurred.
Development costs incurred in relation to a specific project are capitalised only when the Group can demonstrate the technical possibility of completing the intangible asset in order to make it available for use or for sale, its intention to complete said asset for use or sell it, the ways in which it will generate probable future economic benefits, the availability of technical, financial or other

resources to complete the development and its ability to reliably assess the cost attributable to the asset during its development.
During the development period, the activity is reviewed annually for the purpose of detecting any losses in value. After initial recognition, development costs are valued at cost minus any accumulated depreciation or loss. Depreciation of the asset begins when the development is completed, and the asset is available for use. It is amortised with reference to the period in which the related project is expected to generate revenues for the Group. During the period in which the asset is not yet in use, it will be reviewed annually to detect any impairment.

Rights and trademarks
The item in question refers to the rights of the licenses for the Authorisations for Marketing (*Autorizzazioni all'Immissione in Commercio* - A.I.C.) of medicinal specialities and trademarks for the registration of pharmaceutical products. The purchase costs of rights and trademarks are amortised over a period of time during the useful life of the acquired business, which generally results in 5 years for rights and 10 years for trademarks.

Other intangible activities
The item in question refers to:

- the purchase of application software programmes which are amortised over a period of 5 years;
- sales contracts entered into with customers and the list of hyperimmune plasma donors registered with the purchase method at the time of business combinations when the US subsidiary KEDPLASMA LLC purchases the collection centres, amortised over a period of 15 years.

Impairment test
Intangible assets with an indefinite useful life and those not yet available for use are tested for impairment at least once a year with reference to 31 December, both individually and at the level of the cash-generating unit, as most appropriate and when circumstances indicate that there may be a loss in value.
The other intangible assets are subjected to testing, to detect any losses in value, if events or changes in situation indicate that the book value cannot be recovered. If there is an indication of this type and, in the event that the book value exceeds the recoverable value, the assets are written down to reflect their recoverable value. The recoverable value of intangible assets is represented by the greater of the net sale price ("fair value") and the value in use.
The value in use is calculated by discounting the expected future cash flows, using a pre-tax discount rate that reflects the current market estimate referring to the cost of money in relation to time and the specific risks of the asset. For an activity that does not generate largely independent cash flows, the value in use is determined in relation to the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement under costs for depreciation and write-downs based on the destination to which the asset refers. Such losses in value are reinstated if the reasons that generated them no longer exist.

Impairment of non-financial assets

At each balance sheet date, the Group assesses whether indicators of asset impairment exist. In this case, or in cases where an annual impairment test is required, the Group estimates the recoverable amount. The recoverable amount is the higher of the fair value of the asset or cash-generating unit, less costs to sell, and its value in use. The recoverable amount is determined for each individual asset, except when that asset generates cash flows that are largely independent

of those generated by other assets or groups of assets. If the carrying amount of an asset is greater than its recoverable amount, the asset is impaired and written down to its recoverable amount accordingly.
In determining value in use, the company discounts estimated future cash flows to present value using a pre-tax discount rate that reflects market assessments of the present value of money and the risks specific to the asset. Recent market transactions are considered when determining the fair value less costs to sell. An appropriate valuation model is used if such transactions cannot be identified. These calculations are supported by appropriate valuation multiples, quoted share prices for investees whose securities are traded in the market, and other available fair value indicators or on the cash flow discounting model (DCF).
The Group bases its impairment test on detailed business plans and forecast calculations, prepared separately for each of the Group's cash-generating units to which individual assets are allocated. These business plans and forward calculations generally cover a period of three years or more.
Losses in value of operating assets, including losses in value of inventories, are recognised in the income statement in the cost categories consistent with the destination of the asset that highlighted the loss in value. Fixed assets previously revalued are an exception, where the revaluation has been recognised in the comprehensive income statement and classified as a revaluation reserve. In such cases, the impairment loss is recognised in the comprehensive income statement up to the amount of the previous revaluation.
For assets other than goodwill, at each reporting date, the Group assesses whether any indications previously recognised impairment losses have ceased to exist (or have decreased) and, if such indications exist, estimates the recoverable amount. The value of a previously impaired asset may be reinstated only if there has been a change in the assumptions underlying the calculation of the determined recoverable amount since the last impairment loss was recognised. The reversal may not exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised in prior periods. This reversal is recognised in the income statement unless the asset is carried at a revalued amount. In this case, the reversal is treated as a revaluation increase.

Inventories

Inventories are valued at the lower of the purchase and/or production cost, determined according to the weighted average cost method and the net realisable value. The net estimated realisable value consists of the estimated sale price minus the estimated completion costs and the estimated costs to make the sale. Raw materials and consumables are recognised at purchase cost, including accessory charges. Work in progress, semi-finished and finished products are recognised on the basis of directly attributable production costs and a share of indirect production costs incurred during the year and reasonably attributable to the products.
The value of inventories is adjusted, where necessary, by entering a specific provision for bad debt to take into account obsolescence factors.

Trade receivables

Receivables are initially entered at fair value, which generally corresponds to the nominal value and, subsequently, valued at amortised cost and reduced in the event of impairment. The Group records a write-down for expected losses (expected credit loss 'ECL') using the simplified method. ECLs are based on the difference between the contractual cash flows due following the contract. All cash flows that the Group expects to receive are discounted to approximate the original effective interest rate.
The Group determines impairment losses on trade receivables by considering the amount of doubtful receivables, analysing the specific conditions of the Group's customers, any guarantees

given in favour of the Group companies, appropriately evaluating existing disputes and the possibility of recovery overdue receivables, as well as determining the expected insolvency rate by analysing the average credit loss rate recorded in recent years.
Receivables in currencies other than the accounting currency are recorded at the exchange rate on the day of the transaction and, subsequently, converted at the year-end exchange rate. The profit or loss resulting from the conversion is charged to the income statement.
In the case of national receivables from public bodies which are characterised by an average collection period of over 12 months, an analytical discounting process based on assumptions and estimates was applied.

Cash and cash equivalents

Cash and cash equivalents and short-term deposits include cash in hand and sight and short-term deposits, in the latter case with an original maturity of no later than three months.

Provisions for liabilities and charges

Allocations to provisions for risks and charges are made when the Group has to meet a current obligation (legal or constructive) resulting from a past event, an outflow of resources is probable to meet this obligation and it is possible to make an estimate reliable of its amount.
When the Group considers that a provision for risks and charges will be partly or fully reimbursed, for example, in the case of risks covered by insurance policies, the indemnity is recognised separately as an asset if, and only if, it is practically certain. In this case, in the income statement the cost of any provision is presented net of the amount recognised for the indemnity.
If the effect of discounting the value of money is significant, the provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the specific risks of the liabilities. When discounting is carried out, the increase in the provision due to the passage of time is recognised as a financial charge.

Employee benefits liabilities

The benefits due after the termination of the employment relationship are divided according to the economic nature into defined contribution plans or defined benefit plans. In defined contribution plans, the company's legal or implicit obligation is limited to the amount of contributions to be paid: consequently, the actuarial risk and the investment risk fall on the employee. n defined benefit plans, the company's obligation is to grant and ensure the agreed benefits to employees: consequently, the actuarial and investment risk falls on the company. Italian legislation (Article 2120 Italian Civil Code) provides that, on the date in which each employee terminates the employment contract with the company, he/she receives an indemnity called Severance Indemnity (TFR), which is considered a defined benefit plan according to IAS 19. The calculation of this allowance is based on some items that form the employee's annual remuneration for each year of work (appropriately revalued) and on the length of the employment relationship. According to the Italian civil law, this indemnity is reflected in the financial statements according to a calculation method based on the indemnity accrued by each employee at the balance sheet date, in the event that all employees terminate the employment contract on that date. The IFRIC of the IASB addressed the issue of the Italian severance pay and concluded that, in application of IAS 19, it must be calculated according to a method, called the Unitary Credit Projection Method (the so-called PUCM) in which the amount of liability for the benefits acquired must reflect the expected date of resignation and must be discounted.
Starting from the 2007 financial year, the Group acknowledged the effects of the changes introduced by the "Legge Finanziaria 2007" and subsequent decrees and regulations, relating to the allocation of the portions accrued from 1 January 2007 of the severance indemnity. Specifically, for the purposes of applying IAS 19, the new legislation changes, as of 1 January

2007, the nature of the severance indemnity from a "defined benefit plan" to a "defined contribution plan" with particular reference to companies with a number of employees over 50.
Starting from 2012, the actuarial gains and losses are recognised in the Comprehensive Income Statement.
In addition to the severance indemnity set out above, there is a defined benefit plan relating to the Hungarian subsidiary HBP which will be paid to employees (i) in part upon reaching certain seniority thresholds at the company; (ii) partly on retirement date.
The net obligation of the Group deriving from defined benefit plans is calculated separately for each plan by estimating the amount of the future benefit that employees have accrued in exchange for the activity performed in the current and previous years; this benefit is discounted to calculate the present value.
The actuarial valuations of the liabilities have been entrusted to independent actuaries.
The Group has no other defined benefit or contribution pension plans than those described above.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financing activity

Initial identification and valuation

Upon initial recognition, financial assets are classified according to the subsequent measurement methods, i.e., amortised cost, fair value through OCI and fair value through profit or loss.
The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the business model the Group uses to manage them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value, through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined according to IFRS 15. Please refer to the paragraph of the accounting standards “Revenues from contracts with customers”.
For a financial asset to be classified and measured at amortised cost or fair value through OCI, it must generate cash flows that depend solely on principal and interest on the amount of principal to be repaid (so-called 'solely payments of principal and interest (SPPI)'). This evaluation is referred to as the SPPI test and is performed at the instrument level.
The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will arise from collecting contractual cash flows, the sale of financial assets or both.
The purchase or sale of a financial asset that requires delivery within a period generally established by regulation or market convention (a so-called standardised sale or regular way trade) is recognised on the trade date, i.e., the date on which the Group has committed to purchase or sell the asset.

Subsequent evaluation

For subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through other comprehensive income with the reclassification of accumulated gains and losses (debt instruments);
- Financial assets at fair value through other comprehensive income without a reversal of accumulated gains and losses on derecognition (equity instruments);

- Financial assets at fair value through profit or loss.

The Group only holds financial assets at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. When the asset is derecognised, modified, or revalued, gains and losses are recognised in profit or loss. The Group's financial assets at amortised cost include trade receivables, a loan to an associate and other minor assets.

Cancellation

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is first cancelled (e.g., removed from the Group's statement of financial position) when:

- the rights to receive cash flows from the asset are extinguished, or
- the Group has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred all the risks and rewards of ownership of the financial asset substantially, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of it.

In cases where the Group has transferred rights to receive cash flows from an asset or has entered into an arrangement under which it retains the contractual rights to receive the cash flows from the financial asset. Still, it assumes a contractual obligation to pay the cash flows to one or more recipients (pass-through). Therefore, it assesses how it has retained the risks and rewards of ownership. If it has neither transferred nor retained substantially all risks and rewards or has not lost control over it, the asset continues to be recognised in the Group's financial statements to the extent of its continuing involvement in the asset. In this case, the Group also recognises an associated liability. The transferred asset and associated liability are measured to reflect the rights and obligations that remain with the Group.

When the entity's continuing involvement is a guarantee of the transferred asset, involvement is measured at the lower of the amount of the asset, and the maximum amount of consideration received that the entity could be required to repay.

Impairment of financial assets

The Group recognises an expected credit loss ('ECL') write-down for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due following the contract. All cash flows that the Group expects to receive are discounted to approximate the original effective interest rate. Expected cash flows will include cash flows arising from the enforcement of collateral held or other credit guarantees that are integral to the contractual terms.

Expected losses are recognised in two stages. For credit exposures for which there has been no significant increase in credit risk since initial recognition, credit losses arising from estimated default events that are possible within the next 12 months (12-month ECL) must be recognised. For credit exposures for which there has been a significant increase in credit risk since initial recognition, expected losses that relate to the remaining life of the exposure must be recognised in full, regardless of when the event of default is expected to occur (“Lifetime ECL”).

For trade receivables and assets deriving from contracts, the Group applies a simplified approach in calculating expected losses. Therefore, the Group does not monitor changes in credit risk, but records the expected loss in full at each reference date.

The Group determines impairment of trade receivables by considering the amount of doubtful receivables, analysing the specific conditions of the Group's customers, any guarantees given

in favour of the Group and appropriately evaluating existing disputes and the possibility of credit recovery expired.
The Group also analysed the average rate of customer insolvency and loss on receivables recorded in the last few years, in order to assess the consistency of the results of the analyses carried out on the expected loss on the receivables of each customer with the loss rate. historical.

Financial liabilities

Initial detection and assessment

Upon initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss, as loans and borrowings, or as derivatives designated as hedging instruments.
All financial liabilities are initially recognised at fair value plus, in the case of mortgages, loans and borrowings, directly attributable transaction costs.
The financial liabilities of the Group include trade payables and other payables, mortgages and loans, including overdrafts, guarantees granted and derivative financial instruments.

Subsequent evaluation

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value with changes recognised in the income statement include liabilities held for trading and financial liabilities initially recognised at fair value with changes recognised in the income statement.
Liabilities held for trading are all those incurred for the purpose of their resale in the short term. This category also includes derivative financial instruments subscribed by the Group that are not designated as hedging instruments in a hedging relationship defined by IFRS 9. The separated embedded derivatives are classified as financial instruments held for trading unless they are designated as effective hedging instruments.
Gains or losses on liabilities held for trading are recognised in the profit/(loss) for the year.
Financial liabilities are designated at fair value with changes recognised in the income statement from the date of first registration, only if the criteria of IFRS 9 are met. At the time of initial recognition, the Group has not designated financial liabilities at fair value with changes recognised in the income statement.

Loans

All loans are initially recognised at the fair value of the consideration received, net of the accessory charges for the acquisition of the loan. After initial recognition, loans are measured at amortised cost using the effective interest rate method.
Each profit or loss is recognised in the income statement when the liability is extinguished, as well as through the amortization process.
Payables to bondholders were recognised at the fair value of the consideration net of the accessory charges for issuing the bonds. After initial recognition, loans are measured at amortised cost using the effective interest rate method.
A financial liability is cancelled when the obligation underlying the liability is extinguished or cancelled or fulfilled.
In cases where an existing financial liability is replaced by another of the same lender, under substantially different conditions, or the conditions of an existing liability are substantially

changed, such exchange or modification is treated as a write-off of the original liability and the recognition of a new liability, with recognition in the income statement of any differences between the book values.

Cancellation

A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled or honoured. When an existing financial liability is exchanged for another financial liability of the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability, accompanied by the recognition of a new liability, with any difference between the carrying amounts recognised in the statement of profit or loss.

Clearing of financial instruments

A financial asset and a financial liability may be offset and the net balance presented in the statement of financial position if there is a present legal right to offset the recognised amounts and there is an intention to settle the net balance or to realise the asset and settle the liability simultaneously.

With reference to the comparative period, in application of the International Accounting Standard 39, the financial instruments are initially recognised at fair value and, after the initial registration, are evaluated in relation to the classification.
For financial assets, this treatment is differentiated between the categories:

- financial assets at fair value with changes recognised in the income statement;
- investments held to maturity;
- loans and receivables;
- available-for-sale financial assets.

With reference to financial liabilities, on the other hand, only two categories are envisaged:

- financial liabilities at fair value with changes recognised in the income statement;
- liabilities at amortised cost.

The methods for determining the fair value with reference to these financial instruments, for accounting or information purposes, are summarised below with reference to the main categories of financial instruments, to which they have been applied:

- derivative instruments: adequate pricing models based on market values of interest rates and exchange rates have been adopted;
- receivables and payables and unlisted financial assets: the discounted cash flow method was applied to financial instruments with a maturity of more than 1 year, i.e., the discounting of expected cash flows in consideration of the current rate conditions and creditworthiness;

listed financial instruments: the market value at the reference date is used.

Derivative instruments

The Group uses derivative financial instruments such as forward currency contracts to hedge its own currency exchange risks and interest rate swaps, respectively, with the intent of hedging financial risks relating to changes in interest rates on medium-/long-term loans. term in place.
Consistent with the provisions of IAS 39, which the Group has chosen to continue to use, hedging derivative financial instruments can be accounted for in accordance with the methods established for the accounting of hedging transactions ("hedge accounting") only when:

a) at the beginning of the hedge, there is the formal designation and documentation of the hedging relationship itself;

b) the hedge is expected to be highly effective;
c) the effectiveness can be reliably measured; and
d) the hedge itself is highly effective during the various accounting periods for which it is designated.

