KEDRION
BIOPHARMA

KEDRION GROUP
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023

Kedrion SpA
Single shareholder entity
Subject to the direction and coordination of Kedrion Holding SpA

Joint Stock Company
Share Capital 60,453,901.00 Euro fully paid up
Registered office: Località Ai Conti - 55051 BARGA (LU) - frazione Castelvecchio Pascoli
Production workshop: 55027 GALLICANO (LU) - frazione Bolognana
80029 SANT'ANTIMO (NA)

Tax code - VAT number - Register of Companies of North West Tuscany no. 01779530466 – REA registration no. 170535

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LETTER FROM **PAOLO MARCUCCI**

2023 represented a chapter of extraordinary growth for Kedrion, a leader in plasma derivatives and a pioneer in the treatment of ultra-rare diseases. With revenues of 1.4 billion Euro and a global team of 5,300 talents, Kedrion is confirmed as one of the world's leading players.

One year after the strategic investment by Permira, a global Private Equity firm and our majority shareholder, 2023 was a pivotal moment in our journey of transformation and growth, marking a decisive turning point in building a new Kedrion.

The merger with the British company BPL, which is also one of the leading players in the field of plasma derivatives and therapies for rare diseases, has created new synergies that have expanded our company's business prospects and opened up further opportunities for growth and development.

The plasma derivatives industry continues to play a key role in global health, with increasing demand for vital therapies such as Immunoglobulins, especially in rapidly growing emerging countries.

This positive trend is accompanied by a greater awareness of the importance of the diagnosis and treatment of rare and serious diseases, for which plasma derivatives in many cases are true lifesavers. At the same time, we must not turn our attention away from the least developed countries, where there is still much work to be done to ensure that all patients have the right to health.

In light of this scenario, I'm proud to say that today Kedrion is a stronger, more robust and competitive company, ready to ensure increasing availability of medicines to meet the needs of patients who depend on these vital therapies.

I would also like to highlight the commitment to innovation which has always been at the heart of our mission and which specifically translates into making drugs available that can improve the quality of life for those living with an ultra-rare disease, as in the case of Congenital Factor X Deficiency and Congenital Plasminogen Deficiency, two therapies that represent a fundamental pillar in our company's path of growth.

As always, our commitment to ethics, social responsibility and sustainability remains at the core of our mission. Every day, we strive to support the well-being of our people and the well-being of the communities and regions in which we operate, holding firm to the values of integrity and solidarity that guide our actions.

In concluding this letter, I want to express my deep gratitude to the shareholders, to all the people of Kedrion, to our donors, to and the vast community around us. It is through the collaboration and support of all of you that we can continue to grow and fulfill our mission of providing care to those in need.

Paolo Marcucci
Chairman

LETTER FROM **UGO DI FRANCESCO**

In 2023 we made a strong commitment not only to reach all the operational and financial goals we had set ourselves, but also to complete the integration between the two companies. In both cases, the results have been excellent, primarily due to the financial solidity and strategic vision of the Private Equity company Permira, our new majority shareholder.

I am very proud of how the new Leadership Team has passionately, dedicatedly, and enthusiastically led our over 5,300 collaborators worldwide in this integration and development process of the new Kedrion. Today, the company is effectively a global player in the plasmaderivatives sector and therapies for rare diseases, capable of competing in an increasingly complex and challenging market.

2023 also saw the completion of the final steps planned from the Permira deal with the debt refinancing, which was completed in May, and the reverse merger of the vehicle used for the transaction (Kevlar SpA) into Kedrion SpA, successfully completed in July 2023.

Before illustrating our main results, I would like to emphasize that the 2023 financial statements have a particular relevance as it is the first set of financial information which is able to represent the performance of the new Group over a full year period. For this reason, in order to allow a comparative analysis with 2022, the pro-forma data from the information prospectus used in May for the Bond issue was used as the benchmark.

In 2023, the Group's turnover greatly exceeded the one billion Euro threshold, standing at 1,429.3 million and registering a growth of 24.7% (plus Euro 283.5 million) on a like-for-like basis on the Group's turnover calculated pro forma for the entire 2022 financial year.

On the plasma collection front, 2023 was a year of strong growth. The integration between the two companies, coupled with the general recovery of the sector in the United States, allowed us to increase our plasma collection - making it more efficient - and ensure the full needs of our production plants. In this way, we also had the opportunity to make the surplus plasma available to the market, thus recording an increase in revenue in this segment.

Simultaneously, in the face of a constant increase in demand for plasma-derived therapies, sales in this segment have grown by 14.9% on a like-for-like basis over the entire 2022 financial year (pro forma).

As a result of these outcomes and all the activities carried out during the year, we have almost managed to double our EBITDA, which reached to a total of Euro 182 million - 233 million if considered net of extraordinary items (adjusted EBITDA) - highlighting a significant increase in the profitability of the new Kedrion compared to the sum of the two previous companies.

From a commercial standpoint, we have continued our expansion on international markets favoured by the combination with BPL and by a solid and increasingly broad product portfolio. The most significant example of this internationalisation process is represented by our entry into the Chinese market.

The United States confirms itself as our primary market with a share equal to 58% of the total turnover: a leadership role destined to strengthen in the coming years. Following, the most relevant countries of the Group were: Italy, thanks also to our partnership with the National Health System, Mexico, Germany, Turkey and the United Kingdom.

The consolidation of our position on the US market is due, on the one hand, to the increasing market share acquired by our two 10% Immunoglobulins and, on the other hand, to the excellent performance recorded by our Anti-Rabies Immunoglobulin - of which we have secured distribution for the next eight years thanks to a new agreement signed in December 2023.

We have also continued our Research and Innovation activities focused on optimizing the plasma resource and all its components for the purpose of fully enhancing their therapeutic potential for the treatment of rare and ultra-rare diseases. This is an innovative and highly relevant approach, as evidenced by the recent publication in a prestigious scientific journal of our research work aimed at identifying the most promising proteins - among those present in the fractions of plasma discarded during the production process - for the development of new therapies.

As part of the integration process, a great deal of effort was placed in systematizing and fully enhancing all of the resources available in the two companies, generating significant synergies and together, improving our efficiency and productivity. If, on one hand, this combination has allowed us to grow, on the other hand, it has provided us with the foundations on which the solidity of our business will stand in the coming years.

Beyond the results, I believe that one of the main milestones of 2023 was to achieve alignment on a number of shared values and together identify new ones with the objective of defining the principles and ethical standards that underpin our mission. At Kedrion, we work every day guided by a single purpose: to increase and improve the life prospects of those affected by rare and debilitating diseases. We stand alongside patients and their families, challenging the boundaries imposed by the disease to respond to therapeutic needs at our best.

Looking at the current year, 2024 will mark a phase of consolidation for Kedrion facilitated by the increasing distribution of our products around the world, with a particular focus on therapies for ultra-rare diseases, such as Congenital Plasminogen Deficiency and Factor X Deficiency.

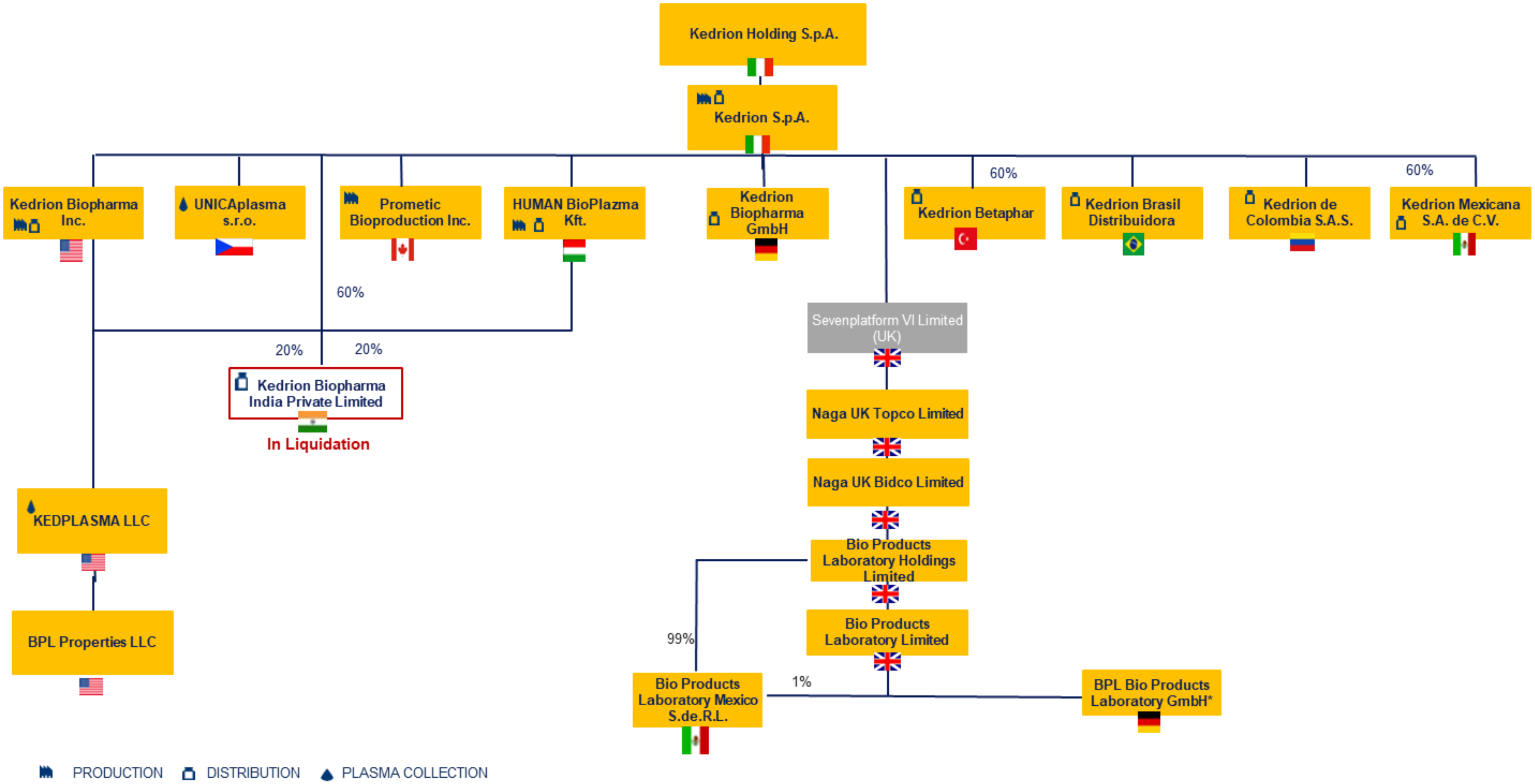
By 2024, we are prepared to submit our new 10% Immunoglobulin registration dossier to the FDA; consolidate the entire production cycle of Anti-D Immunoglobulin at our Melville plant (New Jersey, USA); and, at the same time, advance in our Research and Innovation projects.

After outlining the main results of 2023 and the prospects for 2024, I would like to conclude this letter focusing on a concept which is key on my perspective, which can be summarised in one word: "people". With this term I think of patients and those who stand by them, donors, our collaborators and all those who live in the territories where we operate. Our commitment is to play a positive and tangible role in their lives and in the communities where we are present, with the ambition to contribute in designing a better future together.

Lastly, I would like to express my deepest thanks to our Chairman Paolo Marcucci, to the Permira company and to the other shareholders for their trust and support and, in particular, to all the people of Kedrion who have been the main architects of the results that you are about to read.