All financial derivative instruments are measured at fair value. When the derivative instruments have the characteristics to be accounted for according to the procedures established for the accounting of hedging transactions ("hedge accounting"), the following accounting treatments are applied:

- fair value hedge - if a financial derivative instrument is designated as a hedge of the exposure to changes in the current value of an asset or liability that may have effects on the income statement, profit or the loss deriving from subsequent valuations of the current value of the hedging instrument are recognised in the income statement, as are the profit or loss on the hedged item.
- Cash flow hedge - if a derivative financial instrument is designated as a hedge of the exposure to the variability of cash flows of a financial statement asset or liability or highly probable forecast transaction and that it could have effects on the income statement, the effective portion of the profits or losses on the financial instrument is recognised in equity; the accumulated profit or loss is reversed from equity and recognised in the income statement in the same period in which the hedged transaction is recognised; the profit or loss associated with a hedge, or that part of the hedge that has become ineffective, is recognised in the income statement when the ineffectiveness is detected.

If the conditions for the application of hedge accounting are not met, the effects deriving from the fair value valuation of the derivative financial instrument are charged directly to the income statement.

Revenue from contracts with customers

Revenues deriving from contracts with customers are recognised when control of the goods and services is transferred to the customer for an amount that reflects the consideration that the Group expects to receive in exchange for such goods or services. The Group has concluded that it generally acts as Principal in the agreements that generate revenues, as it usually controls the goods and services before transferring them to the customer.

Sales of items

Revenues deriving from the sale of finished products and goods are recognised when the control of the goods passes to the customer.

The Group considers whether there are other promises in the contract that represent performance obligations on which part of the consideration of the transaction must be allocated. In determining the price of the sale transaction, the Group considers the effects deriving from the possible presence of variable fees, significant loan components, non-monetary fees and fees to be paid to the customer.

Variable fee

If the fee promised in the contract includes a variable amount, the Group estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the goods to the customer.

The variable fee is estimated at the time of signing the contract and it is not possible to recognise it until it is highly likely that, when the uncertainty associated with the variable consideration is subsequently resolved, there should be no significant adjustment to decrease the amount of cumulative revenues that have been posted. Volume discounts and other contractual discounts

give rise to variable fees, as well as the share of Payback charged to the Parent Company for the year as better explained in paragraph 6.4.22.
The Group may grant discounts to some customers if the quantity of products purchased during the period reaches certain turnover thresholds. To estimate the variable consideration related to the expected discounts, the Group applies the expected value method.

Fees to be paid to the customer
Contracts with customers may provide for the payment of fees to customers. The Group recognises the fee to be paid to the customer as a reduction in the price of the transaction and, consequently, in revenues, unless the payment to the customer is made in exchange for a separate good or service transferred by the customer to the Group. If the fee to be paid to the customer includes a variable amount, this is estimated by the Group.

Provision of services
The Group provides plasma processing services on behalf of third parties. The Group recognises the revenues deriving from these services over time, using an input-based method to assess the progress of the service.
The Group considers whether there are other promises in the contract that represent performance obligations on which part of the consideration of the transaction must be allocated. In determining the price of the sale transaction, the Group considers the effects deriving from the possible presence of variable fees, significant loan components, non-monetary fees and fees to be paid to the customer.

Contractual balances
Contractual assets
The contract activity represents the entity's right to obtain the agreed consideration for the transfer of control of the goods or services to the customer.
If the Group fulfils its obligation by transferring goods or services to the customer before the latter pays the consideration or before the payment is due, the entity must record an asset deriving from the contract, excluding the amounts presented as receivables.

Trade receivables
A receivable represents for the Group the unconditional right to receive the consideration (that is to say, it is only necessary that the time elapses for the payment of the consideration to be obtained).

Contractual liabilities
Contractual liability is an obligation to transfer to the customer goods or services the Group has already received consideration (or for which a portion of the consideration is due). If the customer pays the consideration before the Group has transferred control of the goods or services to him, the liability deriving from the contract is recognised when the payment is made or (if earlier) when it is due. Liabilities arising from contracts are recognised as revenue when the Group meets its obligations under the relevant contract.
Some contracts allow the customer to return the goods within a certain period of time. The Group uses the expected value method to estimate the assets that will not be returned because this method is the best for predicting the amount of the variable consideration to which the Group will be entitled. For the goods that are expected to be returned, the Group adjusts the revenues and records a contractual liability.

Costs for obtaining a contract

The Group may pay commissions to third parties for finalised sales contracts. For these costs, the Group applies the practical expedient that allows you to immediately pay the costs for obtaining contracts, as the depreciation period of the activity that the Group would otherwise have used would have been less than one year.

Similarly, in the comparative year, revenues are recognised according to IFRS 15 to the extent that it is probable that the economic benefits will be achieved by the Group and the relative amount can be reliably determined, regardless of the date of collection. Revenues are measured at the fair value of the consideration received or to be received, taking into account the terms of payment contractually defined and excluding taxes and duties. The Group has concluded that it is operating on its own account in all sales contracts as it is the primary debtor, has the discretion on the pricing policy and is also exposed to inventory and credit risk.

The revenue is recognised when the company has transferred all the significant risks and benefits associated with ownership of the asset to the buyer, generally on the date of delivery of the goods. The revenue is measured at the fair value of the consideration received or to be received, net of returns and allowances, commercial discounts and volume reductions.

The recognition of revenues for the provision of services is based on the stage of progress of the service operations in progress at the balance sheet date, measured as a percentage with reference to different variables, depending on the services provided and the contracts stipulated with the customer. The provision of services, which have not yet been completed at the balance sheet date, constitute 'contract work in progress' and are classified under “trade receivables”. Any revenues invoiced, at the balance sheet date, in excess of the amount accrued based on the stage of advancement of the service are suspended amongst "customer advances", classified under "trade payables". When the outcome of a service operation cannot be reliably measured, revenues are recognised only to the extent that it is believed that the costs incurred are recoverable.

In the case of domestic revenues from Public Bodies characterised by an average collection period of over 12 months, an analytical discounting process was applied based on assumptions and estimates for the determination of the implicit financial component.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available for sale, interest income is recognised using the effective interest rate, which is the rate that precisely discounts future collections, estimated over the expected life of the financial instrument or over a shorter period, when necessary, than the net carrying amount of the financial asset. Interest income is classified under financial income in the profit/(loss) for the year.

Active rentals

Rents deriving from real estate investments are recognized on a straight-line basis over the duration of the lease contracts in place at the balance sheet date and are classified under revenues, taking into account their operational nature.

Public funding

Government grants are recognised when there is reasonable certainty that they will be received and all the conditions relating to them are met. When grants are related to cost components (operating grants), they are recognised as revenues in the financial years so as to be commensurate with the costs they intend to offset. In the event that the grant is related to an asset (capital grants), the asset and the grant are recognized separately among the assets and liabilities for their nominal values and the release to the income statement takes place progressively over

the expected useful life of the reference asset on a straight-line basis. The treatment also applies to contributions received as a tax credit for research and development and technological innovation activities, carried out by the Parent Company.

Dividends

Dividend income is recognised when the shareholders 'right to receive payment arises, which occurs at the time of approval of the distribution by the Shareholders' Meeting.

Income Tax

Current taxes

Taxes reflect a realistic estimate of the tax burden, determined by applying the legislation in force in the countries in which the Kedrion Group carries out its business; the payable for current taxes is recognized in the statement of financial position net of any tax advances paid.

As regards the Parent Company alone, it should be noted that, as of 2016, it exercised, as a consolidated company, jointly with the shareholder Sestant S.p.A., the latter as the consolidating company, the option for the "National tax consolidation" referred to in Articles 117-129 of Presidential Decree No. 917 dated 22 December 1986 (i.e., TUIR), which allows for IRES tax to be determined on a taxable basis corresponding to the algebraic sum of the positive and negative taxable amounts of the individual participating companies, after making some adjustments provided for by current legislation.

The economic relations, as well as the reciprocal responsibilities and obligations between the consolidating company and the consolidated company, are defined in the "Group Regulations governing the application of the provisions on “National Consolidation””.

Consequently, the current IRES tax payable or credit of the Parent Company is classified under "Other payables" or "Other receivables". Furthermore, any accrued tax losses are transferred to the shareholder Sestant with the recognition of income from tax consolidation recorded in the income statement.

Deferred taxes

Deferred taxes are calculated on the temporary differences resulting at the balance sheet date between the tax values taken as a reference for assets and liabilities and the values reported in the financial statements.

Deferred tax liabilities are recognised against all taxable temporary differences, with the exception of the following cases:

- deferred tax liabilities result from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and which, at the time of the transaction itself, does not have any effect on the profit for the year calculated for the purpose of financial statements or on profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, in the event that the reversal of the temporary differences can be controlled and it is probable that it will not occur in the foreseeable future.

Deferred tax assets are recognised against all temporary deductible differences and for tax assets and liabilities carried forward, to the extent that it is probable the existence of adequate future tax profits that can make the use of deductible temporary differences applicable. and tax assets and liabilities carried forward, except in the case where:

- the deferred tax asset linked to the deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction itself, does not affect either the profit for the year calculated at balance sheet purposes or on profit or loss calculated for tax purposes;

- with reference to taxable temporary differences associated with equity investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the immediate future and that there are adequate tax profits against which the temporary differences can be used.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer likely that sufficient tax profits will be available in the future in order to allow all or part of this credit to be used. Unrecognised deferred tax assets are reviewed annually at the balance sheet date and are recognised to the extent that it has become probable that the tax profit is sufficient to allow such deferred tax assets to be recovered.
Deferred tax assets and liabilities are measured on the basis of the tax rates that are expected to be applied to the year in which these assets are realised or these liabilities are extinguished, considering the rates in force and those already issued or substantially issued as at the date of the financial statements.
Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets with current tax liabilities and the deferred taxes refer to the same tax entity and the same tax authority.
Income taxes relating to items recognised directly in shareholders 'equity are charged directly to shareholders' equity and not to the income statement.

Value added tax
Revenues, costs and assets are recognised net of value added taxes except in the case in which this tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item recognised in the income statement.
The net amount of indirect taxes on sales and purchases that can be recovered from or paid to the Treasury is included in the financial statements under other current assets or liabilities depending on the sign of the balance as at the date of the financial statements. The value added tax (VAT) associated with invoicing to Public Bodies is subject to the split payment regime, according to which the public body is required to pay the supplier only the agreed amount whilst the VAT due must be credited by the entity in a specific restricted current account to be acquired by the tax authorities.

6.4. COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET

6.4.1. PROPERTY, PLANT AND EQUIPMENT

The historical cost, the accumulated depreciation and the net book value of the item Property, plant and equipment as of 31 December 2021, 1 January 2021 and 1 January 2020 are shown in the following table:

(in thousands of Euro)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
COST						
Balance as of 1 January 2020	**98,761**	**301,500**	**26,353**	**26,180**	**65,585**	**518,379**
Reclassifications	3,528	5,283	2,090	1,474	(13,248)	(873)
Increases	7,365	11,443	1,948	1,668	30,726	53,150
Translation difference	(3,332)	(11,694)	(585)	(856)	(1,526)	(17,993)

Decreases	(1,567)	(1,075)	(24)	(759)	0	(3,425)
Balance as of 1 January 2021	**104,755**	**305,457**	**29,782**	**27,707**	**81,537**	**549,238**
Change in consolidation area	3,017	10,907	2,925	1,256	0	18,105
Reclassifications	225	8,536	1,198	1,341	(10,370)	930
Increases	4,332	9,079	2,783	1,913	18,689	36,796
Translation difference	3,973	11,717	722	936	2,658	20,006
Decreases	(708)	(992)	(1,717)	(1,667)	0	(5,084)
Balance as of 31 December 2021	**115,594**	**344,704**	**35,693**	**31,486**	**92,514**	**619,991**
DEPRECIATION AND IMPAIRMENT						
Balance as of 1 January 2020	**41,496**	**158,539**	**17,451**	**18,814**	**0**	**236,300**
Depreciation for the year	4,268	16,925	2,070	2,445	0	25,708
Write-downs	0	0	0	0	0	0
Divestments	(827)	(685)	(9)	(705)	0	(2,226)
Translation difference	(543)	(3,433)	(213)	(534)	**0**	(4,723)
Reclassifications	302	9	0	0	0	311
Balance as of 1 January 2021	**44,696**	**171,355**	**19,299**	**20,020**	**0**	**255,370**
Change in consolidation area	1,435	7,432	1,980	1,005	0	11,852
Depreciation for the year	4,169	18,159	2,378	2,626	0	27,332
Write-downs	0	0	0	0	0	0
Divestments	(59)	(788)	(461)	(819)	0	(2,127)
Translation difference	668	3,924	268	554	0	5,414
Reclassifications	(3)	456	(443)	(10)	0	0
Balance as of 31 December 2021	**50,906**	**200,538**	**23,021**	**23,376**	**0**	**297,841**
NET BOOK VALUE AS AT 01/01/2021	**60,059**	**134,102**	**10,483**	**7,687**	**81,537**	**293,868**
NET BOOK VALUE AS AT 31/12/2021	**64,688**	**144,166**	**12,672**	**8,110**	**92,514**	**322,150**

Of which financial leases:

	31/12/2021			31/12/2020		
(in thousands of Euro)	Historical cost	Accumulated depreciation	Net Book Value	Historical cost	Accumulated depreciation	Net Book Value
Buildings	1,028	830	198	19,246	4,028	15,218
Plant and machinery	109,308	91,437	17,871	126,209	97,962	28,247
Equipment	1,513	1,513	0	1,511	1,511	0
Other assets	12,896	10,634	2,262	11,727	9,609	2,118
TOTAL	**124,745**	**104,414**	**20,331**	**158,693**	**113,110**	**45,583**

In 2021, the Group made investments for a total value of Euro 116.1 million including working capital of Euro 7.8 million, which mainly concern the following:

- **Melville Plant (NY, USA)** or a total amount of Euro 9.2 million relating mainly to the new fractionation and purification line for the production of RhoGAM and to interventions and improvements on the other buildings and plants in place;
- **Bolognana Plant (LU, Italy)** for a total amount of Euro 8.0 million, referring mainly to interventions and improvements on existing buildings and plants;
- **Sant'Antimo Plant (NA, Italy)** for a total amount of Euro 1.8 million, relating to investments in urban planning compliance on some buildings and interventions and improvements on existing buildings and plants;
- **Godollo Plant (Hungary)** for a total amount of Euro 3.6 million, referring to interventions and improvements on existing plants;
- **Castelvecchio Pascoli Plant (LU, Italy)** for a total amount of Euro 23.1 million, referring to the KIg10 project for the registration of the new 10% immunoglobulin for the American and European market as well as interventions and improvements on the new production department of the same immunoglobulin 10%;
- **Plasma Collection Centres** for a total amount of Euro 40.0 million deriving from the purchase of centres for Euro 37.9 million, of which 7.8 million in circulation, from the opening of three Stough centres (2.1 million);
- **Ryplazim Business** for a total amount of Euro 18.6 million, referring to the acquisition of the business linked to the Ryplazim product (Prometic BioProduction and Prometic BioTherapeutics companies, the main activities of which are the Laval production plant dedicated to Ryplazim plasminogen and the Ryplazim commercial licence approved by the FDA for the US market);
- **Other investments** for a total amount of Euro 11.8 million, mainly referring to IT hardware and software investments (7.3 million) and other investments (4.5 million) mainly relating to commercial rights, research and development projects and improvements made in the offices of the various locations.

Fixed assets in course of acquisition include the investments connected to ongoing projects, mainly referable to the KIg10 project, the construction of the new Castelvecchio Pascoli plant (which will be dedicated to the purification of this product) and the new Rhogam production line, in the Melville plant. The registration and maintenance of these assets in the financial statements involved both the assessment of the outcome of the projects mentioned, especially regarding the issuance of the necessary authorisations by the relevant bodies, considered highly likely and the verification of their recoverability.

The Hungarian subsidiary Human BioPlazma has benefited, in past years, from a public grant on tangible assets for a total of Euro 897 thousand, the residual amount as of 31 December 2021 recorded under deferred income is equal to Euro 501 thousand.

In 2021, the tax credits due to Kedrion S.p.A. for expenses incurred by way of investment in new capital goods, they amounted to Euro 2,090 thousand, relating to hyper-depreciation and super-depreciation. As of 31 December 2021, there are residual deferred income for these tax credits for Euro 1,835 thousand.
The total amount as of 31 December 2021 of deferred income, including tax credits accrued in previous years, amounts to Euro 2,143 thousand.

There are no restrictions on the ownership of property, plant and machinery pledged to guarantee liabilities and contractual commitments in place for the purchase of these types of assets. At the end of the year, the Group assesses the possible presence of impairment indicators traceable

through internal sources or external sources of information. External sources may typically consist of changes in the technological, economic and legal context in which it operates, whilst internal sources are represented by corporate strategies that may or may not change the intended use of the assets.
The analyses carried out did not reveal any permanent losses in value.