Ugo Di Francesco
CEO

1. GROUP STRUCTURE



All shareholdings are 100% unless otherwise stated.
* transfer of ownership of BPL Bio Products Laboratory GmbH to Kedrion Biopharma GmbH to be effective 01.01.2024

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

BOARD OF DIRECTORS In office until the Annual General Meeting ("AGM") approving the financial statement as of 31 December 2024	Paolo Marcucci	Chairman of the Board of Directors
	Ugo Di Francesco	Director and Chief Executive Officer
	Federico Latini	Director
	Ulrike Becker	Director
	Evan Daniel Selig	Director
	Massimiliano Barberis	Director
	Massimo Perpoli	Secretary of the Board of Directors
BOARD OF STATUTORY AUDITORS In office until the AGM approving the financial statement as of 31 December 2024	Tommaso Di Tanno	Chairman and Statutory auditor
	Stefano Massarotto	Statutory auditor
	Giuseppe Galeano	Statutory auditor
	Giancarlo Lapecorella	Alternate auditor
	Massimiliano Altomare	Alternate auditor
AUDIT FIRM Appointed by the ordinary general meeting held on 3 October 2023 and in office until the AGM approving the financial statement as of 31 December 2025.	PricewaterhouseCoopers SpA	

THE BOARD OF DIRECTORS OF THE COMPANY

1. Role and Functions

Under article 21.1 of the Article of Association, the Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company, within the limits of the competences assigned by the Law and by this Article of Association, with the power to perform all acts considered appropriate for the implementation of the corporate purpose, with the sole exclusion of those that the Article of Association and/or the law reserve to the competence of the Shareholders.

2. **Composition**

The company is administered by a board of directors comprising 6 members.

3. **Delegations and powers**

The Board of Directors has delegated certain powers to individual directors, in particular:

- to the CEO, the powers related to ordinary administration useful for achieving the company's purpose and other specific powers, and to the Chairman of the Board of Directors, the powers provided for by article 2381, first paragraph of the Civil Code and the Company's Articles of Association.

3. AUDITORS' REPORT

3.1. REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

KEDRION GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Kedrion SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kedrion SpA and its subsidiaries (the "Kedrion Group" or the "Group"), which comprise the consolidated statement of the financial position as of 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 this report. We are independent of Kedrion SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The consolidated financial statements of the Kedrion Group for the year ended 31 December 2022 were audited by another auditor who issued an unmodified opinion on those financial statements dated 13 April 2023.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated 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, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Kedrion SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we 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 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 evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we concluded on the appropriateness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify 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 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 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 on the consolidated financial statements.

We 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 identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Kedrion SpA are responsible for preparing a report on operations of the Kedrion Group as of 31 December 2023, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Kedrion Group as of 31 December 2023 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of Kedrion Group as of 31 December 2023 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 8 April 2024

PricewaterhouseCoopers SpA

Signed by

Christian Sartori
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

4. MANAGEMENT REPORT

Dear Shareholders,

during 2023 Management worked on the integration of the Kedrion and BPL groups and completed the last steps foreseen by the Permira deal in terms of debt refinancing, completed in May 2023, and reverse merger of the parent company Kevlar SpA into Kedrion SpA, completed on July 14, 2023. According to the reference accounting principles, the comparative economic data as of December 31, 2022 refer to the Kevlar Group post-acquisition as of August 31, 2022 and, therefore, include the economic performance of the last 4 months of the 2022 financial year.
In the financial year ended December 31, 2023, the turnover for the Kedrion Group was equal to Euro 1,429.3 million (Euro 505.4 million in 2022); at the same perimeter, the Group's turnover for the entire 2022 financial year (proforma) would have been Euro 1,145.8 million, therefore the turnover in 2023 resulted in an increase of 24.7% (+ Euro 283.5 million). In fact, it was a year of significant growth for the Group, which, at the same perimeter for the entire 2022 financial year (pro-forma), recorded an increase in sales of plasmaderivatives (+14.9%), mainly thanks to the increase in prices generated by demand and the performance of some products, and plasma (+330.7%), thanks to the increase in volumes collected and available for sale to third parties. The internationalization of the Group continues, accelerated by the integration of the BPL Group, with an Export share that stood at 92.2% in 2023 (89.4% in 2022). The United States consolidated its position as the Group's main market with a share of 57.9% of turnover (48.6% in 2022), followed by the rest of the world with 24.8%, the European Union with 9.5% and Italy with 7.8%.
The EBITDA was equal to Euro 181.8 million (12.7% of turnover), while the adjusted EBITDA (calculated excluding the impact of non-recurring items) was equal to Euro 232.8 million (16.3% of turnover), highlighting a significant increase in profitability compared to the previous year. Indeed, the EBITDA for the entire 2022 fiscal year (pro-forma) would have been Euro 96.6 million, while the adjusted EBITDA for the entire 2022 fiscal year (pro-forma), calculated excluding the impact of non-recurring items, including transaction costs and other effects of the business combination, and the extraordinary income recorded on the BPL deal, would have been Euro 187.3 million.
The increase in profitability was possible thanks to the increase in revenues and prices, as well as the significant improvement in raw material costs, production costs and other operating costs, as a result of synergies made possible by the growing integration between the two Groups.
Improvement in revenue and operating margin has, finally, allowed an overall positive operational cash flow that has been able to almost completely absorb the financial cash flows, leading the Group to a substantial neutrality in the cash generation profile.

The consolidated financial statements of the Group for the fiscal year ended December 31, 2023 consists of the statement of financial position, the statement of profit or loss, the statement of comprehensive profit or loss, the statement of changes in equity and the statement of cash flows and the corresponding explanatory notes, prepared in accordance with the IFRS adopted by the European Union.

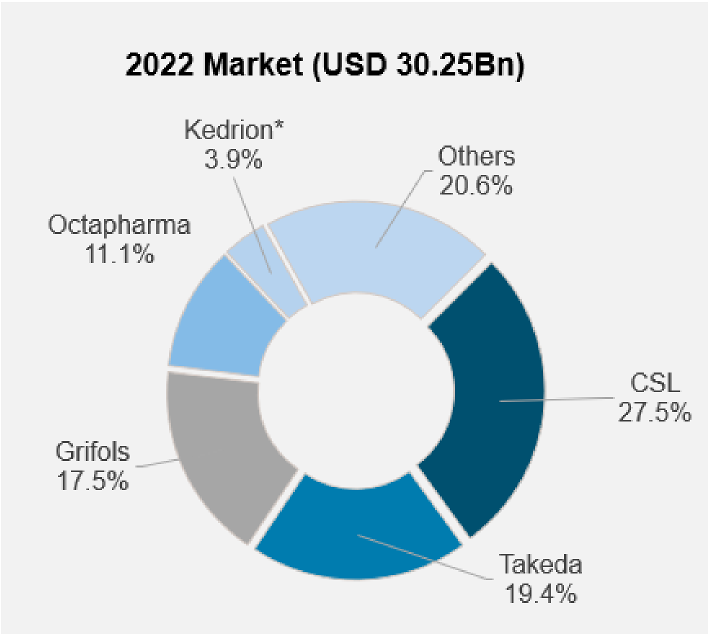
The format of the consolidated statement of financial position distinguish between current and non-current assets and liabilities. The consolidated statement of profit or loss is presented according to a classification of costs by destination, a form deemed more representative than the presentation by nature of expenditure. The chosen form is in fact in line with the internal reporting methods and business management. The statement of cash flows has been prepared according to the indirect method and is presented in accordance with IAS 7, distinguishing cash flows between operating, investing and financing activities.

4.1. INDUSTRY TREND

The Group's target market is is biopharmaceutical products extracted from human plasma, a segment that is part of the broader pharmaceutical market and is characterized by a wide range of products used to treat patients suffering from diseases such as immunodeficiencies, hemophilia, infectious diseases and other types of rare and severe pathologies. The Group's main customers are government entities, National Health Services (awarded through tenders) and private operators such as insurance companies, pharmacies and private clinics, wholesalers, distributors, agents, etc.

4.1.1. MARKET TREND FOR COMPETITORS

Over the last 20 years, the sector has faced a progressive consolidation phase that has led in 2022 the three main producers of plasmaderivatives - CSL, Grifols and Takeda - to hold a total market share of about 64.4%, with the new combined Group Kedrion and BPL in fifth position with a share of 3.9%.



4.1.2. GLOBAL MARKET TREND

The global plasmaderivatives market reached in 2022 to 30,3 billion Dollars[1], with an average annual growth rate of 7.3% for the period 2019 - 2022 despite the effects of the pandemic caused by COVID-19 on Health Systems (i.e. difficulty in accessing care, postponement of elective upgrades, entire departments converted for the treatment of COVID) and on the collection of plasma, resulting in the lower availability of finished product on the market.

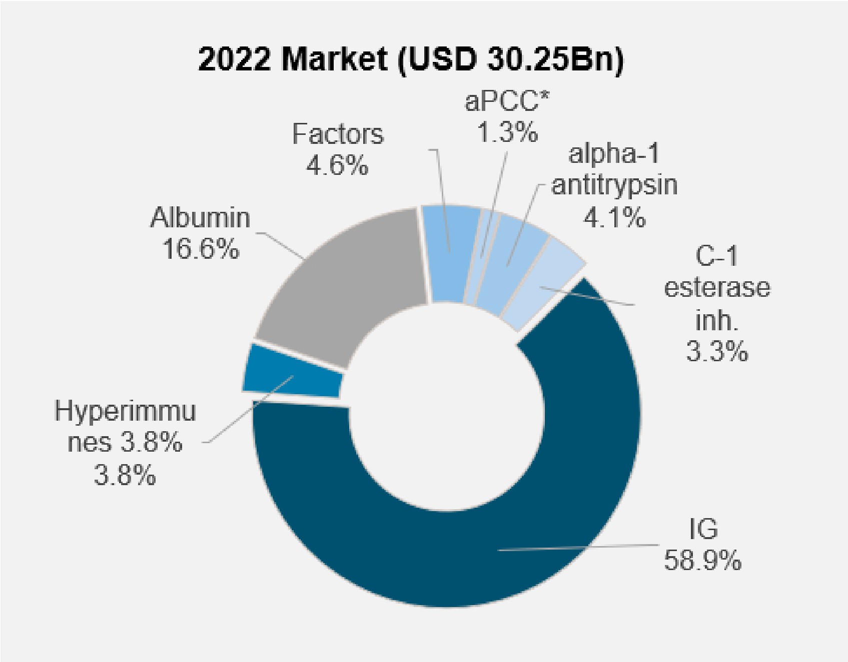
[1] Source: MRB "The Worldwide Plasma Proteins Market 2022", February 2024 Report

4.1.3. MARKET TREND BY PRODUCT

At product level, the sector is dominated by standard immunoglobulin (including subcutaneous immunoglobulin), which, with about 17.8 billion Dollars, represents approximately 58.9% of the total market, constantly growing thanks to the approval of new therapeutic indications, especially in the neurological field, to the increase of patients diagnosed with primary and secondary immunodeficiencies and to the greater penetration in emerging countries.

The second product by value is represented by albumin, which reached 5 billion Dollars in 2022, equal to 16.6% of the total market, driven especially by demand in China.

In third place are the clotting factors, equal to 4.6% of the total market, including factor VIII, which represents about 2.3% of the market, equal to 0.7 billion Dollars, continuously contracting due to the increase in the use of recombinant products and the launch of Roche's Hemlibra, which reached a turnover of over 3.4 billion Dollars in 2022.



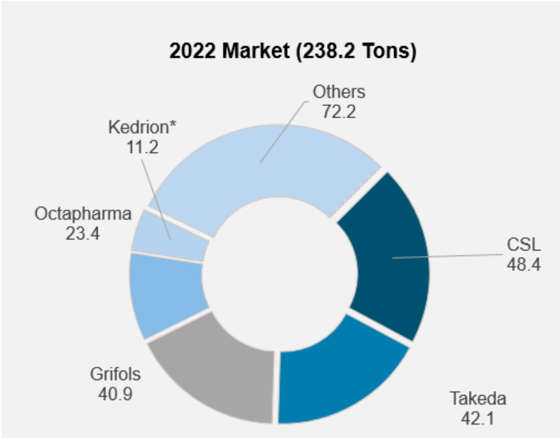
As shown in the tables below, the market shares[2] of the three main products reflect the global figures: in fact, CSL, Grifols and Takeda collectively represent 58.9% of the global immunoglobulin market in terms of volumes, with the Kedrion-BPL Group reaching the fifth position with a share of 4.2%.