6.4.2. INVESTMENTS IN PROPERTY

The historical cost, the accumulated depreciation and the net book value of the investment property as of 31 December 2021 and 31 December 2020 are shown in the following table:

(in thousands of Euro)	Land and buildings
COST	
Balance as of 01 January 2020	**2,623**
Reclassifications	(1,107)
Increases	0
Translation difference	0
Decreases	0
Balance as of 01 January 2021	**1,516**
Reclassifications	0
Increases	0
Translation difference	0
Decreases	0
Balance as of 31 December 2021	**1,516**
DEPRECIATION AND IMPAIRMENT	
Balance as of 01 January 2020	**356**
Depreciation for the year	3
Write-downs	0
Divestments	0
Translation difference	0
Reclassifications	(311)
Balance as of 01 January 2021	**48**
Depreciation for the year	3
Write-downs	0
Divestments	0
Translation difference	0
Reclassifications	0
Balance as of 31 December 2021	**51**
NET BOOK VALUE AS AT 01/01/2021	**1,468**
NET BOOK VALUE AS AT 31/12/2021	**1,465**

The land classified as investment property, with indication of its fair value, is located in:

- San Pietro in Campo (LU) - historical cost of Euro 104 thousand; fair value of Euro 453 thousand.

- Monsagrati (LU) - historical cost of Euro 1,357 thousand; fair value of Euro 1,733 thousand.

The buildings classified as real estate investments, on the other hand, refer to:

- A residential apartment located in Monsagrati (LU) - residual value of Euro 4 thousand; fair value of Euro 35 thousand.

The fair value of real estate investments is determined with valuation models and parameters observable on the market. Therefore, according to the IFRS 13 fair value hierarchy, they are Level 2 real estate investments at fair value. The reclassification concerns land and buildings that have been reclassified under Property, Plant and Equipment as their purpose has changed from real estate investments to properties used to support the Group's business.

6.4.3. GOODWILL

The goodwill recorded in the financial statements is subjected to an annual impairment test. Listed below are the book values at the reference dates of the item Goodwill recognised in the consolidated financial statements and their allocations to the specific cash generating units ("CGU" - Cash Generating Units) as well as the changes that occurred during the period:

(in thousands of Euro)	Balance at 31.12.2020	Reclassifications	Increases for Business Combinations	Translation difference	Assets held for sale	Decreases	Balance at 31.12.2021
Plasma derivatives CGU goodwill	185,532	0	0	2,834	0	0	188,366
Plasma CGU goodwill	66,857	0	18,770	5,213	0	(10,604)	80,237
Other CGU goodwill	668	0	619	0	0	0	1,286
TOTAL	**253,057**	**0**	**19,389**	**8,047**	**0**	**(10,604)**	**269,889**

The change relating to the "plasma" CGU is due to the following movements:

- increase deriving from the purchase of six new centres for Euro 18,770 thousand, of which Euro 15,181 paid in 2021, including the centre in Amherst, NY, acquired as part of the Ryplazim transaction, as indicated in note 6.2.8 “Combinations corporate of 2021”;
- translation differences of Euro 5,214 thousand;
- decrease deriving from the sale of the seven centres to Grifols for Euro (10,604) thousand.

The change relating to the “plasma derivatives” CGU is due to the translation difference of Euro (2,834) thousand.

PLASMA DERIVATIVES CGU GOODWILL

The Plasma derivatives CGU includes activities relating to the fractionation and/or purification of plasma-derived products (located in the three production centres in Italy, USA and Hungary) and their sale on the market. The production allocation of the Group's plasma derivatives is disconnected from the territorial location and is aimed at optimising overall efficiencies and the Group's ability to respond to market demand.

Goodwill referring to the Plasma derivatives CGU amounts to a total of Euro 188,366 thousand.

The impairment test was carried out using the Discounted Cash Flow (DCF) method net of taxes. The expected flows, used in the calculation of the DCF, based on the 2022 Budget (approved on 28 February 2022) and on the basis of projections developed starting from the 2021 - 2025 strategic plan (approved on 22 February 2021), appropriately updated for years 2023-2025. Profitability (EBIT) is expected to increase because of the completion of the development projects:

new Rhogam production line at the Melville plant, new purification plant in Castelvecchio Pascoli and development of the KIg10. In terms of equity, an increase in commercial working capital has been envisaged by virtue of the growth deriving from these projects and the investments for their completion.
In order to determine the value in use of the CGU, the discounted cash flows of the 5 years of explicit projection were considered plus a terminal value, assumed to be equal to the present value of the perpetual yield of the flow generated in the last year subject to explicit forecast, assuming a long-term growth rate "g" of 0%.

The discount rates applied to prospective cash flows (WACC) are summarised in the following table:

CGU	WACC
Plasma derivatives CGU goodwill	6.70%

The Group also conducted a sensitivity analysis of the relevant assumptions mentioned above used to determine the recoverable value (changes in the growth rate equal to +/- 0.5% and changes in the WACC equal to +/- 0.5%) in light of the results of which the Directors believe that in the presence of reasonable changes in the key assumptions, an excess of the book value over the recoverable value is not generated.

PLASMA CGU GOODWILL

The plasma CGU includes activities relating to the collection and marketing of plasma.
The goodwill attributable to the Plasma CGU, which amounted to a total of Euro 80,237 thousand (Euro 66,857 thousand as of 31 December 2020), was subjected to a congruity analysis, comparing the book value with the recoverable value determined on the basis of the value in use of the CGU.
The value in use was determined using the Discounted Cash Flow (DCF) method, discounting the estimated cash flows based on the 2022 Budget (approved on 28 February 2022) and on the basis of projections prepared starting from the 2021 strategic plan - 2025 (approved on 22 February 2021), appropriately updated for the years 2023-2025.
In order to determine the value in use of the CGU, the discounted cash flows of the 5 years of explicit projection were considered plus a terminal value, assumed to be equal to the present value of the perpetual yield of the flow generated in the last year subject to explicit forecast, assuming a long-term growth rate "g" of 0%.
The discount rates applied to prospective cash flows (WACC) are summarised in the following table:

CGU	WACC
Plasma CGU goodwill	5.42%

The determination of the value in use based on these parameters made it possible not to make any reduction in the value of goodwill.
The Group also conducted a sensitivity analysis of the relevant assumptions mentioned above used to determine the recoverable value (changes in the growth rate equal to +/- 0.5% and changes in the WACC equal to +/- 0.5%) in light of the results of which the Directors believe that in the presence of reasonable changes in the key assumptions, an excess of the book value over the recoverable value is not generated.

CGU GOODWILL - OTHER

The Group has decided to represent in the "Other" CGU the goodwill relating to marginal activities, for a total of Euro 1,286 thousand, detailed as follows.

- During 2005, the Group set up a commercial company, Kedrion International GmbH with headquarters in Vienna (Austria), together with a third party independent from the group. The shareholding pertaining to the Group was equal to 30% of the share capital. During 2006, the Group increased its stake in the company by acquiring an additional 70%, thus achieving total control. In this transaction, the Group recognised goodwill of Euro 459 thousand to the seller.
- Subsequently, on 31 December 2010, a contract was signed for the purchase of 95% of the shares of Kedrion Portugal and an option to purchase the remaining 5%. This purchase involved the recording of goodwill of Euro 165 thousand.
- On 18 November 2013, Kedrion S.p.A. acquired 51% of Kedrion Brazil from a local partner - FBM Farma Industria Farmaceutica LTDA. This purchase involved the recording of goodwill of Euro 43 thousand.
- On 8 February 2021, the acquisition of the minority stake equal to 49% of Kedrion Brazil from the minority shareholder F.B.M. was finalised, with the payment of Euro 214 thousand by Kedrion and the reimbursement of the loan granted by the shareholder equal to Real 575 thousand. This further acquisition resulted in the recording of a further goodwill of Euro 619 thousand, subjected to an impairment test at the end of the year which made it possible not to make any reduction in the value of the goodwill.

6.4.4. RIGHTS OF USE ASSETS

(in thousands of Euro)	Buildings	Other assets	Total
COST			
Balance as of 1 January 2020	**78,385**	**2,012**	**80,397**
Reclassifications	0	0	0
Increases	36,509	1,036	37,545
Translation difference	(5,625)	(28)	(5,653)
Decreases	(8,556)	(457)	(9,013)
Balance as of 1 January 2021	**100,713**	**2,563**	**103,276**
Change in consolidation area	**4,230**	**30**	4,260
Reclassifications	0	0	0
Increases	34,019	1,086	35,105
Translation difference	6,091	199	6,290
Decreases	(17,396)	(699)	(18,095)
Balance as of 31 December 2021	**127,657**	**3,179**	**130,836**
DEPRECIATION AND IMPAIRMENT			
Balance as of 1 January 2020	**7,388**	**646**	**8,034**
Depreciation for the year	8,558	818	9,376
Write-downs	0	0	0
Divestments	(1,213)	(359)	(1,572)
Translation difference	(928)	(11)	(939)
Reclassifications	0	0	0
Balance as of 1 January 2021	**13,805**	**1,094**	**14,899**
Change in consolidation area	**1,543**	**20**	1,563

Depreciation for the year	9,440	890	10,330
Write-downs	0	0	0
Divestments	(2,529)	(411)	(2,940)
Translation difference	519	(11)	508
Reclassifications	0	0	0
Balance as of 31 December 2021	**22,778**	**1,582**	**24,360**
NET BOOK VALUE AS AT 01/01/2021	**86,908**	**1,469**	**88,377**
NET BOOK VALUE AS AT 31/12/2021	**104,879**	**1,597**	**106,476**

The Rights-of-Use Assets mainly relate to the rental contracts of the American plasma collection centres, as well as offices and other company premises. The divestments refer mainly to the sale of the US plasma collection centres.

6.4.5. INTANGIBLE FIXED ASSETS WITH A FINITE USEFUL LIFE

The historical cost, the accumulated amortization and the net book value of the item Intangible assets with a finite useful life as of 31 December 2021 and as of 31 December 2020 are shown in the following table:

(in thousands of Euro)	Development costs	Rights and trademarks	Fixed assets in progress and advances	Other	Total
COST					
Balance as of 1 January 2020	**10,247**	**68,205**	**44,114**	**72,761**	**195,327**
Reclassifications	0	6,372	(10,441)	2,582	(1,487)
Increases	12	8,948	20,401	4,660	34,021
Translation difference	(556)	(4,576)	(2,018)	(4,094)	(11,244)
Decreases	(1,291)	0	(611)	(241)	(2,143)
Balance as of 1 January 2021	**8,412**	**78,949**	**51,445**	**75,668**	**214,474**
Change in consolidation area	3,318	25,659	0	1,410	30,387
Reclassifications	0	4,944	(12,087)	2,625	(4,518)
Increases	19	3,658	25,961	6,608	36,246
Translation difference	1,009	1,552	1,397	4,214	8,172
Decreases	0	(9,595)	0	(5,294)	(14,889)
Balance as of 31 December 2021	**12,758**	**105,167**	**66,716**	**85,231**	**269,872**
AMORTISATION AND IMPAIRMENT					
Balance as of 1 January 2020	**10,148**	**31,931**	**0**	**40,446**	**82,525**
Depreciation for the year	48	4,621	0	6,013	10,682
Write-downs	0	0	0	0	0
Divestments	(1,291)	0	0	(192)	(1,483)
Translation difference	(556)	(1,834)	0	(2,127)	(4,517)
Reclassifications	0	0	0	0	0

Balance as of 1 January 2021	**8,349**	**34,718**	**0**	**44,140**	**87,207**
Change in consolidation area	0	5,477	0	811	6,288
Depreciation for the year	554	4,985	0	6,203	11,742
Write-downs	0	0	0	0	0
Divestments	0	(1,225)	0	(735)	(1,960)
Translation difference	758	1,526	0	2,178	4,462
Reclassifications	(27)	(34)	0	61	0
Balance as of 31 December 2021	**9,634**	**45,447**	**0**	**52,658**	**107,739**
NET BOOK VALUE AS AT 01/01/2021	**63**	**44,231**	**51,445**	**31,528**	**127,267**
NET BOOK VALUE AS AT 31/12/2021	**3,124**	**59,720**	**66,716**	**32,573**	**162,133**

The item Rights and Trademarks as of 31 December 2021 amounts to Euro 59,720 thousand and comprises the following specific items for the product sector:

(in thousands of Euro)	31/12/2021	31/12/2020
Rights	46,949	30,355
Trademarks	12,771	13,876
RIGHTS AND TRADEMARKS	**59,720**	**44,231**

The rights mainly include:

- the patent rights of the RhoGAM owned speciality, for Euro 5,216 thousand, purchased in 2012 and valued at fair value in the PPA considering a royalty on the expected turnover of 5% for a period of 15 years;
- the regulatory licences for plasma collection centres for Euro 13,574 thousand;
- the Marketing Authorisation licence "Ryplazim", issued by the FDA, for Euro 14,098 thousand, purchased during financial year 2021 and valued at fair value in the PPA and the rights and patents purchased during 2021 in Prometic BioTherapeutics for Euro 5,661 thousand, as described in note 6.2.8 “2021 Business Combinations”;
- the licences for the Marketing Authorisations (*Autorizzazioni all’Immissione in Commercio* - A.I.C.) of other proprietary medicinal products, for Euro 6,374 thousand.

The brands mainly consist of the “RhoGAM” brand, the residual value of which is equal to Euro 5,307 thousand, the brands relating to plasma collection centres for Euro 5,500 thousand and the Koate brand for Euro 1,965 thousand. The management, after assessing the possible presence of impairment indicators, carried out the necessary recoverability checks without detecting any impairment of the brands.

The item “Fixed assets progress and advances” mainly comprises:

- costs incurred for the development of the KIg10 for Euro 45,085 thousand, for which the completion of the project is considered technically feasible and the issuance of the necessary authorizations by the regulatory authority is considered highly likely;
- advances paid for the acquisition of new centres for Euro 14,836 thousand;
- for the residual part, mainly from costs for obtaining marketing authorisations and costs for software.

Management carried out the necessary recoverability checks without identifying impairment indicators relating to this item.

The item Other Intangibles mainly refers to the customer lists relating to the acquisition of RhoGAM for Euro 7,049 thousand, application software programmes for Euro 11,743 thousand and the list of hyperimmune plasma donors of the subsidiary Kedplasma Llc for Euro 12,515 thousand. With reference to this balance sheet item, a review of the useful life of the assets was carried out which did not reveal any changes in estimates.

6.4.6. INVESTMENTS IN OTHER COMPANIES

The details of the investments in other companies as of 31 December 2021 and as of 31 December 2020 are shown below.

(in thousands of Euro)	31/12/2021	31/12/2020
Other investments	20	20
INVESTMENTS IN OTHER COMPANIES	**20**	**20**

This investment in other companies is valued at cost adjusted for impairment.
As of 31 December 2021, there were no further indicators of impairment.

6.4.7. OTHER NON-CURRENT FINANCIAL ASSETS

(in thousands of Euro)	31/12/2021	31/12/2020
Security deposits	1,426	1,202
New centers start-up funding	3,665	6,790
CEO Loan	0	500
Financial deferrals	1,364	73
OTHER NON-CURRENT FINANCIAL ASSETS	**6,455**	**8,565**

Security deposits mainly relate to lease agreements for plasma collection centres and offices.
The loan of Euro 3,665 thousand was granted by the US subsidiary KEDPLASMA LLC to Immunotek Biocenters LLC to finance the opening of the new US plasma collection centres and will be repaid through compensation on future plasma purchases.
The CEO loan item, relating to the subscription of a participatory financial instrument, originated from the fact that Kedrion S.p.A. had granted a loan of Euro 500 thousand for part of the contribution and was reclassified shortly as repayment is expected by the end of the following year, subject to closing with the transaction with the Permira fund.

Financial prepayments refer to the long-term portion of prepaid bank expenses relating to two revolving credit facilities equal to Euro 50.0 million each (one denominated in Euro and one in dollars) and a bank loan equal to Euro 140.0 stipulated to support of working capital.

6.4.8. DEFERRED TAX ASSETS (LIABILITIES)

The breakdown of net deferred tax assets and liabilities as of 31 December 2021 and as of 31 December 2020 is shown below:

(in thousands of Euro)	31/12/2021	31/12/2020
Deferred tax assets	19,805	11,022
Deferred tax liabilities	(9,796)	(609)
NET DEFERRED TAX ASSETS (LIABILITIES)	**10,009**	**10,413**

Tax assets and liabilities are recognised and valued separately and shown net in the balance sheet based on the same conditions required by IAS 12.