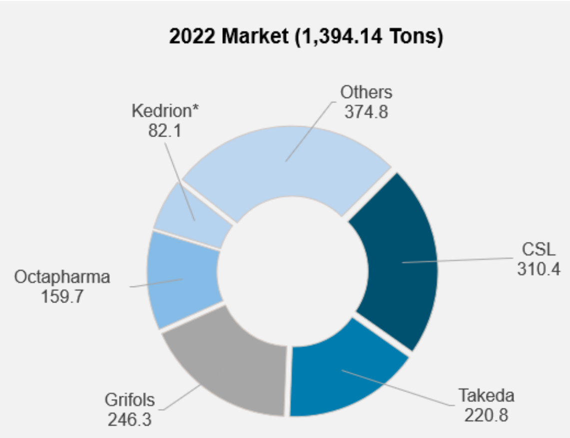
Similarly, the three main companies in the sector cover 55.8% of the albumin market in terms of volumes, with the Kedrion-BPL Group always in fifth position with 5.9%.

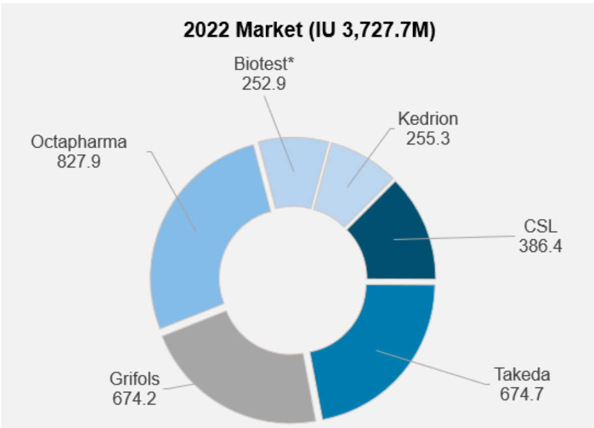
Finally, the four main players, including Octapharma, represent 68.8% of the plasma-derived factor VIII market, with the Kedrion-BPL Group in fifth position with a share of 6.8%.

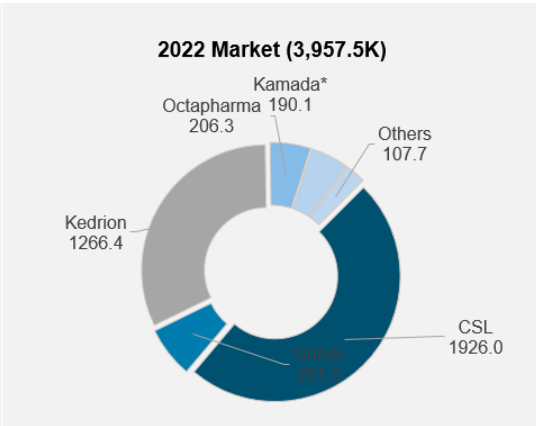
The situation is different for Anti-D hyperimmune immunoglobulins, where the Kedrion-BPL Group, thanks to its 45% market share with RhoGAM in the US and its significant shares in Italy, Russia, Turkey, the Middle East and the rest of the World with ImmunoRho (not in Europe, where the product is not registered yet), is the number two in the world after CSL, with a share of 32%.

[2] Source: MRB “The Worldwide Plasma Proteins Market 2022”, February 2024 Report









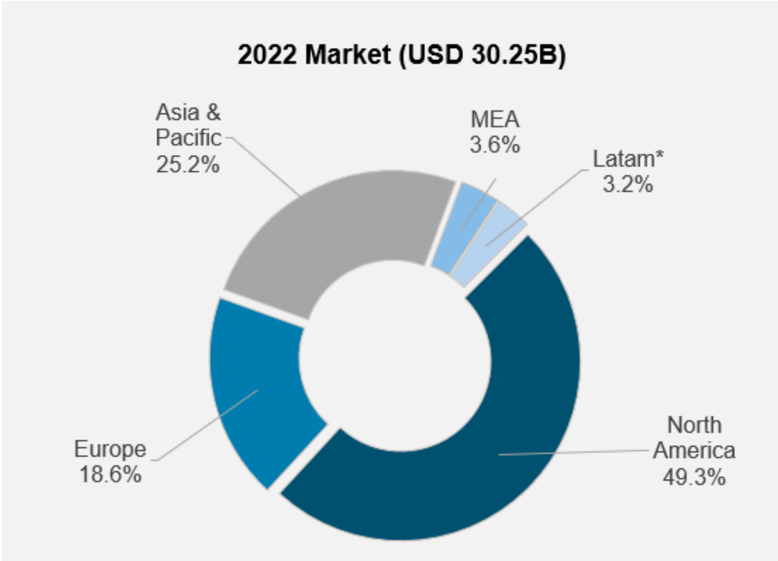
4.1.4. MARKET TREND BY AREA

From a geographical standpoint, 67.9% of the market is concentrated in North America and Europe, which are historically the most important markets, while 25.2% is covered by the Asia Pacific area.

North America has reached 14.9 billion Dollars[3], equivalent to 49.3% of the entire plasma derivative market, consistently growing over the last decade in both volume and pricing.

Europe, with about 5.6 billion Dollars, has a share of 18.6% and is a market characterized by the presence of more control over healthcare spending, on the reimbursement price of drugs (generally charged to the National Health Systems) and with different competitive dynamics and access compared to the United States, while the Asia Pacific area has had the highest growth rates in recent years (+12.9% from 2019 to 2022) thanks to the aging of the population, the increased use of albumin (e.g. China) and the increased number of treatments supported by local Health Systems, becoming the second global reference market with a share of 25.2%.

[3] Source: 2022 MRB USA



The Italian plasma derivative market is divided between plasmaderivatives (MPD) produced from the processing of national plasma on behalf of the Regions within the national self-sufficiency program and MPD produced from plasma owned by pharmaceutical companies (known as the commercial market).
The principles established by Law n. 219/2015 provide that the Regions, individually or in consortium, confer the plasma collected at the Transfusion Services and the Associative Collection Units to authorized companies. The contract with the companies, which operate as service providers, is considered a method of "third-party processing" and is configured as a convention for the production of MPDs. The acquisition is implemented through a tender procedure in accordance with current regulations.

To this end, during 2015 and 2016, three new interregional agreements were established: the New Interregional Agreement for Plasmaderivation (NAIP), the Interregional Plasma/Plasmaderivatives Group (RIPP), the Plasma Network (Planet), in addition to the Lombardy-Piedmont-Sardinia Agreement (LPS), already in operation.

Currently, the companies authorized to process national plasma, identified on the basis of the Ministerial Decree of December 5, 2014, are CSL, Grifols, Kedrion, Octapharma and Takeda.

Following the introduction of the new regulatory regime, three tenders have been awarded: the first, launched by the Veneto Region on behalf of the NAIP group[4], was awarded in March 2016 to CSL; the second, organized by the Emilia-Romagna Region on behalf of the RIPP group[5], was awarded to a temporary association composed of Grifols and Kedrion with a contract signed in October 2019. The third, launched by the Tuscany Region on behalf of the Planet group[6] was awarded in July 2018 to a temporary association between the companies of the Shire/Takeda Group. The fourth and last, launched by the Lombardy Region as the leader of the interregional agreement between Lombardy, Piedmont and Sardinia, awarded to Kedrion in November 2020 was cancelled by a ruling of the Council of State in February 2022. The tender was re-tendered in December 2022 and subsequently canceled by a ruling of the Council of State in 2023. In February 2024, a new tender was launched by ARIA which is currently underway and should be awarded in 2024. In the meantime, Kedrion is continuing and will continue to provide the plasma processing service on behalf of the aforementioned Regions in accordance with the previous agreement.

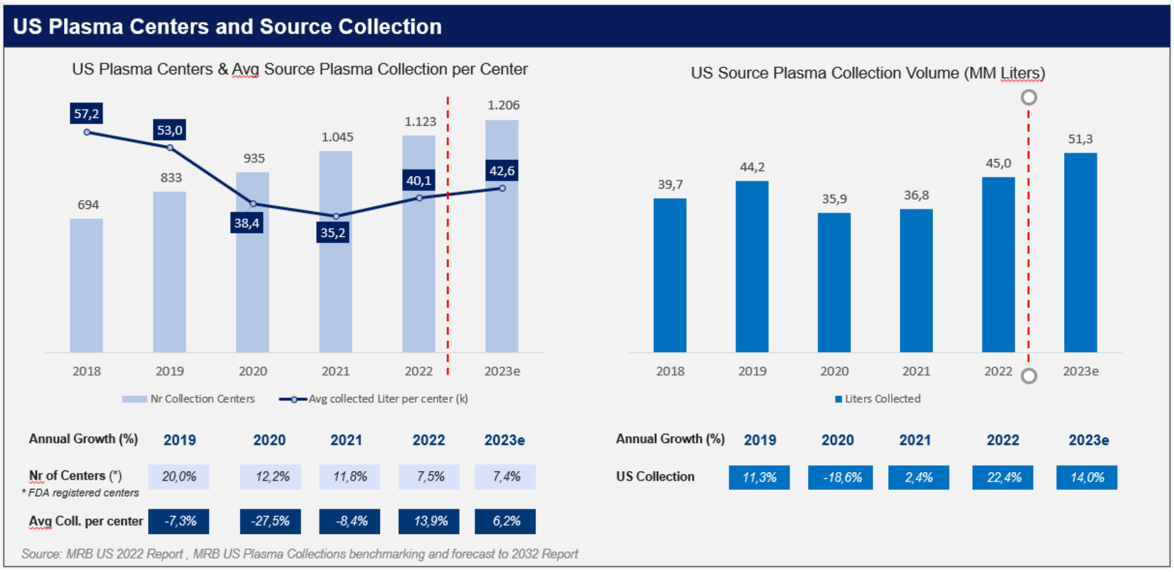
[4] Abruzzo, Basilicata, Friuli-Venezia Giulia, Liguria, Umbria, Valle d'Aosta, Veneto, Autonomous Province of Trento, Autonomous Province of Bolzano.
[5] Emilia-Romagna, Puglia, Calabria and Sicily
[6] Source: Tuscany, Campania, Lazio, Marche and Molise

Note that, according to L. 118 of August 5, 2022 (Competition Law), all European companies are now authorized to fractionate the plasma collected in Italy, provided that their production plants are located in countries where plasma is collected on a voluntary basis from non-remunerated donors. It is therefore possible that other companies may request authorization to process the plasma from Italian donors, in addition to the five mentioned above.

In 2023, in Italy, about 880 thousand kilograms of plasma were collected, with an increase of 4.3% compared to the previous year (844 thousand kilograms of plasma collected in 2022[7]). The collection level in 2023 was also higher than in the pre-pandemic period (859 thousand kilograms of plasma collected in 2019).

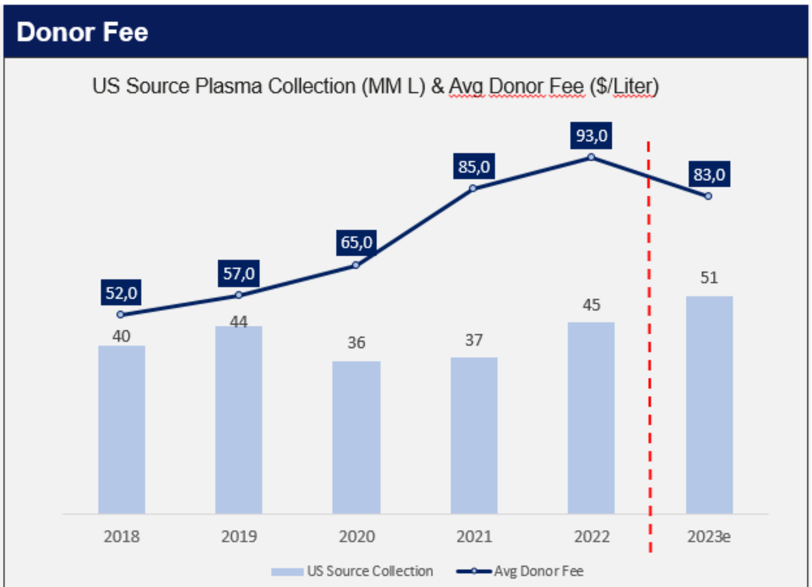
After a strong growth in 2022, where global collection reached to about 72 million liters (+22% compared to the previous year), driven mainly by standard plasma (so-called "source") of North American origin (45 million liters, about 62% of the total global volumes), in 2023 it is expected that the collection of source plasma in the United States will reach to 51 million liters (+14% compared to 2022).

The drivers of this growth are the increase in the number of new centers (83 centers approved by the FDA) and the increase in the average collection per center from 40,000 to 42,600 liters (+6%), as represented in the following pictures:



The growth in the number of donations has also allowed specialized collection companies to reduce competition on commissions paid to donors: after peaking at $93/Liter in 2022, a 63% growth compared to 2019 ($57/Liter), in 2023 it is estimated that the average value of the commissions paid to donors has dropped to $83/Liter, as represented in the following chart:

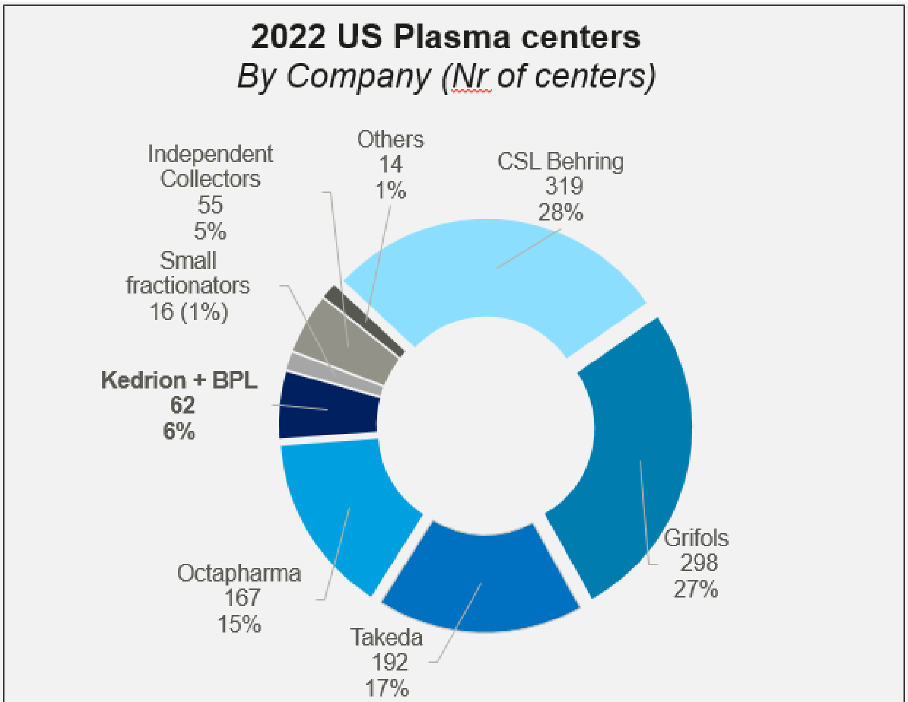
[7] Source: Centro Nazionale Sangue (CNS)



Annual Growth (%)	2019	2020	2021	2022	2023e
US Avg Donor Fee	9,6%	14,0%	30,8%	9,4%	-10,8%

Source: MRB US Plasma Collections benchmarking and forecast to 2032 Report

Over the last two years, the consolidation process of the Plasma industry in the United States has continued; at the end of 2022, Kedrion's share grew to 6% after the merger with BPL while the four main players (CSL, Grifols, Takeda and Octapharma) collectively hold 87% of the total number of centers (1,123).



Source: MRB US Plasma Collections benchmarking and forecast to 2032 Report

With the return of collection to pre-COVID levels by the end of 2022 and overcoming such levels in 2023, the shortage of immunoglobulins has gradually been mitigated, even in European countries and emerging countries where the product has been lacking for months in 2020 and 2021 due to the reduced availability resulting from the contraction of plasma collection, as well as from the fact that all available resources were used to fight COVID.

However, a structural imbalance between demand and supply still persists, with an inevitable impact on market prices, which increased in the year 2022 and 2023 on a global basis.

4.2. GROUP ACTIVITIES

The Kedrion Group is a leading international group in plasma collection and in the development, production and distribution of a wide range of products derived from human plasma. Its life-saving products are used to treat patients suffering from hemophilia, immunodeficiencies, infectious diseases and other serious conditions in about 100 countries worldwide.

The global presence of the Group is structured through an integrated business model that ensures the constant availability of raw materials thanks to 68 owned collection centers in the United States, 5 owned collection centers in the Czech Republic, 7 production plants and rigorous quality control over the entire production chain. Overall, in 2023, the Group achieved a fractionation capacity of approximately 3.2 million liters and a collection capacity of approximately 2.6 million liters. Thanks to the plasma supply contracts in place, the Group purchased an additional approximately 0.75 million liters.

The production plants constantly follow technological evolution, aiming for excellence and are periodically maintained to ensure the highest safety standards at all production levels. The Bolognana (Lucca) plant is the only plant in Italy capable of manufacturing the entire range of blood-derived products, while the Sant'Antimo (Naples) plant specializes in the manufacture of specific immunoglobulins and inactivated virus plasma. The Godollo (Budapest) plant was originally dedicated to supply the European and Asian markets and, following a significant renovation that more than doubled its capacity; since the end of 2012, it also produces intermediates for the Bolognana plant, where they are then brought to finished product status. The US Melville plant, purchased by the Kedrion Group during 2011 and subject to a deep renovation from 2016 through 2017, mainly fractionates plasma for the American market of Kedrion, while the new Castelvecchio Pascoli (Lucca) plant will be dedicated to the purification of 10% immunoglobulin (KIg10).

Effective from 2021, the Laval, Quebec, Canadian plant also operates within the Kedrion Group, where the Ryplazim plasminogen acquired within the business combination with Liminal is manufactured.

Lastly, following the acquisition of the BPL Group carried out during the previous financial year, we highlight the Elstree plant, the largest in the Group in terms of fractionation capacity, fully integrated from fractionation to purification to packaging, like the Bolognana plant.

The Group operates in two main business segments:

- the production and marketing of plasmaderivatives, i.e. proteins extracted from human plasma such as albumin, immunoglobulins - standard and hyperimmune - coagulation factors and human plasminogen;
- the collection, purchase and marketing of plasma, for which the Group owns a network of collection centers that have primarily ensured the supply of the necessary plasma to cover the needs of the plasmaderivatives segment, then allocating the surplus to third-party sales.

The Group operates on a global basis, segmenting markets into four geographical macro-areas: "United States", "Italy", "European Union" and "Rest of the World".

4.3. SIGNIFICANT EVENTS OF THE FINANCIAL YEAR

4.3.1. "PRODUCTION AND SALE OF PLASMADERIVATIVES" SEGMENT

STRATEGIC PROJECTS

In the financial year, the validation of the production process continued at the new immunoglobulin 10% purification plant (KIg10) using the chromatographic method in Castelvecchio Pascoli (LU), as well as clinical trials continued in view of the commercial authorization of the new product. In previous years, the activities related to the clinical trial for the PID indication (primary immunodeficiencies) on the adult population in the United States (so-called "CARES10") had been completed and the final study report has been obtained, report which will be used for the submission to FDA expected in the second half of 2024, and which confirmed the important endpoints expected in terms of clinical measurement, laboratory measurement and measurement of the life quality of the patient in relation to their health ("HRQoL"), without recording significant adverse reactions. Furthermore, from April 2021, the enrollment and treatment of pediatric patients within the PID pediatric study in Europe (so-called "KIDCARES10") has started for the purpose of registering this indication in the USA and in Europe. At the end of 2023, the enrollment and treatment of patients in the European arm of the study has been completed, while the enrollment of patients in the United States is ongoing, also to meet the FDA requests for obtaining the pediatric indication in the United States.

The preparation of the FDA authorization request for the initiation of the phase III clinical trial (IND) to demonstrate the efficacy and safety of the product in the treatment of adult patients suffering from ITP (Immune Thrombocytopenic Purpura) is currently underway, with commencement planned for 2024.

Production for clinical studies is currently carried out at the Godollo plant (purification phase), and the technology transfer is being completed at the Castelvecchio Pascoli industrial plant; the validation activities at the Castelvecchio site continued as planned, and the production of process validation batches (aka PPQ) was completed in September 2023.

The timeline for expected approval in the United States is confirmed to be by the end of 2025, while approval in the first European countries is expected by mid-2026.

The project costs for the fiscal year that have not yet been balanced by production and related revenues amount to Euro 1.6 million, while the total investments made in 2023 amounted to Euro 23.8 million.

While awaiting the completion of the "KIg10" project, it has not been possible to use the full capacity of the Melville US plant. Management is heavily engaged in seeking efficiencies that will allow for increased commercial output and reduced production costs, to offset the lack of full absorption of fixed plant costs. The "Global Albumin 25%" project is directed towards this aim, which will reduce lead time and increase the output of Kedbumin, i.e. the albumin purified in Bolognana from the Melville intermediate. The regulatory dossier (PAS) was submitted in November 2022, and approved in May 2023.

Furthermore, in 2024, the full initiation of comprehensive RhoGAM production is planned at the Melville plant, following the regulatory approval of the insourcing project received from the FDA at the end of 2022.

Other significant projects of 2023 included:

- after the first regulatory approval from the Chinese authority CDE in 2022, in 2023 the first sales of albumin (Albuminex) produced at Elstree were recorded, for a total amount in the year of Euro 8.9 million.

- the integration program between the two Groups continued in 2023, enabling significant synergies to be achieved in commercial and operational areas (both in the plasma collection part and in the industrial part), as well as in the service functions.
- the project effort aimed at simplifying and integrating the Group's structure continued during 2023. In particular:
    - on December 31, 2022, a merger by incorporation of the company BPL Plasma Inc. into Kedplasma LLC was completed, with accounting and tax effects from January 1, 2023. The corporate integration was followed by the harmonization of the software systems supporting the plasma collection and allowed for the additional synergies expected in the plan;
    - on February 28, 2023, the 35 limited liability companies that were part of the BPL Plasma Group, later merged into Kedplasma LLC through the merger at the end of 2022, were merged by incorporation into Kedplasma LLC. These companies, although substantially dormant and fiscally neutral, were merged to simplify the corporate chain;
    - on August 1, 2023, the merger by incorporation of Unica Plasma Morava s.r.o. into Unica Plasma s.r.o. was completed, to rationalize and simplify the corporate structure of the plasma collection centers in the Czech Republic;
    - on July 14, 2023, the reverse merger of Kevlar SpA into Kedrion SpA was completed, as planned by the Permira deal structure, to ensure a more linear continuity in the contractual relationships currently held by the incorporating company, as the operating company of the Kedrion Group. It should be noted that, in application of the reference accounting principles, the comparative financial figures in the first consolidated financial statements post-merger of the incorporating company are those included in the consolidated financial statements of the incorporated entity Kevlar SpA as of December 31, 2022.
    - on July 31, 2023, the merger of Prometic BioTherapeutics Inc. into Kedrion Biopharma Inc. was completed, while on September 30, 2023, the merger of Bio Products Laboratory USA, Inc. into Kedrion Biopharma Inc. was completed. The two transactions have allowed a further integration of the corporate chain in the United States, rationalizing the commercial structure within the main subsidiary of the Group.

PRICE TREND

The selling prices of plasmaderivatives in this financial year have confirmed the historical growth trend for immunoglobulin, supported by the constant increase in demand in excess of the increases in supply by fractionators. In the United States, immunoglobulins recorded an average price increase of 6.9% compared to the previous year (in USD currency; approximately +2.5% in Euro due to currency dynamics), again in line with pre-pandemic growth rates (6-7%). Furthermore, the structural imbalance between demand and supply has generated areas of opportunity in the European and RoW markets that the Group has been able to seize thanks to the extensive distribution network, implementing a product allocation on geographies with the highest growth rates, as demonstrated by the increase in the price of immunoglobulin equal to 11.5%.