The details of the deferred tax assets as of 31 December 2021 and 2020 are shown below:

(in thousands of Euro)	2020 taxable amount	2020 total deferred assets	Increase	Decrease	2021 taxable amount	2021 total deferred assets
Amortisation of trademarks and goodwill	690	167	75	4	762	184
Unpaid director remuneration	159	38	275	159	275	66
Unpaid membership contributions	67	16	40	67	40	10
Non-deductible interest expense	-	-	7,260	-	7,260	1,742
Unpaid interest expense	5	1	-	3	2	-
AEG	3,866	928	-	3,866	-	-
R.O.L. (tax consolidation)	3,492	838	-	3,492	-	-
Currency adjustment	1,111	267	6	1,111	6	2
Provision for risks	1,582	441	9,785	551	10,816	3,018
Inventory devaluation fund	365	88	2,020	365	2,020	485
Elimination of intercompany profits	6,200	1,736	5,675	6,200	5,675	1,589
Severance indemnity reserve (IAS 19)	413	99	36	0	449	108
Hedging derivatives	516	124	0	516	0	0
Deferred taxes in the subsidiary Kedrion Biopharma (mainly losses)	16,004	3,809	13,418	0	29,422	7,003
Other	3,369	876	0	1,418	1,951	507
TOTAL	**37,839**	**9,427**	**38,590**	**17,751**	**58,677**	**14,712**
Deferred taxes in the subsidiary PBP		0	5,093			5,093
Deferred taxes in the subsidiary HUMAN BioPlazma		1,594		1,594		0
TOTAL DEFERRED TAX ASSETS		**11,021**				**19,805**

The details of the deferred tax liabilities as of 31 December 2021 and 2020 are shown below:

(in thousands of Euro)	2020 taxable amount	2020 total deferred liabilities	Increase	Decrease	Taxable amount 2021	2021 total assets/liabilities
Currency adjustment	422	101	368	422	368	88
Dividends	0	0	100	0	100	24

Other	1,436	345	0	(751)	2,186	525
Temporary differences on "RYPLAZIM" net assets	0	0	20,142	1,412	18,730	4,761
Deferred taxes in the subsidiary PBP	0	0	4,068	0	4,068	4,068
Deferred taxes in the subsidiary Human	858	163	878	0	1,736	330
TOTAL DEFERRED TAX LIABILITIES	**2,716**	**609**	**25,556**	**1,084**	**27,188**	**9,796**
NET EFFECT ON SHAREHOLDERS' EQUITY		**10,412**				**10,009**

The deferred tax assets of the US subsidiary Kedrion Biopharma Inc. mainly refer to carried forward losses.
The item deferred tax assets of the subsidiary Prometic BioProduction (PBP) derives from the recognition of the assets identified within the Purchase Price Allocation relating to the Ryplazim Deal as better described in paragraph 6.2.7 net of deferred taxes recorded at the end of the year.
There are no deferred taxes on undivided profits of subsidiaries or other temporary differences that may originate them.
Deferred tax assets are recognised to the extent that it is likely the existence of adequate future tax profits against which the temporary differences and tax losses can be used. In this regard, the Group estimates the likely temporal manifestation and the amount of future taxable profits.

6.4.9. INCOME TAX RECEIVABLES

The details of the income tax receivables as of 31 December 2021 and as of 31 December 2020 are shown below:

(in thousands of Euro)	31/12/2021	31/12/2020
Tax receivables on investments	1,757	263
Miscellaneous tax receivables	26	13
INCOME TAX RECEIVABLES	**1,783**	**276**

6.4.10. OTHER NON-CURRENT ASSETS

The details of the other non-current assets as of 31 December 2021 and as of 31 December 2020 are shown below:

(in thousands of Euro)	31/12/2021	31/12/2020
Prepaid expenses	928	759
Other non-current assets	17	13
OTHER NON-CURRENT ASSETS	**945**	**772**

The item includes the non-current portion of prepaid expenses relating mainly to the renewal rights of the Marketing Authorisation.

6.4.11. INVENTORIES

The breakdown of inventories as of 31 December 2021 and as of 31 December 2020 is shown below:

(in thousands of Euro)	31/12/2021	31/12/2020
Raw materials and consumables	85,591	84,855
Semi-finished products	124,547	124,078
Finished products and goods	56,300	74,899
INVENTORIES	**266,438**	**283,832**

The stock decreases by Euro 17,394 thousand mainly due to the optimization of stocks and the turnover trend on finished products.
The value of inventories is expressed net of a bad debt provision of Euro 7,790 thousand, of which Euro 1,413 thousand relating to inventories at the Melville plant, Euro 2,020 thousand relating to the inventories of the parent company and Euro 2,369 thousand relating to the inventories of the Hungarian subsidiary. Inventories of raw materials, semi-finished and finished products are generally subject to expiry, so management considers the expiry date associated with each lot a fundamental element in evaluating their recoverability. It should be noted that the expiry dates of raw materials are no longer relevant once they are put into production. In such cases, the expiry date that is attributed in the production process to semi-finished and finished products is detected. Inventories with near maturity dates are fully written down to take into account their difficult recoverability.

6.4.12. TRADE RECEIVABLES

The breakdown of trade receivables as of 31 December 2021 and as of 31 December 2020 is shown below:

(in thousands of Euro)	31/12/2021	31/12/2020
Trade receivables	133,354	138,308
TRADE RECEIVABLES	**133,354**	**138,308**

For the terms and conditions relating to receivables from related parties, please refer to note 6.6.2.
Trade receivables are non-interest bearing and generally have a contractual maturity of between 30 and 120 days. During 2021, trade receivables decreased by Euro 4,954 thousand in line with the reduction in turnover related to lower sales of plasma.
The adjustment of receivables from foreign customers at the exact exchange rate of 31 December 2021 resulted in the recognition of an unrealised exchange rate loss for Euro 209 thousand.

Against the expected credit losses, the Group set aside a specific bad debt provision which amounts to Euro 9,779 thousand and which is considered congruous with respect to the positions of doubtful collectability known at the closing date of the financial year and the expected insolvency rate. Usage for the financial year relates to the write-off of some small receivables deemed irrecoverable.
The movements in the bad debt provision for the period ended 31 December 2021 are shown below:

(in thousands of Euro)	For trade receivables	For default interest	Total
Balance as of 01/01/2021	**7,379**	**186**	**7,565**
Use in the period	(10)	0	(10)
Provision for the period	2,225	0	2,225
BALANCE AS OF 31/12/2021	**9,593**	**186**	**9,779**

The Group determines impairment losses on trade receivables by considering the amount of doubtful receivables, analysing the specific conditions of the Group's customers, any guarantees given in favour of the Group companies, appropriately evaluating existing disputes and the possibility of recovery overdue receivables, as well as determining the expected insolvency rate by analysing the average credit loss rate recorded in recent years.
The provision for default interest relates to the receivables for the interest on arrears which, according to the regulations in force, the Parent Company invoices to the national Public Bodies.

6.4.13. CONTRACTUAL ASSETS

The movements in contractual assets as of 31 December 2021 and as of 31 December 2020 are shown below:

(in thousands of Euro)	31/12/2021	31/12/2020
Contractual assets	33,896	34,025
CONTRACTUAL ASSETS	**33,896**	**34,025**

In line with IFRS 15, receivables for work in progress are represented as "contractual assets" separately from trade receivables.
Contractual assets are initially recognised for revenues deriving from subcontracting services as the receipt of the consideration is subject to the successful completion of the service. Upon completion of the latter and acceptance by the customer, the amounts recognised as contractual assets are reclassified in trade receivables.

6.4.14. INCOME TAX RECEIVABLES

The breakdown of current tax receivables as of 31 December 2021 and as of 31 December 2020 is shown below:

(in thousands of Euro)	31/12/2021	31/12/2020
Foreign taxes	4,146	3,459
IRES (Corporate Income Tax) – IRAP (Regional Income Tax)	1,193	3,119
Tax receivables on investments	596	66
R&D&I tax receivables	3,310	2,147
Miscellaneous tax receivables	258	37
INCOME TAX RECEIVABLES	**9,503**	**8,828**

The receivable mainly relates to:

- IRAP advances paid during the year for Euro 1,144 thousand and for Euro 49 thousand and the excess of IRES advances paid in the years prior to the accession of the tax consolidation by Kedrion S.p.A.;
- tax receivables accrued mainly by the foreign subsidiaries Kedrion Biopharma Inc., Kedrion Mexicana and Prometic BioProduction;
- tax receivables accrued by Kedrion S.p.A. in 2021 on research and development activities, technological and digital innovation and on investments, of which Euro 2,541 thousand already used as compensation at the date of approval of the financial statements+ and the rest to be compensated in the following months.

6.4.15. OTHER CURRENT ASSETS

The breakdown of other current assets as of 31 December 2021 and as of 31 December 2020 are shown below:

(in thousands of Euro)	31/12/2021	31/12/2020
Receivables due from employees	208	200
Social security receivables	138	93
Other receivables	17,457	17,304
Other	230	158
VAT and other tax receivables	4,505	4,483
Insurance companies	458	1,185
Marketing authorisation licence renewal fees	41	371
Prepaid expenses	6,025	4,637
OTHER CURRENT ASSETS	**29,062**	**28,431**

These other current assets are deemed to be recoverable and therefore have not been subject to value adjustments.

Miscellaneous receivables include:

- the receivables of the Parent Company equal to Euro 12,994 towards the shareholder Sestant S.p.A. following joining the national tax consolidation for the three-year period 2016-2018; on that occasion, the Group regulation governing the application of the provisions on national consolidation was approved; membership of the consolidated is automatically renewed for the three-year period 2019-2021;
- the receivable from the Ministry of Economic Development for some funded research projects for Euro 3,277 thousand;
- the receivables accrued from the Italian Medicines Agency (AIFA) for Euro 1,150 thousand for the grant recognized on some research projects and on the investments made during the three-year period 2007-2009 on the Bolognana plant and for some reimbursements due on the rights paid in excess.

Prepayments mainly refer to advance payments relating to fees, regulatory fees and other costs pertaining to the following year.

6.4.16. OTHER CURRENT FINANCIAL ASSETS

(in thousands of Euro)	31/12/2021	31/12/2020

Non-hedging derivatives	0	6,044
CEO Loan	500	0
Deferrals and other financial assets	516	592
OTHER CURRENT FINANCIAL ASSETS	**1,016**	**6,636**

The item non-hedging derivatives refers to two FX Collar instruments that the Company has today to hedge the exchange rate risk of an Intercompany loan from its American subsidiary Kedrion Biopharma Inc. equal to USD 200 million. The transactions have a total notional of $125 million and maturity on 31 December 2021 (settled on 4 January 2022).
The fair value of these two derivative instruments as of 31 December 2021 was negative and therefore reclassified under liabilities.
The CEO loan, granted for the subscription of a participatory financial instrument, has been reclassified in the short term as described above.
The item Deferrals and other financial assets records the interest accrued by the subsidiary KEDPLASMA LLC on the loan granted to Immunotek Biocenters LLC for the opening of new plasma collection centres for Euro 90 thousand and the current portion of bank charges advanced on the lines of credit available for the Parent Company for Euro 409 thousand and the usability of which will be exhausted in the next few years.

6.4.17. CASH AND CASH EQUIVALENTS

Details of the item as of 31 December 2021 and 2020 are shown below:

(in thousands of Euro)	31/12/2021	31/12/2020
Bank and postal deposits	123,374	91,827
Cash and other cash values	10,826	8,765
CASH AND CASH EQUIVALENTS	**134,200**	**100,592**

Cash and cash equivalents are free from restrictions and are not subject to disinvestment charges.

6.4.18. CAPITAL AND RESERVES

Following the stipulation, on 15 November 2019, of an "Investment Agreement" between the Company, Sestant Internazionale S.p.A., Sestant S.p.A., FSI Investimenti S.p.A. and FSI SGR S.p.A., the share capital of Kedrion S.p.A. amounts to Euro 60,453.90, fully paid up and is held for 50.27% by Sestant Internazionale S.p.A., for 25.06% by FSI Investimenti S.p.A., for 19.59% by FSI SGR S.p.A, for 4, 02% from Sestant S.p.A., for 0.56% from Refin S.r.l. and for 0.50% by PIPS S.r.l. All the class A shares, assigned to Sestant Internazionale S.p.A., to REFIN S.r.l. and to PIPS S.r.l., those of category B assigned to FSI Investimenti S.p.A. and those of category C assigned to FSI SGR S.p.A., have no expressed nominal value.
On 22 March 2021, there was a change in the corporate structure of Kedrion SpA following a series of share transfers through which Sestant SpA (in full), PIPS Srl and REFIN Srl (in part) sold their shares to FSI SGR SpA. Below is the new distribution of the share capital of Kedrion S.p.A.:

- Sestant Internazionale S.p.A. (50.27%);
- FSI Investimenti S.p.A. (25.06%);
- FSI S.G.R S.p.A. (24,11%)
- Refin S.r.l (0,25%);
- PIPS S.r.l (0,31%).

The movements in the consolidated shareholders' equity of the Group during the year ended 31 December 2021 therefore refer to:

- the distribution of profit reserves to shareholders for Euro 7,218 thousand;
- the carry forward of the remaining overall profit realised as of 31 December 2020;
- the change in the conversion reserve for Euro (26,766) thousand;
- the reserve for hedging financial instruments recognised following the stipulation of some interest rate swap contracts to hedge the interest rate risk for Euro 394 thousand;
- the IAS 19 reserve for Euro (19) thousand.

The item Other Reserves breaks down as follows:

- the reserve for payment in the future share capital increase of Euro 68,883 thousand, made in 2009 by the shareholders through the waiver of their financial credit including the interest accrued up to the effective date of the reverse merger;
- the capital account payment reserve made in 2012 by the Sestant and Investitori Associati IV shareholders through the waiver of a financial credit for Euro 5,000 thousand;
- the consolidation reserve deriving from the contribution of the Kedrion shares to the Kedrion Group;
- the merger deficit generated by the reverse merger of Kedrion Group S.p.A. in Kedrion S.p.A. which took place in 2014 for Euro 23,840 thousand;
- consolidated profits carried forward.

The shareholders' equity attributable to non-controlling interests, equal to Euro 527 thousand as of 31 December 2021, relates to the minority interest, equal to 40%, held by Medici Pharma S.A.P.I. de C.V in Kedrion Mexicana, equal to Euro 929 thousand and 40% held by Betaphar İlaç San. ve Tic. A.Ş. for Euro (401) thousand.

Dividends paid and proposed

(in thousands of Euro)	31/12/2021	31/12/2020
Paid during the year	12,376	2,541
Proposed for approval at the Shareholders' Meeting (*)	0	7,218

(*) Not recognised as a liability as of 31 December.

Below is the information relating to subsidiaries with significant minority interests:

Share of equity interests held by minority shareholders

Company name	Registered office	2021	2020
Kedrion Mexicana	Mexico	40%	40%
Kedrion Betaphar	Turkey	40%	40%

The economic and financial data of the subsidiaries with significant minority interests are shown below. This information is based on balance sheet balances before intercompany eliminations.

Income statement	Kedrion Mexicana		Kedrion Betaphar	
(in thousands of Euro)	2021	2020	2021	2020

Revenues	40,695	22,176	34,468	28,815
Cost of sales	(36,989)	(19,559)	(28,168)	(24,847)
GROSS MARGIN	**3,706**	**2,617**	**6,300**	**3,968**
Other revenues	40	0	146	11
Legal and administrative expenses	(648)	(638)	(1,282)	(953)
Commercial and marketing costs	(495)	(593)	(435)	(544)
Research and development costs	0	0	0	0
Other operating costs	(203)	(208)	(104)	0
OPERATING PROFIT	**2,400**	**1,178**	**4,625**	**2,482**
Financial charges	(822)	(909)	(14,862)	(2,056)
Financial income	1,691	1	2,607	3,186
PROFIT BEFORE TAX	**3,269**	**270**	**(7,630)**	**3,162**
Income taxes	(1,163)	(74)	0	(841)
NET PROFIT FOR THE PERIOD	**2,106**	**196**	**(7,630)**	**2,771**
Total overall profit/(loss), net of taxes	**2,106**	**196**	**(7,630)**	**2,771**
Attributable to minority interests	842	78	(3,052)	1,108
Dividends paid to minority shareholders	683	711	0	0

Balance sheet	**Kedrion Mexicana**		**Kedrion Betaphar**	
(in thousands of Euro)	2021	2020	2021	2020
Property, plant and machinery and other non-current financial assets	484	506	4,820	8,513
Inventories	4,954	15,944	0	24
Trade receivables and other assets	19,649	18,954	1,340	17,060
Cash and cash equivalents	5,212	1,934	13,431	9,852
Payables to banks and other lenders	(100)	(85)	(1,356)	(19)
Trade and other payables	(27,797)	(32,069)	(18,817)	(23,046)
Loans and loans and deferred tax liabilities (non-current)	(59)	(127)	(420)	(5,256)
SHAREHOLDERS' EQUITY	**2,343**	**5,057**	**(1,001)**	**7,128**
Attributable to:				
Parent Company shareholders	1,414	3,043	(600)	4,277

Minority interests	929	2,014	(401)	2,851

6.4.19. FINANCIAL DEBT

During 2021 Kedrion SpA refinanced the existing debt with the issuance of a new bond loan maturing in May 2026 and placed on the Euronext market in Dublin for Euro 410 million.
The new debt structure, in addition to the new bond issued, results from the residual bond loan maturing in 2022 equal to Euro 200 million, from medium-/long-term bank loans, from financial and operating lease agreements (the latter accounted for under payables due to IFRS 16) and short-term lines of credit.
The breakdown of financial debt by type of instrument and divided between current and non-current portion as of 31 December 2021, compared with the figure as of 31 December 2020, is shown in the following table:

Net financial debt	**2021**			**2020**		
values in thousands of Euro	Current quota	Non-current quota	Total	Current quota	Non-current quota	Total
Bonds (Kedrion S.p.A.)	199,516		199,516	0	347,539	347,539
Bonds (Kedrion S.p.A.)		402,032	402,032	0	0	0
Total payables to bondholders	**199,516**	**402,032**	**601,548**	**0**	**347,539**	**347,539**
Revolving Credit Facility Mediobanca, B. IMI and Natixis	0	0	0	0	118,304	118,304
Banca Nazionale del Lavoro loan	0	0	0	7,500	7,500	15,000
Cassa Depositi e Prestiti loan	0	0	0	0	20,000	20,000
Simest loan	0	10,000	10,000	0	10,000	10,000
FBM Industria Farmaceutica loan	0	0	0	82	0	82
Total medium-/long-term loans	**0**	**10,000**	**10,000**	**7,582**	**155,804**	**163,386**
Payables to leasing companies	3,041	4,980	8,021	3,620	4,967	8,587
IFRS 16 operating lease liabilities	9,684	102,469	112,153	7,599	84,102	91,701
Total lease payables	**12,725**	**107,449**	**120,174**	**11,219**	**89,069**	**100,288**
MEDIUM-/LONG-TERM LOANS	**212,241**	**519,481**	**731,722**	**18,801**	**592,412**	**611,213**
Revolving Credit Facility	0	0	0	60,000	0	60,000
JPMorgan loan	0	0	0	24,447	0	24,447
Revolving credit facility KBI	17,265	0	17,265	0	0	0
Halk Bank Short-Term Loan	1,313	0	1,313	0	0	0
Banks for advance bills and invoices	18,595	0	18,595	9,830	0	9,830
Other financial debt	12,879	0	12,879	8,994	109	9,103
PAYABLES TO BANKS AND OTHER LENDERS	**50,052**	**0**	**50,052**	**103,271**	**109**	**103,380**
GROSS FINANCIAL DEBT	**262,293**	**519,481**	**781,774**	**122,072**	**592,521**	**714,593**

Medium-/long-term Loans

Specifically, the Group exposes payables for medium-/long-term loans for Euro 731.7 million, of which Euro 519.4 million are non-current and Euro 212.2 million are current.

Of these, payables to bondholders amount to Euro 601.6 million, bank loans amount to Euro 10.0 million (Equity Loan with Simest counterpart) and payables associated with lease agreements amount to Euro 120.2 million (of which 112.1 million for operating leases pursuant to IFRS 16).

As of 31 December 2021, medium-/long-term loans, divided by year of maturity and gross of the effect of amortized cost (adjusted only at the bottom of the table to balance with the balance sheet numbers), are as follows:

Medium-/long-term loans as at 31/12/2021

(in thousands of Euro)	Payables to bondholders	Payables for leased assets	Payables to banks and other payables	Total medium-/long-term loans
Within 12 months	200,009	12,725	0	212,734
Current quota	**200,009**	**12,725**	**0**	**212,734**
Within 24 months	0	12,254	0	12,254
Within 36 months	0	10,649	0	10,649
Within 48 months	0	9,664	0	9,664
Within 60 months	410,000	8,150	10,000	428,150
After 60 months	0	66,732	0	66,732
Non-current quota	**410,000**	**107,449**	**10,000**	**527,449**
TOTAL LOANS	**610,009**	**120,174**	**10,000**	**740,183**
Amortised cost effect	(8,461)	0	0	(8,461)
TOTAL MEDIUM-/LONG-TERM LOANS	**601,548**	**120,174**	**10,000**	**731,722**

The following table shows the data of the loans granted to the Group:

Description	Expiry	Rate as at 31/12/2021	Residual as at 31/12/2021	Quota for the following year	Quota within 5 years	Quota after 5 years
SIMEST loan	30/11/2027	4%	10,000	0	10,000	0
Total medium-/long-term bank loans			**10,000**	**0**	**10,000**	**0**
Bonds	**12/07/2022**	**3%**	**200,009**	**200,009**	**0**	**0**
Bonds	**15/05/2026**	**3.375%**	**410,000**	**0**	**410,000**	**0**

As regards the aforementioned loans and those extinguished during the 2020 financial year, interest expense accrued for approximately Euro 19,197,000.

Payables to leasing companies include contracts entered into in the year ended 31 December 2021 for a total of Euro 3,118 thousand to finance the investments made. The interest rates applied on these loans are in line with those of the market. For commitments on financial risks, see note 6.6.4.

Non-current payables to banks and other lenders

The item includes short-term financial payables to banks for current accounts payable and short-term lines, to leasing and factoring companies and other lenders, as well as the fair value measurement of hedging derivatives.

The non-current part relates exclusively to the liability deriving from the fair value valuation of the FX contracts entered into to hedge the exchange rate risk on the Intercompany loan with the subsidiary Kedrion Biopharma Inc.

The following table shows the breakdown of the current part of the item in question, for the financial years ended 31 December 2021 and 31 December 2020:

(in thousands of Euro)	31/12/2021	31/12/2020
Banks for advance bills and invoices	18,594	9,830
Payables to other lenders	6,946	2,653
Hedging derivatives	0	407
Non-hedging derivatives	1,022	0
Payables to bondholders for interest	4,597	4,948
Overdrafts and liquidity repayable on demand	0	55
JP Morgan loan	0	24,447
Revolving Credit Facility Crédit Agricole, Unicredit	0	30,000
Revolving Credit Facility Intesa San Paolo*	0	30,000
Revolving credit facility KBI	17,265	0
Halk Bank Short-Term Loan	1,313	0
Other financial debt	315	931
PAYABLES TO BANKS AND OTHER LENDERS	**50,052**	**103,271**

**Formerly Cassa di Risparmio di Pistoia and Lucchesia*

Payables to banks and other lenders, equal to Euro 50,052 thousand, consist of current accounts payable and short-term loans, as indicated in the above table.
Payables to other lenders are represented by payables to factoring and leasing companies.
The hedging derivatives show the fair value measurement of the FX contracts entered into to hedge the exchange rate risk on the Intercompany loan with the subsidiary Kedrion Biopharma Inc.

Payables to bondholders relate to the interest accrued on the bond issued at the annual rate of 3% after the tender offer process which took place in May 2021 and the accrued and unpaid interest on the bond issued at the rate of 3.375%.
The item overdrafts and liquidity repayable at sight shows the accrued interest as of 31 December and the negative balance of some foreign exchange accounts.
As regards short-term loans, the Group currently has two revolving credit facilities in place, one denominated in Euro and one in USD stipulated during the refinancing process stipulated with a pool agreement.

As at 31/12/2021, the Revolving Credit Facility denominated in Euro was not drawn while the Revolving Credit Facility in USD was drawn for Euro 17.3 million versus the Euro 50 million available.
The use of lines of credit lines granted to the Parent Company by credit institutions as of 31 December 2021 is equal to 32.37% of the total line of credit versus 15.07% as of 31 December 2020.

To date, the Group is exposed 21% to bank debt and 79% to bonds and other fixed-rate debt (incl. Simest).

IAS 7 information

Below is the table required by the changes made to IAS 7 with the changes in liabilities related to the financing activity, including both changes related to cash flows and non-monetary changes:

(in thousands of Euro)	Value as at 01/01/2021	Cash flow	Other non-monetary movements	Exchange rate change effect	Capex	Change in fair value	Value as at 31/12/2021
New bond loan	0	401,066	966	0	0	0	402,032
Old bond loan	347,540	(149,991)	1,967	0	0	0	199,516
Other medium-/long-term loans IFRS 16	91,701	(8,855)	877	5,782	22,647	0	112,153
Payables to financial leasing companies	8,586	(4,174)	0	0	3,609	0	8,021
Other medium-/long-term loans	163,386	(153,386)	0	0	0	0	10,000
Change in short-term financial liabilities	103,271	(28,043)	(3,781)	(21,395)	0	0	50,052
Change in short-term financial assets	(6,636)	(369)	(518)	0	0	6,507	(1,016)
Change in non-current financial liabilities	109	(109)	0	0	0	0	0
Change in non-current financial assets	(8,565)	2,110	0	0	0	0	(6,455)
Total liabilities from financing activities	**699,392**	**58,250**	**(489)**	**(15,613)**	**26,256**	**6,507**	**774,302**

6.4.20. PROVISIONS FOR RISKS AND CHARGES

The details of the item in question as of 31 December 2021 are provided below, relating to the definition of an agreement for a contract with a German customer of the Hungarian subsidiary Human BioPlazma, the change is due to the exchange difference:

(in thousands of Euro)	Value as at 31/12/2020	Provisions	Translation difference / Usage	Value as at 31/12/2021
Contractual risks for services	692	0	85	778
PROVISIONS FOR RISKS AND CHARGES	**692**	**0**	**85**	**778**

6.4.21. LIABILITIES FOR EMPLOYEE BENEFITS

The item Employee Benefits Liabilities as of 31 December 2021 amounts to Euro 3,707 thousand and is made up of the Severance Indemnity Fund (TFR) due to employees of Kedrion S.p.A., as provided for by Article 2120 of the Italian Civil Code for Euro 3,028 thousand.

The severance indemnity provision provided for by Article 2120 of the Italian Civil Code, from the point of view of recognition in the financial statements, falls within the type of defined benefit pension plans as it is considered a defined benefit obligation and, as such, has been accounted for in line with IAS 19 which requires the valuation of the related liability on the basis of actuarial techniques. The main assumptions made are summarised in the following tables:

Summary of the Economic Technical Bases - Financial hypotheses	31/12/2021	31/12/2020
Annual discount rate	0.98%	0.34%
Annual rate of inflation	1.75%	0.80%
Annual severance indemnity increase rate	2.8125%	2.10%

Summary of the Demographic Technical Bases	Demographic assumptions
Death	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables broken down by age and gender
Retirement	100% upon achievement of the Annual General Meeting Report requirements

Annual Turnover Frequency Table and Severance Indemnity	31/12/2021	31/12/2020
Frequency of advances	2.00%	2.00%
Turnover frequency	2.00%	2.00%

It should be noted that, for the purposes of the actuarial calculation, a discount rate was used determined with reference to a basket of Corporate bonds with an AA rating (iBoxx Corporate AA index with a duration of 10+), recognised at the valuation date. For this purpose, the yield with a duration comparable to the duration of the collective of workers subject to valuation was chosen.

The following table shows the changes for the periods ended 31 December 2021 and 31 December 2020 of the severance indemnity fund:

(in thousands of Euro)	31/12/2021	31/12/2020
Current value of the bond at the beginning of the period	3,329	3,595
Financial charges	29	26
Benefits paid	(356)	(343)
Actuarial loss (profit) recognised	26	51
CURRENT VALUE OF THE BOND AT THE BEGINNING OF THE PERIOD	**3,028**	**3,329**

The other liabilities for employee benefits amount to Euro 678 thousand and are mainly made up of a defined benefit plan relating to the Hungarian subsidiary.
The average number of Group employees expressed in terms of full-time equivalent is shown in the following table:

Workforce – FTE	31/12/2021	31/12/2020

Total FTE (employees, temporary workers, temporary workers and outsourced)		2,563	2,690
-	Of which Kedrion S.p.A. administered	0	0
-	Of which temporary workers of Kedplasma LLC	0	2
-	Of which temporary workers of Kedrion Biopharma	11	14
-	If which temporary workers of Human Bioplazma	0	1
-	Of which Commercial LE outsourcing	5	9
-	Of which Prometic BioProduction (PBP)	62	0

6.4.22. OTHER NON-CURRENT LIABILITIES

The following table shows the details of the item in question for the financial years ended 31 December 2021 and 31 December 2020:

(in thousands of Euro)	31/12/2021	31/12/2020
Grants on investments (Kedrion SpA)	1,900	541
Hungarian grant on investments	466	433
Other liabilities	633	636
OTHER NON-CURRENT LIABILITIES	**2,999**	**1,610**

The other non-current liabilities relate to deferred income, mainly relating to public grants.
Deferred income on investment grants include:

- the credit accrued on the investments made in the first half of 2015 and the tax credits due pursuant to Law No. 160 dated 27 December 2019 et seq. for expenses incurred by way of investment in new capital goods, replacing super-depreciation and hyper-depreciation and represent the non-current portions of the same contributions pertaining to subsequent years which are recognised in the income statement on a straight-line basis over the useful life, pending the goods to which they refer;
- the residual amount of the capital contribution due under the programme agreements signed with the Italian Medicines Agency represents the portion relating to future years that will be charged to the income statement based on the useful life of the financed investments; the amount charged to the income statement during the year is equal to Euro 30 thousand.

The non-current portion of the capital grant due on the basis of an agreement entered into by the Hungarian subsidiary HUMAN BioPlazma with the government to finance the investments made on the production plant amounts to Euro 466 thousand.

6.4.23. CURRENT PROVISIONS FOR RISKS AND CHARGES

(in thousands of Euro)	Value as at 31/12/2020	Reclassifications/Provisions	Translation difference / Usage	Value as at 31/12/2021
Legal, contractual and tax disputes	1,910	15,084	(550)	16,444
CURRENT PROVISIONS FOR RISKS AND CHARGES	**1,910**	**15,084**	**(550)**	**16,444**

Decree Law 95/2012 converted, with amendments, by Law 135 dated 7 August 2012 defined an articulated regulation for monitoring national and regional hospital pharmaceutical expenditure, known as "payback AIFA".
Article 15, paragraph 7 set out that: "*As of 2013, a share of 50% of any exceeding of the spending ceiling at national level is charged to pharmaceutical companies. The remaining 50 percent of the entire national deficit is borne only by the regions in which the regional expenditure ceiling is exceeded, in proportion to the respective deficits; the region that has registered an overall economic equilibrium is not required to reconcile.*"

The uses for the period mainly relate to the definition of the level of the overrun of the hospital expenditure ceiling to be borne by pharmaceutical companies 2018 and 2019, with a simultaneous payment of Euro 550 thousand.

The provision for the year, equal to Euro 15.1 million, relates to:

- AIFA payback estimated for 2019-2021, for a total of Euro 3.3 million;
- potential liabilities on commercial and administrative disputes in progress, of a non-recurring nature, including an ongoing proceeding with the Romanian Antitrust Authority (Euro 8.4 million);
- a dispute with a supplier for damages suffered in relation to a defective supply (Euro 2.1 million);
- request for compensation received from a customer in relation to a defective supply (Euro 1.3 million).

6.4.24. TRADE PAYABLES

The breakdown of trade payables as of 31 December 2021 and as of 31 December 2020 is shown below:

(in thousands of Euro)	31/12/2021	31/12/2020
National suppliers	37,106	43,171
Foreign suppliers	88,473	81,331
Invoices to be received	24,220	20,321
Advances to suppliers	(547)	(48)
Credit notes to be received	(1,095)	(2,848)
TRADE PAYABLES	**148,157**	**141,927**

Trade payables do not produce interest and are mainly settled within 60/90 days. This value includes payables relating to the normal conduct of commercial activities by the companies of the group, specifically the procurement of raw materials, components, services and external processing.
The increase is mainly due to the phasing of purchases and investments, in line with production needs and business plans.

6.4.25. CONTRACTUAL LIABILITIES

(in thousands of Euro)	31/12/2021	31/12/2020

Contractual liabilities	6,253	7,649
CONTRACTUAL LIABILITIES	**6,253**	**7,649**

The contractual liabilities recognise the advance received from a customer for future plasma supplies based on contractual agreements.