The price of albumin has remained substantially stable in the United States (recording a decrease of -3.3% in Euro due to currency dynamics) despite this market beginning to show signs of growth slowdown, signs that are not yet seen outside the United States where Europe and RoW confirm the growth trend with approximately +6.8%, due to excess demand (overall +31% in volumes sold compared to the previous year), but also to the effective strategy of reallocation on higher price and margin markets (such as China where the Group has started sales during the current year).

The price of plasma Factor VIII increases in the United States (approximately 3.1% in USD currency; +0.4% approximately in Euro due to exchange rate trend), while the strategy of focusing on European and RoW markets has continued (achieved to offset the negative impact of the increasing introduction of Hemlibra and unfavorable currency dynamics in some key countries, such as Turkey) where volumes have been reduced by approximately 13% with a price benefit that grows by 19%.

The prices of other main pharmaceutical specialties have not undergone significant increases or decreases.

DEBT REFINANCING

During 2023, Kedrion SpA completed the process of refinancing the pre-existing debt, which started during the previous year in conjunction with the Permira deal, to reconfigure the entire financial structure of the Group resulting from the operation.

On May 3, 2023, the refinancing operation was completed with the replacement of the previously obtained bridge loan, through the issuance of a new bond loan amounting to USD 790 million with an issue price of 84%, due on September 1, 2029, and listed on the Official List of the Euro MTF in Luxembourg (unregulated market). The interests on this new Bond are based on a semi-annual coupon equal to 6.5% per year. For the remaining part, a Term Loan Agreement was signed with a pool of banks that at the time of subscription represented the same subscribers of the Bond, for a nominal value equal to USD 75 million, with maturity on May 31, 2029 and partial annual repayment of 1% starting from June 30, 2025, and semi-annual interests equal to 6.5%.

MANAGEMENT EQUITY PLAN

On September 29, 2023, the Board of Directors of the parent company Kedrion Holding SpA, approved a share incentive plan for Management for 5 years with vesting date starting from the date of issuance of the shares (October 3, 2023).

4.3.2. "PLASMA COLLECTION AND SALE" SEGMENT

DISPOSALS AND ACQUISITIONS/START-UP OF OWNED COLLECTION CENTERS

During 2023, the growth strategy of the plasma segment continued, through the establishment, purchase from third parties and optimization of US plasma collection centers. Specifically:

- five internally developed centers were opened, continuing the program of opening and starting independent plasma collection centers;
- the last five plasma collection centers were acquired as part of a transaction started several years ago with Immunotek Biocenters LLC, as described in note 6.2.2. Business Combinations;
- four centers were closed, acquired last year together with the BPL Group, considered non-strategic for the new Group.

At the end of 2023, the Group owned 68 centers, compared to 62 at the end of the previous year.

PRICE TREND

The selling prices of plasma in 2023 did not show significant increases compared to the previous fiscal year as the standard plasma saw a price increase limited to 1.7% (in USD currency).

4.3.3. FINANCIAL MANAGEMENT

EXCHANGE RATE TREND

The trend of the exchange rates (particularly the US Dollar, which moved from 1.0666 on December 31, 2022, to 1.105 on December 31, 2023) and the Group's financial exposure in Dollars, generated a net positive impact in the statement of profit or loss due to realized and unrealized foreign exchange differences amounting to Euro 13.1 million, while the Group and third-party net assets suffered a reduction of Euro 36.2 million due to the change in the conversion reserve, always due to the relative weakening of the dollar, given that the Group has significant assets in USD currency.

4.4. REPORT ON OPERATIONS

We highlight that the comparative figures below summarized refer to a period of 4 months only, since it refers to the consolidated financial statements of the former Kevlar Group, and include transactions costs and other effects arising from the business combination, such as the gain on bargain purchase related to BPL deal.

	Year ended on December 31				
(In thousands of Euros)	2023	% total revenues	2022	% total revenues	Delta 2023/2022
Revenues	1,429,303	100.0%	505,545	100.0%	923,758
Cost of sales	1,104,642	77.3%	407,358	80.6%	697,284
GROSS MARGIN (*)	**324,661**	**22.7%**	**98,187**	**19.4%**	**226,474**
Other income	9,626	0.7%	3,162	0.6%	6,464
Gain on bargain purchase	-	0.0%	206,252	40.8%	(206,252)
General and administrative expenses	155,130	10.9%	134,543	26.6%	20,587
Sales and marketing expenses	95,000	6.6%	36,370	7.2%	58,630
Research and development expenses	39,767	2.8%	10,600	2.1%	29,167
Other operating costs	11,422	0.8%	4,997	1.0%	6,425
EBIT (**)	**32,968**	**2.3%**	**121,091**	**24.0%**	**(88,123)**
Financial expenses	83,957	5.9%	25,339	5.0%	58,618
Financial income	1,224	0.1%	2,549	0.5%	(1,325)
Refinancing financial expenses	-	0.0%	93,224	18.4%	(93,224)
Net foreign exchange gain	13,122	0.9%	23,740	4.7%	(10,618)
NET FINANCIAL EXPENSES	**69,611**	**4.9%**	**92,274**	**18.3%**	**(22,663)**
RESULT BEFORE TAX	**(36,643)**	**(2.6%)**	**28,817**	**5.7%**	**(65,460)**
Income taxes	(39,135)	(2.7%)	(32)	(0.0%)	(39,103)
NET PROFIT FOR THE PERIOD	**2,492**	**0.2%**	**28,849**	**5.7%**	**(26,357)**
Net profit attributable to non-controlling interests	2,816	0.2%	749	0.1%	2,067
GROUP RESULT	**(324)**	**0.0%**	**28,100**	**5.6%**	**(28,424)**

(*) Gross Margin: it is represented by the difference between revenues and the cost of goods sold.
(**) EBIT: it is represented by the difference between revenues, cost of goods sold and operating costs net of other income.

4.4.1. REVENUE

REVENUE	Year ended on December 31				
(In thousands of Euros)	2023	% total revenues	2022	% total revenues	Delta 2023/2022
Plasmaderivatives	1,275,578	89.2%	483,716	95.7%	791,862
Plasma	153,726	10.8%	21,829	4.3%	131,897
TOTAL	**1,429,303**	**100.0%**	**505,545**	**100.0%**	**923,758**

For better understanding of the information reported above, with reference to the comparative balances, it should be noted that if the acquisition of the two Kedrion and BPL Groups had taken place at the beginning of the year 2022, the total turnover as of December 31, 2022 would have been equal to Euro 1,146 million (of which Euro 1,110 million related to plasmaderivatives and Euro 36 million related to plasma).

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

"PRODUCTION AND SALE OF PLASMADERIVATIVES" SEGMENT

As of December 31, 2023, revenues arising from the production and sale of plasmaderivatives totaled Euro 1,275.6 million (89.2% of the total).

Among all the products, in order of importance, the standard immunoglobulin consolidated its primacy, which confirms a growth trend thanks to the increase in the average price (determined in the USA by excess demand over supply, and in the rest of the world by focusing on the most profitable sales markets through appropriate product allocation logics), and the albumin, thanks to the price-volume-geography mix, followed by the anti-rabies immunoglobulin (which in the American market grows, on a like-for-like basis, by approximately 98% thanks to the exit from the market of a competing product).

In the course of 2023, the sales of Ryplazim (launched in the US market in 2022) showed growth despite the quality issues emerged with reference to the contract manufacturer in charge of the filling process (whose definitive solution is expected in the course of 2024), which impacted the availability of sales volumes compared to those expected from the plan for the year 2023; Coagadex (Factor X), the other orphan drug developed and approved by BPL, consolidated its penetration in the US market and initiated its diffusion and expansion into other geographies, including the Italian market started from the second half of 2023.

Within the segment, the US market is certainly the most strategical both in terms of volumes and average prices, followed by the Rest of the World where the Group is investing in new emerging markets (such as Turkey and Mexico) considered to have high potential. Lastly, we find Europe and Italy where the Group confirmed its traditional engagement in "historical" markets such as Germany, Italy, Austria and Poland.

Within the segment, the plasma processing service for third party customers confirmed its strategic importance, thanks to the development of activities for foreign customers (during the year, following the award of the national tender, processing of Portuguese plasma began and the existing contract in the US related to an intermediate product produced on behalf of another pharmaceutical company was renewed), but also thanks to the continued contractual relationships with the Italian Health System.

"COLLECTION AND SALE OF PLASMA" SEGMENT

Revenues of the segment as of December 31, 2023 amounted to Euro 153.7 million; the performance, on a like for like basis, is significantly above the previous year thanks to the availability of larger volumes for sale, the growing capacity of absorption of the US market and the opening of new markets both in Europe and the Rest of the World (South Korea).

The geographical distribution of revenues is reported below:

REVENUES	**Year ended December 31**				
(In thousands of Euros)	**2023**	**% total revenues**	**2022**	**% total revenues**	**Delta 2023/2022**
USA	832,152	58.2%	290,030	57.4%	542,122
Italy	99,936	7.0%	36,687	7.3%	63,249
European Union	155,863	10.9%	49,152	9.7%	106,711

Rest of the world	341,352	23.9%	129,676	25.6%	211,676
TOTAL	**1,429,303**	**100.0%**	**505,545**	**100.0%**	**923,758**

USA

This market represents the Group's main commercial outlet with Euro 832.2 million (58% of total turnover) compared to Euro 625.5 million proforma on annual basis as of December 31, 2022 (55% of total proforma turnover).
In this area all plasmaderivatives in 2023 show a positive growth trend compared to prior year, except for FVIII which is affected by the general market slowdown due to the spread of an alternative therapy; standard immunoglobulin is the main driver of growth confirming its primacy both in absolute terms (about 74% of turnover at equal scope), and growth rate terms; they are followed by albumin and Anti-Rabies immunoglobulin which stands at 10% of total sales doubling compared to prior year, thanks to the growth of the market share following the exit from the market of a competing product occurred in 2022.

ITALY

As of December 31, 2023, the Italian market has a turnover equivalent to Euro 99.9 million (7% of total revenue), compared to Euro 94.2 million proforma on annual basis as of December 31, 2022 (8% of total proforma turnover). The result in this market is mainly realized through the processing account service for the National Health System and the sale of finished products; the processing account service is substantially in line with the prior year levels, while sales in the market are growing thanks to higher volumes of standard immunoglobulin and albumin available for this market.

EUROPEAN UNION

The revenues in the other countries of the European Union amounted to Euro 155.9 million as of December 31, 2023 (11% of the total turnover) compared to Euro 169.9 million proforma on annual basis as of December 31, 2022 (15% of total proforma turnover); this market recorded a significant growth in 2023 driven both by the recovery in sales of plasma and in sales of finished products.

The strategy of efficient allocation of products continued in the plasmaderivatives segment, with specific reference to standard immunoglobulin, on the geographies with the highest margin. The Group confirmed its strong presence in markets historically served (Germany, Austria, Poland, Portugal) to which new ones such as France, Spain and Romania were added on.

Lastly, it should be noted, the reduction in the contribution of the international processing account service following the termination of the contract with LFB in France.

REST OF THE WORLD

Revenues for this geographical area as of December 31, 2023 amounted to Euro 341.4 million(24% of the total turnover) compared to Euro 256.2 million proforma on annual basis as of December 31, 2022 (22% of total proforma turnover). The growth compared to 2022 is due to the significant increase in finished products sales.

Plasma, with sales in Canada to Emergent, confirms its level of contribution to turnover compared to 2022, just as the sale of finished products remained the main revenue generator with leading products, standard immunoglobulin and albumin (to be noted the first sales to China, which is expected to be a high potential market both in terms of volume and price), to which are added the FVIII and Anti-D immunoglobulin.