6.4.26. INCOME TAX PAYABLES

The balance of Euro 4,097 thousand as of 31 December 2021 mainly represents the payable for current income taxes of the Parent Company and foreign companies, mainly of Kedrion Biopharma Gmbh, Kedrion Biopharma Inc. and Prometic BioProduction Inc., with the following breakdown:

(in thousands of Euro)	31/12/2021	31/12/2020
IRAP	699	1,146
Other current taxes relating to foreign companies	3,398	7,267
INCOME TAX PAYABLES	**4,097**	**8,413**

6.4.27. OTHER CURRENT LIABILITIES

The breakdown of other current liabilities as of 31 December 2021 and as of 31 December 2020 is shown below:

(in thousands of Euro)	31/12/2021	31/12/2020
Payables to welfare and social security institutions	6,561	9,310
Payables to employees and collaborators	15,649	13,147
Payables to shareholders for dividends	4,992	8,767
Other payables	3,577	2,497
Accrued expenses	384	614
Grants on investments – current portion (Kedrion SpA)	486	198
Hungary grant on investments - current portion	34	1,626
VAT	3,049	1,375
Tax withholdings	5,717	4,181
OTHER CURRENT LIABILITIES	**40,449**	**41,715**

Payables to welfare and social security institutions mainly refer to contributions relating to wages for the month of December and to the fourteenth months' salary, allocations for unused holidays, company bonuses and accrued leaving incentives.

Payables to employees include wages and salaries for the month of December, payables for severance indemnity to employees who have terminated the employment relationship by 31 December, including the retirement incentive fee, provisions for 14 months' salary and holidays accrued and not taken.

Payables to shareholders for dividends relate to the dividends for the financial year 2020 of Kedrion S.p.A. for Euro 3,609 thousand and Kedrion Mexicana for Euro 1,383 thousand.

The item Other Payables mainly includes the following items:

- the payable relating to a tax envisaged by the Romanian authorities on sales in this market for Euro 1,030 thousand;
- the payable to the shareholder Sestant S.p.A. for taxes transferred following membership to the tax consolidation scheme for Euro 2,159 thousand.

The payable to the tax authorities for withholding taxes mainly refers to withholding taxes relating to wages for the months of November and December and thirteenth months' salary.

6.5. COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

6.5.1. REVENUES

In the financial years ended 31 December 2021 and 2020, the revenues deriving from contracts with customers amounted to Euro 660,384 thousand and Euro 697,234 thousand, respectively. As follows:

	31/12/2021				
REVENUES (in thousands of Euro)	**Plasma derivatives**	**Plasma**	**Other assets**	**Eliminations**	**Consolidated**
Type of goods or services					
Plasma derivatives	595,989				595,989
Plasma		189,304		(142,343)	46,961
Other			17,433		17,433
Total revenues	**595,989**	**189,304**	**17,433**	**(142,343)**	**660,384**
Geographical area					
USA	246,715	124,807		(87,803)	283,718
Italy	96,683	42,683	13,455	(42,683)	110,139
Rest of the World	156,828	6,037	29		162,894
European Union	95,762	15,777	3,949	(11,856)	103,632
Total revenues	**595,989**	**189,304**	**17,433**	**(142,343)**	**660,384**
Revenue recognition timing					
Assets transferred at a given moment	525,597	189,304	13,496	(142,343)	586,054
Services transferred over a certain period of time	70,392		3,937		74,329
Total revenues	**595,989**	**189,304**	**17,433**	**(142,343)**	**660,384**

	31/12/2020			
REVENUES	**Plasma**	**Plasma**	**Other assets**	**Consolidated**

(in thousands of Euro)	Derivatives			Eliminations	
Type of goods or services					
Plasma derivatives	579,824				579,824
Plasma		268,882		(174,611)	94,271
Other			23,139		23,139
Total revenues	**579,824**	**268,882**	**23,139**	**(174,611)**	**697,234**
Geographical area					
USA	219,896	130,584	2,724	(92,798)	260,406
Italy	133,901	53,196	16,153	(53,196)	150,054
Rest of the World	152,149	36,023	2		188,174
European Union	73,878	49,079	4,260	(28,617)	98,600
Total revenues	**579,824**	**268,882**	**23,139**	**(174,611)**	**697,234**
Revenue recognition timing					
Assets transferred at a given moment	472,465	268,882	16,377	(174,611)	583,113
Services transferred over a certain period of time	107,359		6,762		114,121
Total revenues	**579,824**	**268,882**	**23,139**	**(174,611)**	**697,234**

The Group operates in three business sectors:

- the main sectors, relating to the production and sale of plasma derivatives, especially medicinal products containing proteins extracted from human plasma such as albumin, standard and hyperimmune immunoglobulins and coagulation factors;
- the collection and sale of the plasma collected at the centres owned by the Group;
- other activities including the distribution of synthetic products and toll manufacturing of intermediates on behalf of third parties.

The following is an analysis of revenues by business sector for the years ended 31 December 2021:

"PRODUCTION AND SALE OF PLASMA DERIVATIVES" SEGMENT

Revenues from the production and sale of plasma derivatives at 31 December 2021 amounted to Euro 596 million (+ 90.2% of the total) with a growth of 2.8%; the growth in the relative weight of this segment from 83.2% to 90.2% of the total is partly due to the contraction in sales in the plasma segment due to the lower availability of plasma caused by Covid-19 but also and above all to excellent performance of some products.

Within the segment, the plasma-derived US market maintains its strategic importance with 41% of total turnover with a growth of 12%. Europe shows the highest growth rate, + 29.6%, thanks to the performance of increasingly important markets for the Group (Germany, Austria, Portugal and France), especially due to the growth in the average price of immunoglobulins that the Company has recorded by allocating the product to these markets, whilst Italy, as better specified in the geographic breakdown of revenues, is in decline due to the lower volumes of plasma processed for the National Health System. The Rest of the World, with 26% of the total, takes second place in terms of relevance in the segment and marks a growth of 3%.

"COLLECTION AND SALE OF PLASMA" SEGMENT

Revenues from the collection and sale of plasma segment as of 31 December 2021 amounted to Euro 47.0 million, with a decrease of 50.2% compared with the previous year. This reduction is due to the lower availability of American plasma linked to a further drop in collection (-10% compared with 2020 due to the pandemic) and to lower purchases of plasma from suppliers.
In 2019 (pre-pandemic) the revenues of this segment amounted to Euro 610 million.

"OTHER ACTIVITIES" SEGMENT

The revenues of this segment, relating to the sale of synthetic products and production on behalf of third parties, as of 31 December 2021 amounted to Euro 17.4 million, down by 24.7% compared with 2020.
The main non-plasma-derived products is Nuwiq (recombinant factor VIII) obtained in exclusive distribution for Italy by Octapharma with a ten-year agreement; the turnover of this product during the year ended was equal to Euro 11.5 million, a decrease of approximately 18% compared with 2020. The second most important product included in this segment is CERUS (biomedical devices used for the viral inactivation of platelets and human plasma, distributed in Italy exclusively starting from 2017 following a partnership agreement launched both to exploit the synergy with Kedrion's current positioning in the plasma-derived products sector and to benefit from the possible development of the segment of inactivation of red blood cells for transfusion use for which CERUS plans to obtain authorization in the coming years): despite the impact of Covid on the Italian SSN (National Health Service), the goal of approximately Euro 2 million reached in 2020 was substantially confirmed during the year.
Production on behalf of third parties made at the Godollo plant for some operators in the sector decreased slightly from Euro 4.5 million in 2020 to Euro 4 million in 2021.

6.5.2. COST OF SALES

The item is composed as follows:

	Financial year ended 31 December	
(in thousands of Euro)	2021	2020
Consumption of raw materials, accessories and consumables	317,000	342,345
External processing	36,629	27,115
Costs for services	43,971	45,748
Labour costs and related charges	87,685	88,422
Depreciation	31,095	29,875
COST OF SALES	**516,380**	**533,505**

The cost of goods sold amounts to Euro 516.4 million for the year 2021 with a percentage incidence on revenues of 78.2% compared with 76.5% in 2020.
Consumption of raw materials, accessories and consumables includes the cost of plasma and all materials used during the production process. The cost of plasma recorded a further higher price increase in 2021 than those highlighted in recent years because of the Covid-19 pandemic. In fact, the decline in donations, the increase in competition and the extraordinary security measures implemented during the year have generated an increase in the cost of collection in Kedrion of about 16%.
The costs for external processing are attributable to the purification and packaging activities carried out at external plants and refer mainly to the Melville plant.
Costs for services relate to plant maintenance and other third-party services relating to production sites.
Non-recurring transactions relating to the cost of goods sold amount to Euro 49,529 million and mainly concern the costs incurred to deal with the COVID-19 emergency. For further details, please refer to note 6.5.11.

6.5.3. OTHER INCOME

The item is composed as follows:

	Financial year ended 31 December	
(in thousands of Euro)	2021	2020
Expense recoveries	2,043	1,153
Gains from sales of centres	23,957	15,528
Ryplazim Deal gain	48,731	0
Insurance reimbursements	1,141	959
Operating grants and tax income	4,874	5,225
Capital grants	486	352
Reversal of provisions	662	176
Services	20	26
Costs for capitalised internal works	17,498	21,580
Other	4,408	5,279
OTHER INCOME	**103,820**	**50,278**

Other proceeds include the capitalisation of internal work costs for Euro 17,498 referring to the development costs of the KIG10 and the Rhogam project at the Melville plant.
The items recoveries of expenses and insurance reimbursements also relate to reimbursements and recovery of expenses obtained from suppliers and customers and to reimbursements on claims involving finished and intermediate products.
Operating grants mainly relate to the portion pertaining to the year relating to research projects financed by the Ministry of Economic Development for Euro 1,300 and to the tax credit accrued on research and development and technological innovation activities equal to Euro 3,310 thousand; in 2020, this contribution amounted to Euro 2,137 thousand.
The plant grants mainly refer to the share pertaining to the financial year of the contribution provided by AIFA within the Programme Agreements and the 2015 investment contribution based on Legislative Decree 91/2014 for Euro 30 thousand to the share pertaining to the financial year of the contributions paid on the investments of the year 2015 on the basis of Decree Law 91/2014

and the contributions due pursuant to Law No. 160 dated 27 December 2019 et seq. for the expenses incurred by way of investment in new capital goods, replacing the super-depreciation and hyper-depreciation for Euro 404 thousand.

As described in paragraph 6.2.6 of the "Significant events of the year", the sale of the 7 American plasma collection centres and the sale of the Winnipeg centre in Canada allowed for the recognition of an income of approx. Euro 25.0 million.
According to the directors, the transactions must be framed in the ordinary activity of optimising the Group's procurement management, in the context of which the excess capacity for the collection and/or purchase of plasma is managed through the sale of this plasma to third parties or directly from the centres that least respond to the Group's strategic objectives. Consistent with this assessment, the transaction, although it had a significant effect on the result for the year, is not considered non-recurring and in the cash flow statement the flows that originated were classified among those generated by operating activities.

The item Ryplazim Deal gain refers to the "bargain" emerging from the Purchase Price Allocation carried out on the Ryplazim transaction equal to Euro 18.1 million, as highlighted in note 6.2.8, and to the payments of the milestones by Liminal to PBP upon the receipt of the voucher equal to Euro 30.6 million, for a total of other income deriving from the Ryplazim business combination of Euro 48.7 million.

The item "other" mainly refers to revenues for services provided by Human BioPlazma to Haema after the sale of the centres in Hungary for Euro 1,543 thousand, reimbursements from suppliers, transport costs recognised by customers and for the remainder the contingencies relating to insurance reimbursements relating to claims occurred in previous years.

Non-recurring transactions relating to other revenues amount to Euro 52,385 thousand. For further details, please refer to note 6.5.11.

6.5.4. GENERAL AND ADMINISTRATIVE EXPENSES

The item is composed as follows:

	Financial year ended 31 December	
(in thousands of Euro)	2021	2020
Labour costs and related charges	33,844	31,687
Duties and taxes (excluding income tax)	1,228	1,396
Legal and administrative services	12,939	8,151
Directors', other bodies and auditors' emoluments	2,078	1,394
Depreciation	12,124	10,814
General and administrative insurance	3,719	4,470
CED expenses	3,235	3,086
Postal and telephone charges	1,044	1,358
Leases and rentals	751	648
Third-party services	6,588	6,316

Provisions	10,091	1,468
Other services and general and administrative costs	11,308	9,972
GENERAL AND ADMINISTRATIVE EXPENSES	**98,949**	**80,760**

The increase in general and administrative costs is mainly due to the provisions for risks and charges as detailed in note 6.4.22, to an increase in strategic consultancy in support of transformation initiatives, to the increase in Board costs and to the increase in staff costs linked to the elimination of the effects of the CIGO used in the previous year to cope with the effects of the COVID-19 pandemic.
The item other services and general costs includes, amongst other things, cleaning costs and membership contributions to sector organisations.
Non-recurring transactions relating to general and administrative expenses amount to Euro 22,099 thousand. For further details, please refer to note 6.5.11.

6.5.5. SALES AND MARKETING EXPENSES

The item is composed as follows:

	Financial year ended 31 December	
(in thousands of Euro)	**2021**	**2020**
Labour costs and related charges	16,534	14,441
Consultancy services	3,245	2,835
Commissions	7,718	5,880
Conferences and congresses	1,159	1,176
Advertising costs	4,149	3,668
Depreciation	887	701
Other	16,613	16,976
SALES AND MARKETING EXPENSES	**50,305**	**45,677**

Marketing expenses increased in 2021 in line with the increase in sales of plasma derivatives and related commissions and the increase in staff costs linked to the elimination of the effects of the CIGO used in the previous year to cope with the effects of the pandemic from COVID-19.
The item "others" includes expenses for market research, transport costs on sales and annual fees for membership in industry associations.
Non-recurring transactions relating to commercial and marketing expenses amount to Euro 781 thousand. For further details, please refer to note 6.5.11.

6.5.6. RESEARCH AND DEVELOPMENT EXPENSES

The item is composed as follows:

	Financial year ended 31 December	
(in thousands of Euro)	**2021**	**2020**
Labour costs and related charges	14,760	12,442
Consultancy services	3,368	1,505
Clinical studies	3,441	1,345

Depreciation	5,122	4,181
Other	13,466	9,692
RESEARCH AND DEVELOPMENT EXPENSES	**40,157**	**29,165**

The increase in research costs is mainly due to the consolidation of the costs of the Laval plant, acquired within the Ryplazim operation and not yet fully operational, as well as the continuation of clinical studies relating to the KIG10 product and ImmunoRho.
The item "other" includes costs for the purchase of materials for testing and services from third parties in addition to the costs incurred for the development of US collection centres. Please refer to the report on operations for more details on the research projects in progress.
Non-recurring transactions relating to research and development costs amount to Euro 9,535 thousand. For further details, please refer to note 6.5.11.

6.5.7. OTHER OPERATING COSTS

The item is composed mainly by regulatory costs, as follows:

	Financial year ended 31 December	
(in thousands of Euro)	**2021**	**2020**
Labour costs and related charges	3,646	3,278
Consultancy services	451	505
Depreciation	179	198
Charges for registered products	3,602	3,520
Other	477	442
OTHER OPERATING COSTS	**8,355**	**7,943**

Non-recurring transactions relating to other operating costs amount to Euro 83 thousand and refer to labour costs. For further details, please refer to note 6.5.11.

BREAKDOWN OF EXPENSES BY TYPE AND ALLOCATION

	Financial year ended 31 December	
(in thousands of Euro)	**2021**	**2020**
Purchases of materials and goods	302,795	324,195
Change in inventories	25,977	23,329
Services	159,974	139,603
Depreciation/amortization	49,407	45,769
Labour costs	156,469	150,270
Use of third-party assets	6,772	5,585
Provisions for risks	10,090	1,468
Other costs	2,662	6,831
TOTAL EXPENSES BY TYPE	**714,146**	**697,050**

The item “Use of Leased Assets” includes the costs for lease agreements for which the underlying asset is a "low value asset", agreements that expire within 12 months from the transition date or in any case with a duration of less than 12 months, "short-term lease” and the costs for services related to leases for which IFRS 16 has been applied for the lease portion of the asset.

	Financial year ended 31 December	
(in thousands of Euro)	2021	2020
Cost of sales	516,380	533,505
General and administrative expenses	98,949	80,760
Sales and marketing expenses	50,305	45,677
Research and development expenses	40,157	29,165
Other operating costs	8,355	7,943
TOTAL EXPENSES BY ALLOCATION	**714,146**	**697,050**

6.5.8. FINANCIAL EXPENSES

Financial charges as of 31 December 2021 and as of 31 December 2020 are detailed in the table below:

	Financial year ended 31 December	
(in thousands of Euro)	2021	2020
Bank interest expense	2,328	4,939
Interests due to bondholders	16,586	10,471
Other interest expense	665	935
Net actuarial interest	3,670	1,922
Financial charges on derivative instruments	6,507	0
Financial charges on lease agreements	5,097	4,170
Other	6,951	5,671
Losses on foreign exchange	19,769	39,706
FINANCIAL EXPENSES	**61,573**	**67,814**

Financial charges mainly derive from medium-/long-term loans including bonds granted to the Group and described in note 6.4.19. The change is mainly due to the fluctuation of currencies which generated a reduction in exchange rate losses between realised and unrealised, equal to Euro 19,937 thousand.