The main markets served are, with 54% of total turnover, Mexico, Turkey (where following investments made in previous years the Group now has a consolidated presence) and the United Kingdom.

Lastly, we should mention sales of semi-finished products to industrial customers (B2B) and the processing of plasma on behalf of third parties which remained substantially unchanged thanks to the continuation of agreements concluded in 2022.

4.4.2. OPERATING COSTS

The raw material, which is plasma, saw a significant contraction in collection costs during 2023, after the high costs incurred through the pandemic years (2020 and 2021) and in 2022, despite the consolidation of the recovery trend of donations started in the second part of 2021. In 2022, efforts were focused on restoring a stable donor base and, due to competition in the segment with other operators, collection costs further increased, with a trend that started to reverse in the second part of the year. In 2023, the trend of reduction in collection costs strengthened, driven by increased availability of donors and donations: in particular, the average cost of collecting standard plasma in the United States decreased by 7% compared to 2022, with the positive leverage effect due to the growth of the collection (+17% on a like-for-like basis of the centers, compared to the previous year) combined with the reduction in fees paid to donors (-9.5%).
In addition to the continuous development of internal collection, which is less expensive than plasma purchased from third parties, the Group consolidated its supply strategies in Europe in 2023, through the collection of plasma at its five owned centers in the Czech Republic and contracts with third-party suppliers.

Due to the reduction in raw material costs, and to the cost-efficiency strategies on production costs which also benefited from the reduction in utility costs plus a slowdown in inflation trends on other raw materials, gross margin grew from 19.4% in 2022 to 22.7% in 2023.

Lastly, although decreasing thanks to the increased use of the Melville plant, both for the fractionation plant and for the new filling and packaging line of RhoGAM, unabsorbed plant costs still hit the statement of profit or loss due to the lack of full saturation of production capacity, linked to the timing of the KIg10 and RhoGAM projects.

Furthermore, other operating costs (Opex) decreased significantly, mainly due to prior year expenses including transaction costs related to the Permira deal, while 2023 expenses benefited from the effects of synergies driven by the increasing level of integration between the two Groups.

4.4.3. ALTERNATIVE PERFORMANCE INDICATORS

In this management report, in addition to conventional measures required under IFRS, some alternative performance indicators used by the Kedrion Group management to monitor and assess its operational performance have been presented and, as they are not identified as an accounting measure under IFRS, should not be considered as alternative measures for assessing the Group's performance.

Since the composition of alternative performance indicators (EBITDA, adjusted EBITDA, adjusted Gross Margin, Net Invested Capital, Net Working Capital, Net Financial Debt) is not regulated by the reference accounting standards, the determination criterion applied by the Group may not be consistent with that adopted by other entities and therefore may not be comparable.

EBITDA AND ADJUSTED EBITDA

EBITDA as of December 31, 2023 was Euro 181.8 million, equal to 12.7% of the turnover, strongly growing compared to the proforma EBITDA on an annual basis as of December 31, 2022, that is considering the full statement of profit or loss for the financial year 2022 of the two Groups Kedrion and BPL, equal to Euro 96.6 million (8.4% of the proforma turnover).

Adjusted EBITDA (calculated excluding the impact of non-recurring managerial items and including factoring costs) reached to Euro 232.8 million, equal to 16.3% of the turnover, strongly growing in absolute value compared to the proforma adjusted EBITDA on an annual basis as of December 31, 2022, that is considering the full statement of profit or loss for the financial year 2022 of the two Groups Kedrion and BPL, equal to Euro 187.3 million (16.3% of the proforma turnover).

In the non-recurring managerial items section, based on the definition reported below in the following table, extraordinary net charges of approximately Euro 57.0 million were identified, related to non-recurring managerial items impacting EBITDA.

The detail of the non-recurring management items is reported in paragraph 4.12 of this Management Report.

Amortization and depreciation amounted to Euro 150.4 million and the Operating Profit (EBIT) amounted to Euro 33.0 million, equal to 2.3% of the turnover.

It should be noted that comparative information reported in the following table refer to a different period of time, consisting of only 4 months, as they refer to the consolidated financial statements of the former Kevlar SpA Group, and include the costs of the transaction and the other effects of the business combination, including the extraordinary income recorded on the BPL deal.

	Year ended 31 December				
(In thousands of Euros)	**2023**	**% on total revenues**	**2022**	**% on total revenues**	**Delta 2023/2022**
Operating profit	32,968	2.3%	121,091	24.0%	(88,123)
+ Amortization and depreciation	150,359	10.5%	48,866	9.7%	101,493
- Capital grants	(1,482)	(0.1%)	(284)	(0.1%)	(1,198)
EBITDA (*)	**181,845**	**12.7%**	**169,673**	**33.6%**	**12,172**
Non-recurring management items (**)	57,025	4.0%	(92,904)	(18.4%)	149,929
Factoring costs	(6,034)	(0.4%)	(2,373)	(0.5%)	(3,661)
Adjusted EBITDA (***)	**232,836**	**16.3%**	**74,396**	**14.7%**	**158,440**

(*) EBITDA is represented by the operating profit before depreciation and capital grants.
(**) Non-recurring operating items include non-recurring costs and revenues under ordinary management, including costs related to acquisitions, start-up costs of new plants and plasma center start-ups, non-recurring reversal of provision as well as other contingent assets and liabilities.
(***) Adjusted EBITDA is represented by EBITDA before non-recurring management items and including factoring costs.
Thus, EBITDA and the adjusted EBITDA as defined represent a measure used by the company's management to monitor and evaluate the company's operating performance. EBITDA is not identified as an accounting measure under IFRS and, therefore, should not be considered an alternative measure for assessing the Group's performance. As the composition of EBITDA is not regulated by the reference accounting standards, the criterion of determination applied by the Group may not be consistent with that adopted by others and therefore not comparable.

ADJUSTED GROSS MARGIN

Analysis of the Adjusted Gross Margin by business segment

(In thousands of Euros)	**Adjusted Gross Margin by segment (*)**

	Production and sale of plasmaderivatives	Collection and sale of plasma	TOTAL
FISCAL YEAR ENDED ON 12.31 2023	**290,312**	**82,075**	**372,387**
% on total revenues of the business sector (**)	*22.7%*	*14.4%*	*26.0%*
% on total Adjusted Gross Margin	*78.0%*	*22.0%*	*100.0%*
Delta 2023/2022	*4.7%*	*0.4%*	*4.2%*
FISCAL YEAR ENDED ON 12.31.2022	**87,072**	**24,997**	**112,069**
% on total revenues of the business sector (**)	*18.0%*	*13.9%*	*21.8%*
% on total Adjusted Gross Margin	*88.9%*	*7.2%*	*100.0%*

(*) Segment Adjusted Gross Margin is represented by segment revenues less production costs allocated to segments not considering the non-recurring management items related to the cost of goods sold, such as the non-absorbed resulting from restructuring upgrades of the plants or the acquisition/opening of new plasma centers. The details of the non-recurring management items are reported in paragraph 4.12 of this Management Report. Under segment costs, the Group recorded the direct and indirect production costs related to the business segment, including the production depreciation and amortization and all other costs making up the cost of goods sold. Commercial costs, general and administrative costs, research and development costs and other operating costs are not attributed to the segments. The sector margin thus defined is a measure used by the Group's management to monitor and evaluate the company's operational performance and is not identified as an accounting measure under IFRS and, therefore, should not be considered an alternative measure for assessing the Group's performance. Since the composition of the segment margin is not regulated by the reference accounting standards, the criterion of determination applied by the Group may not be consistent with that adopted by others and therefore may not be comparable.
(**) Calculated on sector revenues gross of intra-sector eliminations.

PRODUCTION AND SALE OF PLASMADERIVATIVES

The adjusted gross margin for th.is segment amounted to Euro 290.3 million, equal to 22.7% of the total revenues of the segment (equal to 24.0% net of the amortizations connected to the PPA of the Kedrion and BPL Group) and represented 78.0% of the total adjusted gross margin of the Group.

The increase in the margin from 18.0% in 2022 to 22.7% in the current year was mainly attributable to a growth trend driven by the average price increase of standard immunoglobulin and the volumes of Anti-Rabies immunoglobulin in the US market; Coagadex (Factor X), the other orphan drug developed and approved by BPL, has also consolidated its penetration in the US market and started spreading and expanding in other geographies.

COLLECTION AND MARKETING OF PLASMA

The gross adjusted margin of the plasma collection and sales segment amounted to Euro 82.1 million, equal to 14.4% of the total revenues of the segment (equal to 16.4% net of the amortizations connected to the PPA of the Kedrion and BPL Group). The increase in the margin from 13.9% in 2022 to 14.0% in 2023 is mainly attributable to the increase in liters of plasma collected and sold.

4.4.4. FINANCIAL MANAGEMENT

Financial expenses for this fiscal year amounted to a total of Euro 84.0 million, compared to the Euro 118.6 million of 2022, which however included the financial charges related to the refinancing transaction amounting to Euro 93.2 million, of which Euro 70 million are related to the realized loss on the bridge loan following the stipulation of a financial derivative instrument to cover the same, and Euro 23.2 million referred to the premium paid for the early repayment of the Bond and the release of amortized costs related to existing financing as of August 31, 2022 of the Kedrion Group. Financial expenses mainly included interests on the Bond for Euro 30.6 million, bank interests on the bridge loan for Euro 17.2 million, on the TLA for Euro 2.9 million and on the RCF for Euro 2.2 million, as well as the commitment fee on the same RCF for Euro 1.6 million.

Financial income decreased in this fiscal year to Euro 1.2 million compared to Euro 2.5 million of 2022 and was partly attributable to the impact of the application in the subsidiary Kedrion Betaphar of IAS 29 on hyperinflationary economies.

Net exchanges rate gains decreased in this fiscal year to Euro 13.1 million compared to Euro 23.7 million of 2022. The change is mainly due to the depreciation of the dollar, which resulted in unrealized foreign exchange gains, mainly related to the financial indebtedness of the Group in USD currency, of Euro 27.5 million at the end of the year, partially offset by unrealized foreign exchange losses of Euro 10.2 million mainly related to intra-group financing in USD currency.

For more details, please refer to note 4.3.3.

The impact of financial management (excluding losses and gains on exchange) on turnover was 6%, down from 23% in 2022, but up from 4.5% in the previous year, excluding the refinancing charges.

4.5. STATEMENT OF FINANCIAL POSITION

The reclassification of the statement of financial position according to financial criteria is as follows:

(In thousands of Euros)	12.31.2023		12.31.2022	
EMPLOYMENTS				
Net working capital (*)	496,858	19.4%	530,907	20.8%
Fixed assets and other assets	2,195,593	85.9%	2,222,944	87.0%
Short term liabilities	(15,519)	(0.6%)	(32,251)	(1.3%)
Long term liabilities (**)	(119,849)	(4.7%)	(166,493)	(6.5%)
NET INVESTED CAPITAL	**2,557,083**	**100.0%**	**2,555,107**	**100.0%**
SOURCES				
Net financial debt (***)	862,332	33.7%	828,528	32.4%
Net equity	1,694,751	66.3%	1,726,579	67.6%
TOTAL FINANCING SOURCES	**2,557,083**	**100.0%**	**2,555,107**	**100.0%**

(*) Net working capital is calculated as current assets net of 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 in either the Italian Accounting Principles or the IFRS adopted by the European Union. The determination criteria applied by the Group may not be consistent with that adopted by other groups and, therefore, the measure obtained by the Group may not be comparable with that determined by the latter.
(**) The item includes deferred tax assets /(liabilities) recorded in the Group's statement of financial position.
(***) Net debt is calculated as the sum of overdrafts and financings due within one year and non-current financial liabilities net of 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 in either the Italian Accounting Principles or the IFRS adopted by the European Union. The determination criteria applied by the Group may not be consistent with that adopted by other groups and, therefore, the balance obtained by the Group may not be comparable with that determined by the latter.

The detail of the uses is reported in the following table:

(In thousands of Euros)	12.31.2023	12.31.2022
Trade receivables / contract assets	168,078	193,344
Inventories	575,246	542,704
Trade payables	(235,484)	(208,881)

Other current assets / (liabilities)	(10,982)	3,740
NET WORKING CAPITAL	**496,858**	**530,907**
Tangible fixed assets	706,117	691,414
Goodwill	623,316	617,464
Other intangible assets	697,826	773,694
Rights of use	165,091	139,258
Other non-current assets	3,243	1,114
FIXED ASSETS AND OTHER ASSETS	**2,195,593**	**2,222,944**
Liabilities for employee benefits	(3,497)	(3,587)
Provisions for risks and charges	(1,379)	(3,703)
Deferred tax liabilities and deferred tax assets	(112,258)	(156,062)
Other non-current liabilities	(2,715)	(3,141)
NON-CURRENT LIABILITIES	**(119,849)**	**(166,493)**
Provisions for risks and charges	(15,519)	(32,251)
CURRENT LIABILITIES	**(15,519)**	**(32,251)**
TOTAL NET INVESTED CAPITAL	**2,557,083**	**2,555,107**

4.5.1. INVESTMENTS

In 2023, the Group made investments for a total value of Euro 120.8 million, mainly including the following:

- **Melville Plant (NY, USA)** for a total amount of Euro 13.7 million mainly related to upgrades and improvements on existing buildings and facilities, both for fractionation and for the new production line of the RhoGAM specialty;
- **Bolognana Plant (LU, Italy)** for a total amount of Euro 16.9 million mainly related to upgrades and improvements on existing buildings and facilities;
- **Sant'Antimo Plant (NA, Italy)** for a total amount of Euro 2.9 million related to upgradesupgrades and improvements on existing buildings and facilities;
- **Godollo Plant (Hungary)** for a total amount of Euro 1.8 million related to upgrades and improvements on existing facilities;
- **Laval Plant (QB, Canada)** for a total amount of Euro 1.5 million related to upgrades and improvements on the existing facilities;
- **Castelvecchio Pascoli Plant (LU, Italy)** for a total amount of Euro 23.8 million related to the KIg10 project for the registration of the new 10% immunoglobulin for the American and European market as well as upgrades and improvements on the new production department of the same 10% immunoglobulin;
- **Elstree Plant (UK)** for a total amount of Euro 30.5 million related to upgrades and improvements on the existing facilities, as well as the expansion of the fill & finish lines (line 4);
- **Plasma collection centers** (**(US)** for a total net amount of Euro 17.6 million resulting from the purchase of 5 centers from Immunotek for Euro 8.6 million, from the opening of 3 centers and development of additional centers (with the support of Stough) for Euro 2.3 million, upgrades on existing plasma collection centers for Euro 1.1 million, adjustment & rebranding of the centers ex perimeter BPL for a total amount of Euro 4.1 million, other development projects (Marketing Donor App, Donor Management System, etc.) for a total of Euro 1.5 million;
- **Plasma collection centers (CZ)** for a total amount of Euro 0.1 million resulting from upgrades on the five existing plasma collection centers;

- **Other investments** for a total amount of Euro 12.0 million mainly referring to IT hardware and software investments (Euro 6.2 million) and to other investments (Euro 5.8 million) mainly related to research and development projects for Euro 3.7 million, to projects involving other company departments (logistics, production, sales, etc.) for a total of Euro 1.3 million and miscellaneous for Euro 0.8 million.

Considering the investments previously illustrated, the invested capital amounted to a total of Euro 2,557.1 million.

4.5.2. NET WORKING CAPITAL

Net working capital decreased from Euro 530.9 million in 2022 to Euro 496.9 million in 2023, with a percentage incidence on turnover decreasing from 105.1% in 2022 to 34.8% in 2023. It should be noted that the comparative turnover as of December 31, 2022 consists of only 4 months, therefore, the percentage of incidence of net working capital on turnover considering the combined revenues of the two Groups starting from January 1, 2022, would have been 46.4%.

The decrease in absolute value compared to the previous year was mainly generated by the decrease in receivables (- Euro 25.3 million) and the increase in liabilities (+ Euro 26.6 million), partially offset by an increase in inventories (+ Euro 32.5 million).

4.5.3. FINANCIAL POSITION

On May 3, 2023, the refinancing operation was finalized, as reported in paragraph 4.3.1, which extinguished the pre-existing bridge loan of an amount equal to nominal USD 865 million through the issue of a Bond for nominal USD 790 million and the subscription of a TLA for the residual quota equal to nominal USD 75 million.

The carrying amount of the Bond as of December 31, 2023, measured under the amortized cost method, amounted to Euro 670.9 million, while that of the TLA amounted to Euro 64.1 million; among the short-term financial liabilities was also included an RCF line for a total value of Euro 175 million drawn limited to Euro 50 million as of December 31, 2023. These debts effectively represent the only financing in place for the Group, as reported in the following table:

Description	Maturity	Rate as of 12.31.2023	Residual as of 12.31.2023	Due within 1 year	Due within 5 years	Due over 5 years
Bond	09/01/2029	6.50%	670,902			670,902
TLA	05/31/2029	6.50%	64,086		2,563	61,523
RCF	03/31/2029	6.60%	50,000	50,000		
Total bank financing at m/l term			**784,988**	**50,000**	**2,563**	**732,425**

Although expiring after the next year, the RCF credit line is presented within short-term financial liabilities as it is drawn and repaid several times during the year based on cash needs on a rolling basis.

As evidenced by the following table, as of December 31, 2023, the net financial position inclusive of the impact of IFRS16 leasing amounted to Euro 862.3 million or Euro 691.5 million, excluding the IFRS16 effect.

	12.31.2023		12.31.2022	
(In thousands of Euros)	Reported	Reported	Reported	Reported

		(net of IFRS 16)		(net of IFRS 16)
Lease liabilities - short term	14,366	1,428	14,088	2,437
Current financial debts to banks and other lenders	119,373	119,373	74,872	74,872
Current financial debt	**133,739**	**120,801**	**88,960**	**77,309**
Lease liabilities - long term	160,226	2,318	131,885	2,507
Medium-long term financial debts to banks and other lenders - non-current portion	734,988	734,988	784,143	784,143
Non-current financial debt	**895,214**	**737,305**	**916,028**	**786,650**
TOTAL GROSS FINANCIAL DEBT	**1,028,953**	**858,106**	**1,004,988**	**863,959**
Cash and cash equivalents	(156,379)	(156,379)	(162,649)	(162,649)
Current financial assets	(4,803)	(4,803)	(4,767)	(4,767)
Non-current financial assets	(5,439)	(5,439)	(9,044)	(9,044)
NET FINANCIAL DEBT (*)	**862,332**	**691,485**	**828,528**	**687,499**

(*) Net financial debt is calculated as the sum of overdrafts and loans due within one year and non-current financial liabilities net of 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 neither in the context of Italian Accounting Principles nor under 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 measure obtained by the Group may not be comparable with that determined by the latter.

4.5.4. FINANCIAL INDICATORS

Below are the main performance indicators of the Group for the financial year ended 12.31.2023 with comparative data as of 12.31.2022:

	12.31.2023	12.31.2022
Short-term Ratio *Short-term financial debts and current portion of long-term financing/Net financial debt*	15.5%	10.7%
Long-term Ratio *Long-term financial debts/Net financial debt*	103.8%	110.6%
Net Financial Debt/Net Equity Ratio	0.51x	0.48x
Net Financial Debt/Total sources of finance Ratio	33.7%	32.4%
Leverage Ratio *Net financial debt/Adjusted EBITDA*	3.70x	11.14x
Net Interest Cover Ratio *Adjusted EBITDA/Net Financial Management*	3.34x	0.81x
ROE	0.1%	1.7%
ROI	1.3%	N/A
ROA	55.9%	N/A
ROS	2.3%	24.0%

For better comparability of information included in the above table, with reference to the indicators on the comparative period as of December 31, 2022, it is specified that:

- the Leverage Ratio calculated using the pro forma adjusted EBITDA over twelve months would have been 4.42x;
- the Net Interest Cover Ratio calculated using the pro forma adjusted EBITDA over twelve months would have been 2.03x;

- data related to ROI and ROA are not indicated, because, as both are expressions of return with respect to fixed assets of the previous year, it was not possible to calculate these indicators with reference to the consolidated financial statements as of 31 December 2022.

Regarding the equity indexes, there was a slight increase in the weight of short-term debts compared to long-term ones due to the drawing of the RCF line for Euro 50 million, classified as part of short-term liabilities.

The Net financial debt / equity ratio remained substantially flat, while the Leverage Ratio and the Net Interest Cover Ratio improved, considering the calculation made using the pro forma adjusted EBITDA over twelve months of the previous year, thanks to the increase in operating margin that more than compensated for the increase in financial debt and financial management, highlighting an improvement in the financial solidity of the Group.

Moving on to the last indicators, it is difficult to compare the ROE (profitability of the investment in the company's capital) and the ROS (sales profitability) due to the distorting effects on the consolidated statement of financial position as of December 31, 2022 related to the turnover of the 4 months and the accounting of the "bargain gain" income.

Instead, information related to ROI (return on invested capital) and ROA (which instead expresses the return on assets) are not comparable, as, representing both an expression of profitability with respect to the fixed assets of the previous year, it was not possible to calculate such indicators with reference to the consolidated statement of financial position as of December 31, 2022.

Cash flows are summarized and commented below:

- in 2023, cash flows from operations amounted to Euro 185.8 million due to the good operating performance recorded during the year and the optimization of net working capital;
- investment activities absorbed cash for an amount of Euro 101.3 million as a result of the investments made as described in paragraph 4.5.1; the significant absorption recorded last year instead refers to the acquisition of the Kedrion Group and the BPL Group for a total of Euro 1.2 billion;
- the financing activities absorbed cash for a total of Euro 90.6 million due to the interest paid on loans and the payment of leases; the significant cash generation of last year is instead due to the payments made in share capital by the parent company Kedrion Holding SpA (and indirectly by the shareholders of the same parent company), to finance the acquisitions of the Kedrion Group and the BPL Group;
- overall, operating cash flows improved and almost completely supported the cash flows absorbed by investment and financial activities, leading the Group to a substantial neutrality in the cash generation profile.

The financial statement is prepared according to the indirect method and is presented in compliance with IAS 7, classifying financial flows among operating, investing and financing activities. The flow related to paid and collected financial charges and income is shown among financing activities and not among operating activities.