6.5.9. FINANCIAL INCOME

The item breaks down as in the table below.

	Financial year ended 31 December	
(in thousands of Euro)	2021	2020
Interest income	806	409

Financial income on derivative instruments	0	4,816
Exchange rate profits	30,604	8,766
FINANCIAL INCOME	**31,410**	**13,991**

The increase in financial income is due to the fluctuation of currencies.

6.5.10. INCOME TAXES

Income taxes as of 31 December 2021 amount to Euro 9,151 thousand and break down as follows:

	Financial year ended 31 December	
(in thousands of Euro)	**2021**	**2020**
Current tax liabilities	10,642	4,265
Current tax assets	0	(10,751)
Deferred taxes	(2,360)	(2,913)
INCOME TAXES	**8,282**	**(9,399)**

Current tax liabilities accrued on profits for the year and are mainly attributable to the parent company Kedrion SpA and the subsidiaries Kedrion Biopharma Inc, Kedrion Biopharma Gmbh, Kedrion Mexicana and Prometic BioProduction.

The result before income taxes, the provision for income taxes for the years ended 31 December 2021 and 2020 and the reconciliation between the theoretical and actual tax rate resulting from the consolidated financial statements are shown in the following table:

	Financial year ended 31 December	
(in thousands of Euro)	**2021**	**2020**
Profit before taxes	19,895	(3,361)
IRES tax rate for the year	24%	24%
Theoretical tax burden	**4,775**	**(807)**
IRAP	600	1,146
Non-deductible costs	2,423	532
Non-accounting tax deductions	(11,030)	(7,411)
Adjustments	100	(713)
Tax receivables	286	61
Different theoretical rate effect of foreign subsidiaries	11,128	(2,207)
Total differences	**3,507**	**(8,592)**
TOTAL TAX ACCORDING TO THE INCOME STATEMENT	**8,282**	**(9,399)**
Actual tax rate	**42%**	**-**

6.5.11. SIGNIFICANT NON-RECURRING, ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In the 2021, the non-recurring cost and revenue items pursuant to Consob Resolution no. 15519 dated 27 July 2006, which defines them as "components of income (positive and/or negative) deriving from events or operations whose occurrence is non-recurring or from those operations or facts that are not repeated frequently in the usual course of business", amount to Euro 28.3 million and are detailed in the following table.

(in thousands of Euro)	Cost of sales	Other income	General and administrative expenses	Sales and marketing expenses	Research and development expenses	Other operating costs	TOTAL	Of which effect on EBITDA
Covid-19	33,504	0	958	462	565	83	35,573	35,573
Proceeds from the purchase of Ryplazim and product launch costs	623	(48,731)	1,846	318	5,778	0	(40,167)	(41,190)
Costs associated with the Rhogam Melville line	8,951	(1,967)	0	0	1,967	0	8,951	8,655
Legal settlements and disputes	672	(244)	10,091	0	1,226	0	11,745	11,745
Strategic and transformation initiatives	4,033	-	4,476	0	0	0	8,509	8,509
Discontinued assets	1,746	(1,443)	325	0	0	0	628	628
Non-recurring incentives for employees	0	0	4,403	0	0	0	4,403	4,403
TOTAL	**49,529**	**(52,385)**	**22,099**	**781**	**9,535**	**83**	**29,642**	**28,323**

The nature of the cost and revenue items considered non-recurring is summarised below:

- Costs relating to the COVID-19 pandemic which mainly gather the additional costs of plasma collection in the proprietary centres (in terms of higher cost per litre collected due to both the decrease in donations and therefore the volumes collected and the increase in "donor fees" to compensate precisely for the drop in donations) and plasma procured from third parties (price increase also in terms of prices already contractually determined with the force majeure clause) for a total of Euro 31.2 million; extraordinary costs not absorbed by the product, extraordinary sanitation costs of Euro 2.9 million; extraordinary bonuses to employees for a total of Euro 1.5 million;
- Ryplazim deal gain net of launch and start-up costs gather the extraordinary income resulting from the deal and from the Purchase Price Allocation and the launch and start-up costs of production at the Laval plant for Euro 40.2 million;
- Costs associated with the new RhoGAM production line include the “extension fees” paid to the supplier for the extension of the supply contract, in line with the timing of completion of the insourcing project, and the unabsorbed costs of the production structure. Non-recurring costs for the year amounted to Euro 9.0 million, of which Euro 0.3 million relating to amortisation and depreciation;
- Legal settlements and disputes for a total net amount of Euro 11.7 million mainly represent the costs incurred/set aside during the year for legal transactions and disputes relating to: (i) provision for potential liabilities on commercial and administrative disputes in progress, of a non-recurring nature (Euro 7.3 million); (ii) dispute with supplier for damages suffered

in relation to defective supply (Euro 2.8 million); (iii) claim received from customer in relation to defective supply (Euro 1.2 million); (iv) other miscellaneous (Euro 0.4);

- Non-recurring employee expenses for a total value of Euro 4.4 million relate to the efficiency and rightsizing plan;
- Strategic and transformation initiatives refer to operations to revise the corporate structure and to projects to improve efficiency and increase yields/production capacity for a total of Euro 8.5 million;
- Discontinued assets relate to lines of business no longer in use and companies in the process of being liquidated for Euro 0.6 million.

6.6. OTHER INFORMATION

6.6.1. OPERATING SEGMENTS

The Group provides information by operating segments. The operating segment is based on the Group's management structure and the internal reporting system. The sector results include elements attributable to a sector directly and through a reasonable allocation for the costs common to multiple sectors. Sector revenues, costs and results include transfers between sectors. These transactions are eliminated in the consolidation. The intra-group transfer prices are set in a similar way to those for transactions with third parties. The Group also provides information relating to geographical areas.

The Group operates in three business sectors:

- the main segment relating to the production and sale of plasma derivatives, in particular medicinal products containing proteins extracted from human plasma such as albumin, immunoglobulins, standard and hyperimmune, and coagulation factors;
- the collection and sale of the plasma collected at the centres owned by the Group;
- other activities including the production for third parties of intermediates and other products and the distribution of other pharmaceutical proprietary medicinal products including recombinant factor VIII, which benefit from the strong positioning of the Kedrion distribution network.

The Group operates worldwide by segmenting the markets into four geographical macro-areas: "Italy", "European Union", "USA" and "Rest of the World".
Sales to external customers are based on the geographical location of the customers themselves.
The intersectoral revenues of the "Plasma" segment are made towards the "Plasma derivatives" segment.
Details of the item as of 31 December 2021 and 2020 are shown below:

	Financial year ended 31/12/2021				
(in thousands of Euro)	Plasma derivatives	Plasma	Other activities	Eliminations	Consolidated
Revenues from third parties	595,989	46,961	17,433		660,384
Inter-segment revenues		142,343		(142,343)	0
TOTAL REVENUES	**595,989**	**189,304**	**17,433**	**(142,343)**	**660,384**
COST OF SALES	**467,916**	**178,904**	**11,903**	**(142,343)**	**516,380**
GROSS MARGIN	**128,073**	**10,400**	**5,531**	**0**	**144,004**
% ON REVENUES	**21.49%**	**5.49%**	**31.72%**		**21.81%**

Other income	79,536	24,284		103,820
Operating costs				197,766
OPERATING RESULT				**50,058**
Net financial charges				30,163
PROFIT / (LOSS) BEFORE TAXES				**19,895**
Income taxes				8,282
NET PROFIT FOR THE YEAR				**11,613**

Financial year ended 31/12/2020

(in thousands of Euro)	Plasma derivatives	Plasma	Other activities	Eliminations	Consolidated
Revenues from third parties	579,824	94,271	23,139	0	697,234
Inter-segment revenues		174,611		(174,611)	0
TOTAL REVENUES	**579,824**	**268,882**	**23,139**	**(174,611)**	**697,234**
COST OF SALES	**374,162**	**254,398**	**16,423**	**(174,611)**	**470,371**
GROSS MARGIN	**205,663**	**14,484**	**6,716**	**0**	**226,863**
% ON REVENUES	**35.47%**	**5.39%**	**29.02%**	**0**	**32.54%**
Other income	30,620	19,658		0	50,278
Operating costs					226,679
OPERATING RESULT					**50,462**
Net financial charges					53,823
PROFIT / (LOSS) BEFORE TAXES					**(3,361)**
Income taxes					(9,399)
NET PROFIT FOR THE YEAR					**6,038**

Assets and liabilities as at 31/12/2021					
(in thousands of Euro)	Plasma derivatives	Plasma	Other activities	Not allocated	Consolidated
Operating assets allocated to segments	397,731	29,988	5,968	1,054,459	1,488,146
Operating liabilities allocated to segments	114,320	29,619	4,218	853,691	1,001,848
Other segment information for the year ended 31/12/2021					
Investments in intangible assets allocated to segments	49,785	10,560	0	0	60,345
Investments in property, plant and equipment allocated to sectors	38,779	4,270	0	0	43,049
Investments in rights of use assets allocated to segments	4,691	33,111	0	0	37,802
Depreciation/Amortization of intangible and tangible assets allocated to segments	40,335	9,072	0	0	49,407

Assets and liabilities as at 31/12/2020					
(in thousands of Euro)	Plasma derivatives	Plasma	Other activities	Not allocated	Consolidated
Operating assets allocated to segments	427,642	24,019	4,504	928,570	1,384,735
Operating liabilities allocated to segments	106,337	28,709	6,881	780,497	922,424
Other segment information for the year ended 31/12/2020					
Investments in intangible assets allocated to segments	22,467	11,554			34,022
Investments in property, plant and equipment allocated to sectors	50,952	2,198			53,150
Investments in rights of use assets allocated to segments	19,578	17,967			37,545
Depreciation/Amortization of intangible and tangible assets allocated to segments	20,451	9,424			29,875

6.6.2. RELATIONS WITH RELATED PARTIES

The following tables show the details of the economic and financial relations with related parties for the year ended 31 December 2021 and 2020. The specified companies have been identified as related parties as they are directly or indirectly connected to the shareholders of reference.

Financial year ended 31/12/2021							
(in thousands of Euro)	Revenues	Cost of sales	General and administrative expenses	Sales and marketing expenses	Research and development expenses	Other operating costs	Financial (expenses) / income

Il Ciocco S.p.A.	0	2	241	0	2	4	0
Shaner Ciocco S.r.l.	0	1	36	13	0	0	0
Ancora S.r.l.	0	0	31	0	31	61	0
Borgo Ai Conti S.r.l.	0	0	90	0	0	0	0
Tissuelab S.r.l.	6,200	0	1	460	0	0	0
Fondazione Campus	0	0	350	45	0	0	0
Il Ciocco International Travel Service S.r.l.	0	0	961	0	0	0	0
Maggio Re S.r.l.	0	0	935	93	135	95	0
Tecno Servizi S.r.l.	0	117	1	20	0	0	0
Tecno Immobiliare S.r.l.	0	104	91	16	15	0	0
Validations and Technical Serv. S.r.l.	0	990	79	0	438	0	0
VTS USA Inc.	0	225	0	0	0	0	0
Paola Pardini	0	0	63	0	0	0	0
Refin S.r.l.	0	0	271	0	0	0	0
Luca Ungarelli	0	0	100	0	0	0	0
TOTAL	**6,200**	**1,439**	**3,250**	**647**	**621**	**160**	**0**
Group Total	**660,384**	**516,380**	**98,948**	**50,305**	**40,157**	**8,355**	**0**
% incidence	**0.94%**	**%**	**%**	**1.29%**	**1.55%**	**1.92%**	**0**

Financial year ended 31/12/2020

(in thousands of Euro)	Revenues	Cost of sales	General and administrative expenses	Sales and marketing expenses	Research and development expenses	Other operating costs	Financial (expenses) / income
Il Ciocco S.p.A.	0	6	340	33	7	5	0
Shaner Ciocco S.r.l.	0	0	19	41	0	0	0
Ancora S.r.l.	0	0	35	0	33	66	0
San Quirico S.r.l.	0	0	96	0	0	0	0
Borgo Ai Conti S.r.l.	0	0	90	0	33	0	0
Tissuelab S.r.l.	9,185	0	4	571	0	0	0
Ambrosia S.r.l.	0	0	1	0	0	0	0
Fondazione Campus	0	0	332	20	0	0	0
Il Ciocco International Travel Service S.r.l.	0	0	934	0	0	0	0

Fondo Strategico Italiano S.p.A.	0	0	83	0	0	0	0
CDP Equity S.p.A.	0	0	53	0	0	0	0
Maggio Re S.r.l.	0	0	1,010	100	148	103	0
Tecno Costruzioni S.r.l.	0	109	0	0	10	0	0
Tecno Immobiliare S.r.l.	0	108	96	17	16	0	0
Validations and Technical Serv. S.r.l.	0	1,325	53	0	438	0	0
VTS USA inc.	11	217	0	0	0	0	0
Paola Pardini	0	0	65	0	0	0	0
Refin S.r.l.	0	0	270	0	0	0	0
Remo Grassi	0	0	31	0	0	0	0
Luca Ungarelli	0	0	118	0	0	0	0
Alessandro Stefani	0	0	11	0	0	0	0
Entegrion Inc.	175	0	0	0	0	0	0
TOTAL	**9,371**	**1,765**	**3,641**	**782**	**685**	**174**	**0**
Group Total	**697,234**	**533,505**	**80,761**	**45,678**	**29,165**	**7,943**	**(53,821)**
% incidence	**1.3%**	**0.3%**	**4.5%**	**1.7%**	**2.3%**	**2.2%**	**0.0%**

31/12/2021

(in thousands of Euro)	Financial receivables	Trade Receivables	Financial payables	Trade Payables	CAPEX
Il Ciocco S.p.A.	120	0	0	101	0
Shaner Ciocco S.r.l.	0	0	0	15	0
Ancora S.r.l.	0	0	0	5	0
Borgo ai Conti S.r.l.	0	0	0	37	0
Tissuelab Srl	0	9,705	0	211	0
Fondazione Campus	0	0	0	250	0
Il Ciocco International Travel Service S.r.l.	0	0	0	245	0
Maggio Re S.r.l.	65	0	0	129	0
Tecno Servizi S.r.l.	1	0	0	38	40
Tecno Immobiliare S.r.l.	60	0	0	0	0
Validations and Technical Serv. S.r.l.	0	0	0	570	1,004
VTS USA inc.	0	0	0	139	76
Sestant Spa	0	12,994	0	2,159	0
Sestant Investimenti S.r.l	0	0	0	0	0

Paola Pardini	10	0	0	0	0
Refin S.r.l.	0	0	0	115	0
Luca Ungarelli	0	0	0	71	0
TOTAL	**256**	**22,699**	**0**	**4,085**	**1,120**
Group Total	**7,471**	**133,384**	**781,774**	**155,690**	**88,562**
% incidence	**3.43%**	**16.99%**	**0**	**2.62%**	**1.26%**

31/12/2020

(in thousands of Euro)	Financial receivables	Trade Receivables	Financial payables	Trade Payables	CAPEX
Il Ciocco S.p.A.	120	0	0	108	0
Shaner Ciocco S.r.l.	0	0	0	2	0
Ancora S.r.l.	0	0	0	1	0
Borgo Ai Conti S.r.l.	0	0	0	37	0
Tissuelab S.r.l.	0	8,546	0	560	0
Ambrosia S.r.l.	0	0	0	1	0
Fondazione Campus	0	0	0	120	0
Il Ciocco International Travel Service S.r.l.	0	0	0	231	0
CDP Equity S.p.A.	0	0	0	1	0
Maggio Re S.r.l.	65	0	0	0	0
Tecno Costruzioni S.r.l.	1	0	0	61	86
Tecno Immobiliare S.r.l.	60	0	0	0	0
Validations and Technical Serv. S.r.l.	0	0	0	597	720
VTS USA Inc.	0	10	0	137	0
Sestant S.p.A.	0	11,045	0	63	0
Sestant Investimenti S.r.l.	0	0	0	16	0
Paola Pardini	10	0	0	0	0
Refin S.r.l.	0	0	0	115	0
Luca Ungarelli	0	0	0	97	0
Alessandro Stefani	0	0	0	11	0
TOTAL	**256**	**19,601**	**0**	**2,158**	**806**
Group Total	**15,201**	**138,308**	**714,593**	**149,576**	**100,465**
% incidence	**1.7%**	**14.2%**	**0.0%**	**1.4%**	**0.8%**

Below are the details of each related party for financial year 2021:

- Il Ciocco S.p.A.: costs are mainly related to the rental of properties for Euro 16 thousand, for various surveillance and maintenance services, porterage for Euro 210 thousand for various hotel expenses

for Euro 23 thousand. payables and receivables are of a commercial nature and refer to the services indicated above;

- Shaner Ciocco S.r.l.: costs are mainly related to hotel and entertainment expenses for Euro 50 thousand. Payables and receivables are of a commercial nature and refer to the services indicated above;
- Ancora S.r.l.: the costs relate to the lease payments of an office building in Rome for Euro 123 thousand;
- Borgo Ai Conti S.r.l.: costs relate to the rents for an office building in Lucca for Euro 90 thousand;
- Tissuelab S.r.l.: revenues refer to the sale of products while the costs of services for the marketing and distribution of recombinant factor VIII for Euro 461 thousand. Payables and receivables are of a commercial nature and refer thereto;
- Fondazione Campus Studi del Mediterraneo: costs relate to training courses for managers and middle managers of Kedrion S.p.A., consultancy, translations and language courses for Euro 395 thousand. Payables and receivables are of a commercial nature and refer to the services indicated above.
- Il Ciocco Travel S.r.l.: costs are mainly related to helicopter transport services for Euro 788 thousand, hotel booking and transfer services for a total of Euro 142 thousand as well as the management of the car and rental fleet for Euro 13 thousand and luxury taxes for Euro 18 thousand. Payables and receivables are of a commercial nature and refer to the services indicated above.
- Maggio Re S.r.l: costs relate to rents, for Euro 1,258 thousand, for the rental of some office properties;
- Tecno Servizi S.r.l: costs relate to construction works, plant maintenance for Euro 178 thousand, of which Euro 40 thousand for investments;
- Tecno Immobiliare S.r.l: costs relate to the leasing of properties for Euro 226 thousand; receivables relate to guarantee deposits;
- VTS Srl: costs of Euro 2,511 thousand relate to the costs of homologations and validations, maintenance of American plasma collection plants and centres, of which Euro 1,004 thousand for investments;
- VTS Inc.: costs relate to the validation and maintenance services of the plasma collection centres;
- Paola Pardini: costs relate to the leasing of properties for Euro 63 thousand;
- Refin S.r.l.: costs mainly relate to consultancy for Euro 271 thousand;
- Luca Ungarelli: costs and payables relate to the remuneration of a director and consultants for Euro 100 thousand;
- VTS USA Inc: costs relate to approvals and validations carried out at American plasma collection centres for Euro 225 thousand plus investments for Euro 76 thousand;
- Sestant S.p.A.: payables and credits refer to the transfer of the IRES debt and tax credits to Sestant following the exercise of the option for tax consolidation.

The remuneration paid to executives with strategic responsibilities, on an annual basis, in 2021, amounted to Euro 2,418 thousand, whilst those paid to other members of the Marcucci family for work services amounted to Euro 460 thousand.

6.6.3. REMUNERATION OF DIRECTORS, STATUTORY AUDITORS AND THE INDEPENDENT AUDITORS (ON AN ANNUAL BASIS)

REMUNERATION OF DIRECTORS

Name and Surname	Position	Remuneration	Bonus and other remuneration	Total remuneration
Paolo Marcucci	President	732,000	200,000	932,000
Val Gene Romberg	CEO	130,000	-	130,000
Andrea Marcucci	Director	30,000	-	30,000
Marialina Marcucci	Director	395,520	-	395,520
Remo Grassi	Director	30,000	-	30,000
Matteo Fanciullacci (1)	Director	10,000	-	10,000
Emiliano Ranati (2)	Director	20,000	-	20,000
Giacomo Tofani	Director	30,000	-	30,000
Giovanni Zetti	Director	30,000	-	30,000
Fabrizio Redaelli	Director	30,000	-	30,000
Luca Ungarelli	Director	30,000	-	30,000
Barnaba Ravanne	Director	30,000	-	30,000
TOTAL		**1,497,520**	**200,000**	**1,697,520**

(1) In office until 30 April 2021
(2) In office from 30 April 2021
(3) In office until 05 October 2020

REMUNERATION OF THE BOARD OF STATUTORY AUDITORS

Name and Surname	Position	Remuneration	Total remuneration
Giuseppe Galeano	Chairman	35,000	35,000
Francesco Cirillo	Statutory auditor	27,500	27,500
Fabrizio Cerbioni	Statutory auditor	27,500	27,500
Luca Michele Debernardi	Statutory auditor	27,500	27,500
Massimo Caramante (1)	Statutory auditor	18,333	18,333
Giuseppe Paternò (2)	Statutory auditor pro tempore	9,187	9,187
TOTAL		**145,000**	**145,000**

(1) In office from 30 April 2021
(2) In office until 30 April 2021

REMUNERATION OF THE AUDITING FIRM E&Y AND OTHER GROUP AUDITORS

(in thousands of Euro)	2021
Statutory audit of the Parent Company's annual accounts	97

Audit of subsidiaries	266
Other certification services (*)	55
Other services (**)	574
TOTAL	**992**

(*) Relating to NFS audit services, certification of R&D activities of the Parent Company, interim audit activities as at 30/09/21 of the subsidiary HBP
(**) Mainly relating to financial due diligence and financial data verification activities aimed at issuing specific certificates in preparation for the issue of the bond loan

6.6.4. FINANCIAL RISK MANAGEMENT

FOREIGN EXCHANGE RATE RISK

The Group operates internationally and is therefore exposed to the exchange rate risk deriving from the various currencies in which it operates. Exposure to exchange rate risk derives from commercial and financial transactions in currencies other than accounting transactions. The main currencies that generate FX risk are the US Dollar, the Hungarian Forint, the Ruble, the Turkish Lira and the Mexican Peso. The sensitivity analysis carried out in order to assess the Group's exposure to exchange rate risk was conducted assuming reasonably possible changes in the exchange rates listed above against the Euro. The following tables show the impact on pre-tax profit due to changes in the fair value of current assets and liabilities, keeping all other variables fixed. In addition to current assets and liabilities of a commercial nature, items of a financial nature have been included, mainly represented by the balances of intra-group financial receivables and payables in currencies other than the accounting currency.

Esercizio Chiuso al 31/12/2021

Valute	Variazione	Effetto sull'utile al lordo delle imposte (in migliaia di Euro)
USD	rivalutazione 10%	40.839
	svalutazione 10%	(33.414)
HUF	rivalutazione 10%	4.311
	svalutazione 10%	(3.527)
RUB	rivalutazione 10%	1.599
	svalutazione 10%	(1.308)
TRY	rivalutazione 10%	137
	svalutazione 10%	(112)
MXN	rivalutazione 10%	1.957
	svalutazione 10%	(1.601)

INTEREST RATE RISK

Kedrion has two bonds outstanding for a total of Euro 610.0 million at a fixed rate with maturities in July 2022 for Euro 200.0 million and May 2026 for Euro 410.0 million, as well as three revolving credit facilities for Euro 140.0, 50, 0 and 50.0 million at variable rates. As of 31 December, the company was hedged by the interest rate risk for 71% of its total long-term exposure. The interest rate risk to which the Group is exposed is therefore today largely limited

in the medium to long term, thanks to the bond issue. The exposure is higher on short-term loans. The Group monitors the conditions of the financial markets on interest rates to evaluate hedging opportunities to further reduce risk exposure.

LIQUIDITY RISK

The Parent Company manages the liquidity risk through strict control of the elements that make up the operating net working capital and maintains an adequate level of liquidity and funds obtainable through loans made available by various banking institutions. As of 31 December 2021, the Group has available and unused lines of credit worth Euro 262.7 million, of which 15% short-term.

With a view to making the management of cash flows more efficient, avoiding the dispersion of liquidity and minimising financial charges, the Group has also adopted systems for the concentration and centralised management of the liquidity of the main Group companies (cash pooling) on the Kedrion S.p.A. accounts.

The Group will have the ability to repay existing loans at the due date in 2022 through operating cash flows generated by operational management as well as refinancing operations, including through the issuance of new financial instruments.

(in thousands of Euro)	On demand	Less than 3 months	from 3 to 12 months	From 1 to 5 years	More than 5 years	Total
Financing and loans	2,844	11,251	248,198	444,147	75,064	781,774
Trade payables and other payables	58,295	35,242	100,407	2,694	344	196,982
TOTAL	**61,139**	**46,493**	**348,605**	**447,112**	**75,408**	**978,756**

For further details on the maturity profile (so-called "maturity analysis") of medium-/long-term loans, please see note 6.4.18.

CREDIT RISK

The majority of the Group's European receivables is claimed from hospitals and other public entities, whose solvency is reasonably considered certain and on which the Group has never recorded losses on receivables, with the exception of the waiver of interest on arrears. Similarly, receivables from US customers, given the short payment terms and the financial strength demonstrated by the customers themselves are also considered reasonably certain and solvent. Residual receivables are mainly due to foreign customers (Middle East, Asia, Africa and South America) with consolidated relationships and long-term partnerships. Furthermore, all receivables are constantly monitored by a recently implemented dedicated central structure, capable of preventing exposures that are not in line with Group policies, for example unauthorised shipments in the presence of overdue positions or in excess of the commercial credit lines granted. The Group believes that its credit risk management policies are adequate, in relation to the degree of insolvency risk of its customers.

The following tables show the details of trade receivables for financial year ended 31 December 2021 and 2020:

Trade receivables (values in thousands of Euro)	**Year ended 31 December 2021**	
Gross trade receivables	142,947	100%

Provision for bad debts	(9,593)	(7%)
Trade receivables	**133,354**	**93%**

Trade receivables (values in thousands of Euro)	**Year ended 31 December 2021**	
Maturing	80,557	61%
Maturing within 60 days	19,933	15%
Maturing within 61-120 days	6,668	5%
Maturing within 121-180 days	2,910	2%
Maturing within 181-240 days	4,926	4%
Maturing within 241-360 days	15,559	11%
Maturing within over 365 days	2,800	2%
Net trade receivables	**133,354**	**100%**

Trade receivables (values in thousands of Euro)	**Year ended 31 December 2020**	
Gross trade receivables	145,687	100%
Provision for bad debts	(7,379)	(5%)
Trade receivables	**138,308**	**95%**

Trade receivables (values in thousands of Euro)	**Year ended 31 December 2020**	
Maturing	95,060	69%
Maturing within 60 days	7,063	5%
Maturing within 61-120 days	6,025	4%
Maturing within 121-180 days	16,249	12%
Maturing within 181-240 days	2,323	2%
Maturing within 241-360 days	1,756	1%
Maturing within over 365 days	9,832	7%
Net trade receivables	**138,308**	**100%**

CAPITAL MANAGEMENT POLICY

The primary objective of the Group's capital management is to ensure that adequate levels of capital indicators are maintained in order to support the business. The Group manages the capital structure and modifies it according to changes in economic conditions. To maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay the capital or issue new shares.

The Group verifies its capital by means of a debt/capital ratio, or by comparing the net debt with the total capital plus the net financial position. For further details on financial debt and the debt/capital ratio, please refer to the Report on Operations.

FINANCIAL ASSETS AND LIABILITIES

All the financial instruments of the Group are recognised in the financial statements at a book value that is not different from the fair value.

6.6.5. COMMITMENTS AND RISKS

These include sureties, guarantees and third-party assets held by the Group. For financial years ended 31 December 2021 and 2020, they are summarised as follows:

	Financial year ended 31 December	
(in thousands of Euro)	2021	2020
Risks	**56,515**	**69,224**
- Sureties	52,025	67,277
- Guarantees	4,490	1,947
Other third-party assets within the Group	9,228	9,008
TOTAL	**65,743**	**78,232**

RISKS

As of 31 December 2021, the risks consisted of sureties given for participation in public tenders for an amount equal to Euro 36,652 thousand, other insurance guarantees given in favour of Public Bodies for Euro 15,374 thousand. Signature guarantees are issued in support of foreign commercial activity, mainly for supply contracts and lease agreements.

OTHER THIRD-PARTY ASSETS WITHIN THE GROUP

These refer entirely to third-party assets held by the Group relating mainly to the Italian plasma processing activities carried out by Kedrion on behalf of the Regions.

COMMITMENTS

There are no commitments for the Group.

6.6.6. DIVIDEND POLICY

Pursuant to Article 29.3 of the Articles of Association of Kedrion S.p.A., the net profits resulting from the financial statements duly approved by the Shareholders' Meeting will be divided as follows: a) at least 5% to the legal reserve fund until it reaches the fifth of the share capital; the remainder to the distribution of dividends and to the extraordinary reserve.

6.6.7. SUBSEQUENT EVENTS

Within the transformation and efficiency programme, corporate simplification operations continued: the voluntary liquidation of the Swiss subsidiary Kedrion Swiss Sarl was completed in February 2022, whilst the voluntary liquidation procedure of the Indian subsidiary Kedrion Biopharma India Private Ltd was launched at the end of March 2022.

In January 2022, funds managed by the private equity Permira, supported by their co-investor Abu Dhabi Investment Authority (ADIA), signed a partnership with the current shareholders of Kedrion to acquire control of Kedrion SpA and, at the same time, of the English company of Bio Products Laboratory (BPL) plasma derivatives. The union of the two companies will create a global player in the field of plasma-derived medicines, with an estimated annual turnover of Euro 1.1 billion and over 4 thousand employees worldwide.

Permira, in partnership with the Marcucci family, intends to support the new unified reality in organic growth through the internationalization of the existing portfolio and the development of new products; but it will also support the search for growth opportunities by external lines, with the ultimate goal of creating a diversified reality specialising in rare diseases. The transaction remains subject to regulatory approvals and the usual closing conditions, expected by October 2022. The Permira Funds were assisted by Morgan Stanley, EY, Latham & Watkins, Giliberti and Triscornia e Associati. The shareholders of Kedrion were assisted by Lazard, Natixis, Carnelutti and Pedersoli. BofA Securities and Goodwin Procter advised BPL and TII, the sole shareholder of BPL.

As part of the agreements reached with Permira, the provisions relating to the management obligations of the interim period between signing and closing of the transaction, required by the Buyer and functional, as usual, to guarantee an orderly transition process to the new controlling shareholder, also in the interest of the Company and its subsidiaries. Amongst the conditions precedent, the Company requested and obtained a waiver from the financial institutions with which the Company signed the senior loan agreement in April 2021, in relation to the non-applicability of the financial covenants for the period from 31 December 2021 (including) as at the closing date of the transaction.

In relation to the back end of the Covid-19 pandemic, the first months of 2022 saw a consolidation of the recovery in plasma collection (158 thousand litres collected in the first two months, slightly above budget forecasts), even though the costs of collection, starting from the donor fees, remain above expectations. Although the spread of the Omicron variant has increased the number of positive cases amongst the Company's employees, there have been no production interruptions and guidelines have been prepared for a progressive return to normality, in line with the relaxation of the emergency measures.

In relation to the Russian-Ukrainian conflict that broke out at the end of February 2022, the Company has started a careful monitoring, through its internal control bodies, of the possible impacts on its production and commercial activities, since these are two important markets for its products (specifically albumin and anti-D), through local distributors, even though the Company does not have significant assets and personnel in the areas affected by the conflict. It should be noted that, as of 31 December 2021, the parent company was exposed to its distributor in Russia for approximately Euro 10 million, of which Euro 2.5 million overdue and in the process of being recovered. There are currently no significant critical issues on the recovery of these receivables even though losses could occur as a result of the exchange rate trend, as these receivables are denominated in rubles.
Furthermore, the Company has no suppliers based in Russia and does not depend on production materials directly produced on Russian territory, whilst carefully monitoring the possible impacts on the costs of energy consumption and raw materials. Lastly, Kedrion has prepared a contingency plan approved by the Risk Committee, which provides, amongst other things, for the intensification of cyber security measures.

None of these events have an impact on the 2021 financial statements.

6.6.8. INFORMATION PURSUANT TO LAW 124/2017

The following table shows the public grants collected by the Parent Company in 2021:

Receiving Body	Granting Body	Reason

		2021 Amount Collected	Collection Date	
Kedrion S.p.A C.F. 01779530466	Ministry of Economic Development	1,782,032	10/05/2021	KIG 10
Kedrion S.p.A C.F. 01779530466	Ministry of Economic Development	1,306,274	11/08/2021	KIG 10

Castelvecchio Pascoli, 8 April 2022

For the Board of Directors
The President
Paolo Marcucci

KEDRION
BIOPHARMA