	Year ended 31 December	
(In thousands of Euros)	**12/31/2023**	**12/31/2022**
Net cash flow generated from operating activities	184,689	20,741
Net cash flow (absorbed) from investing activities	(101,261)	(1,287,277)
Net cash flow generated/(absorbed) from financing activities	(89,466)	1,429,612
TOTAL CASH FLOW	**(6,038)**	**163,076**

Cash and cash equivalents at the beginning of the year	162,649	-
Net effect of foreign currency translation on cash and cash equivalents	(232)	(427)
LIQUID ASSETS AT THE END OF THE FISCAL YEAR	**156,379**	**162,649**

4.6. MAIN RISKS AND UNCERTAINTIES THE GROUP IS EXPOSED TO

4.6.1. OPERATIONAL AND BUSINESS RISKS

Among the possible risks that the Group may be exposed to within the typical business context, are both those related to the specific characteristics of the sector and the normal uncertainties related to the macroeconomic context, to the performance and regulation:

- **Risks related to the high degree of sector regulation**
  The Group operates in a highly regulated sector and requires government authorizations to carry out its activities. The Group's inability to obtain such authorizations for new products or to maintain such authorizations for existing products could harm its business.
- **Risks related to international operations**
  The Group's international operations expose it to risks inherent to international activities, each of which could affect the Group's operating results.
- **Risks related to the entry of new operators in 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 the Italian regional authorities.
- **Risks related to the type of process and product and to the compliance with Good Manufacturing Practices (GMP)**
  Plasma and plasmaderivatives are fragile products and the production processes are complex. Any improper handling of plasma and plasmaderivatives or non-compliance with GMP could have a negative effect on the Group's activities.
- **Risks related to the operation of plants and collection centers**
  Any disruption of the normal operation of the production plants, shipping or distribution channels of the Group or the plasma collection centers can negatively affect its activities.
- **Risks related to price pressure resulting from competition and imbalances between demand and supply**
  The Group operates in a highly competitive sector with increasing pressure on prices. Furthermore, fluctuations in the supply or demand for plasma and plasmaderivatives can influence the Group's activities.
- **Risks related to the development of new production processes and alternative products to plasmaderivatives**
  Technological changes in the production of plasmaderivatives and the development of alternative products could make the Group's production processes and products uneconomical. To date, the only plasmaderivatives that face strong competition from alternative products are clotting factors, particularly FVIII: despite recombinant FVIII being on the market since the late '80s, the plasma derivative product has maintained a significant market share due to better effectiveness on certain categories of patients and lower cost. In recent years, the release of a new product (Hemlibra - ROCHE) based on a new technology (monoclonal antibody) that has further improved the quality of life of patients by facilitating home therapy, as well as the recent approval of gene therapies, make the FVIII market scenario even more uncertain for the years to come.Based on technological and production evolution, similar situations could also occur for other Group products in the long term, such as for immunoglobulins where, for some indications mainly in the neurological field, alternative products based on innovative technologies (FcRn – ARGENX) are entering the market.
- **Risks related to IT security, management and data dissemination**
  Information Technology (IT) is currently one of the main enablers in achieving corporate business objectives. The IT risk is therefore connected to the significant degree of dependence

of the Group's companies, and their related operational processes, on the IT component. Specifically, this refers to the risk of suffering an economic loss, reputation and market share derived from the possibility that a given threat, whether accidental or intentional, exploits a vulnerability inherent in the technology itself or resulting from the automation of corporate business processes, causing an event capable of compromising the security of the 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 data and corporate information. Moreover, disaster recovery and business continuity solutions have been implemented for the most important IT systems.

- **Environmental and sustainability risks**
  The main risks that can arise from climate change and the transition to a low carbon energy model are connected to improper management of energy and emission sources and risks related to regulatory changes associated with the fight against climate change. Kedrion Group operates in accordance with the environmental, social and governance sustainability standards (ESG); in particular, the Group pays significant attention to environmental protection, pursuing the objectives of reducing CO2 emissions, waste production and energy, oil and natural gas consumption.
- **Risks related to energy prices**
  The Group's activities are subject to fluctuations in the prices of energy products required in the production cycle. Despite energy prices have fallen during 2023, and the downward trend is still ongoing, due to uncertainties related to future forecasts, heavily dependent on the global economic-financial situation, the Russian-Ukrainian conflict and rising tensions in the Middle East, the Group closely monitors the risk of a new increase in energy prices, due to the negative impact it would have on the activity, economic results and financial situation.
- **Risks related to the global supply chain and the shortage of critical raw materials**
  The Group, with its integrated and international industrial structure, requires transfers from the United States to Europe of plasma and intermediates and a distribution of finished products involving more than 100 countries. Although the effects of the Covid-19 pandemic have now definitively eased, persistent international tensions, particularly related to the Russian-Ukrainian conflict and rising tensions in the Middle Eastern area, continue to impact on the global transport situation, in terms of prices and elongation of routes, particularly for the distribution chain of finished products. A potential risk, linked to international tensions, also remains in the supply chain and the availability of critical raw materials that could slow down the volume of production. The Group, through the collaboration of Procurement, Operations, Supply Chain and Quality functions, constantly tracks the supply of critical materials, and constantly evaluates the possible alternatives on the market, to mitigate the risks related to the main suppliers.

4.6.2. EXCHANGE RATE RISK

The Group operates on a global basis and it is therefore exposed to exchange rate risk arising from the different currencies in which it operates. Exposure to exchange rate risk arises from commercial and financial transactions in a currency other than the accounting currency. The main currencies generating an exchange rate risk are the US Dollar, the Canadian Dollar, and the Mexican Peso. The sensitivity analysis carried out to assess the Group's exposure to exchange rate risk was conducted assuming a 10% change in the exchange rates listed above compared to the Euro. The following tables show the impact on Profit before taxes due to changes in the value of current assets and liabilities, of borrowings in currency such as the Bond and the TLA, keeping all other variables constant. In addition to current assets and liabilities of a commercial nature, financial items were included, mainly represented by the balances of intergroup financial receivables and payables in a currency other than the accounting currency.

12/31/2023

CCY	FX change %	**Impact on profit before taxes** (*in thousands of Euros*)
USD	revaluation 10%	(35,666)
	devaluation 10%	35,666
GBP	revaluation 10%	934
	devaluation 10%	(934)
HUF	revaluation 10%	0
	devaluation 10%	(0)
RUB	revaluation 10%	947
	devaluation 10%	(947)
TRY	revaluation 10%	426
	devaluation 10%	(426)
MXN	revaluation 10%	1,458
	devaluation 10%	(1,458)
CAD	revaluation 10%	3,354
	devaluation 10%	(3,354)

4.6.3. INTEREST RATE RISK

The Group has a Bond and a TLA debt arrangements in place for a total of USD 865.0 million at a fixed rate and the availability of an RCF for Euro equivalent 175.0 million at a variable rate, both under the parent company Kedrion SpA and with maturity respectively in September 2029, May 2029 and March 2029.

As of December 31, 2023 the Group is covered from the interest rate risk for 100% of its total long-term exposure. Interest rate risk to which the Group is exposed is therefore currently limited to the use of short-term financing whose rates are defined at each use based on market conditions at the specific moment.

The Group monitors the conditions of the financial markets on interest rates to evaluate opportunities for coverage to further reduce exposure to risk.

4.6.4. LIQUIDITY RISK

The Group manages liquidity risk through the strict control of the elements that make up the net operating working capital and maintains an adequate level of liquid availability and funds obtainable through financing made available by various banking institutions.

As of December 31, 2023, the Group has liquid availability for Euro 156.4 million and available credit lines for Euro 146.1 million, of which Euro 125.0 million related to the RFC line made available by a pool of banks and drawn as of December 31, 2023 for Euro 50 million, and Euro 21.1 million of short-term lines.

In order to make cash flow management more efficient, avoiding the dispersion of liquidity and minimizing financial charges, the Group has also adopted systems of concentration and centralized management of the liquidity of the main companies of the Group (cash pooling) on the accounts of the parent company Kedrion SpA.

4.6.5. CREDIT RISK

The majority of the Group's European credits are claimed against hospital companies and other public entities, whose solvency is reasonably certain and on which the Group has in fact detected unsignificant credit losses, except for the waiver of late interest. Likewise, credits towards US customers, given the very short payment terms and the financial strength demonstrated by the customers themselves, are considered reasonably certain and solvent. The residual credits are mainly claimed against foreign customers (Middle East, Asia, Africa and South America) with consolidated knowledge relationships and long-term collaborations. Furthermore, all credits are constantly monitored by a recently implemented central structure capable of preventing exposures not in line with Group policies, for example unauthorized shipments in the presence of overdue positions or exceeding the commercial credit granted. The Group considers its credit risk management policies to be adequate, in relation to the degree of insolvency risk of its own customers.

4.7. DIVIDEND POLICY

According to the Articles of Association of Kedrion SpA, the net profits resulting from the statement of financial position regularly approved by the Shareholders' Meeting will be distributed as follows: a) at least 5% to the legal reserve fund until it has reached one fifth of the share capital; the remaining part will be allocated as decided by the assembly.

4.8. PERSONAL DATA PROCESSING

Kedrion has a Personal Data Protection System in place to ensure compliance with EU Regulation 2016/679 – General Data Protection Regulation (hereinafter also referred to as "GDPR") and with Legislative Decree 196/2003 as recently amended by Legislative Decree 101/2018 (hereinafter collectively referred to as "Regulations").

Kedrion intends to pursue a multi-business growth strategy that integrates personal data protection by incorporating Data Protection into the continuous improvement plan that the Company sets with its management system.

The Company - committed to complying with regulations concerning protection and security of information, especially personal data - is constantly committed to effectively implementing the principles of legality, fairness, transparency, limitation of purpose and retention, data minimization, accuracy, integrity, and confidentiality, outlining the implications in relation to the various activities carried out.

To this end, the Company adopts and implements organizational, procedural, and/or technical measures to ensure full compliance with the general principles on the processing of personal data and in particular:

- it has appointed a Data Protection Officer (DPO) and has implemented internal governance to oversee sensitive areas in terms of personal data processing;
- it has prepared the Register of processing activities to census the personal data processed by the Company which is kept up to date;
- it has adopted organizational, procedural, and/or technical measures able to ensure compliance with the maximum terms of retention of processed personal data (cd. data retention);
- it has adopted organizational, procedural, and/or technical measures aimed at dealing with potential Data Breach and, when the conditions arise, to timely notify the supervisory authority and communicate to the parties involved;
- it has prepared a risk assessment and drafted Data Privacy Impact Assessment (DPIA) on the areas most at risk in terms of data and personal protection and in line with the principle of accountability.

4.9. MAIN FEATURES OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS, INCLUDING CONSOLIDATED (INFORMATION PURSUANT TO ART. 123-BIS PARAGRAPH 2. B) OF THE LEGISLATIVE DECREE 58/1998)

The completeness, accuracy and timeliness of financial information is ensured by the adoption of an effective and efficient Group internal control system, subject to constant improvement and adapting to the evolution of business activities, regulatory framework and the social-economic context. The following described components should be considered integral parts of the internal control system.

4.9.1. MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL PURSUANT TO LEGISLATIVE DECREE 231/2001

Since 2004, Kedrion SpA adopted a specific Model of Organization, Management and Control pursuant to Art.6 of Legislative Decree 231/2001 (hereinafter also Model 231) with the aim of preventing the risk of committing the offenses provided by the same Decree and an Ethical Conduct Code that forms an integral part of Model 231.

Kedrion SpA keeps the 231 risk mapping updated, or the mapping of business areas exposed to "crime risk".

The Company has made tools available to report any violations, even on an anonymous basis.

The effective adoption and the effective implementation of the Model 231 adopted by Kedrion requires that all subjects recipients of Model 231, in carrying out their activities, follow correct and transparent behaviors in line with the Decree and with the control safeguards provided by the same Model 231 and with the Ethical-Social Values represented in the Ethical Conduct Code of Kedrion. In addition, the effective adoption and the effective implementation of Model 231 have imposed on Kedrion itself to:

- integrate Model 231 with the pre-existing internal control system, also for the purpose of better monitoring and controlling all business processes and functions, and to prevent any behavior not in compliance with the Laws and therefore also with Legislative Decree 231/2001;
- ensure that anyone who operates in the name and on behalf of Kedrion:
  - has full awareness of the scope and effects of Legislative Decree n.231/2001;
  - behaves always suitable for Kedrion's ethical policy aimed at disapproving any conduct, by whoever was put into place, forbidden by the provisions of Law and in contrast to the Ethical-Social Values of Kedrion represented by its own Ethical Conduct Code.

It is underlined that the Board of Directors of Kedrion SpA has established, in implementing the D.Lgs. 231/2001, the Supervisory Body to which the powers and responsibilities necessary for the performance of the activities delegated to it by the decree have been attributed in relation to the functioning, effectiveness, adequacy and compliance of the Organization, Management and Control Model adopted by the same Board of Directors.

Kedrion maintains an active Communication System with the Supervisory Body that allows anyone (employees and third parties), through specifically dedicated channels and in ways regulated by procedure to:

- formulate questions or doubts about the principles contained in Kedrion's Ethical Conduct Code and on the Model 231;
- formulate in advance questions or doubts related to the activity carried out or that one is about to carry out for Kedrion and therefore the behaviors that in carrying out the same could

presuppose, even hypothetically, an illegal act and the onset of the crimes contemplated by D.Lgs. 231/2001;

- indicate alleged or suspected violations of the ethical principles contemplated by Kedrion's Ethical Conduct Code and the measures provided for by Model 231;
- indicate any other information relating to the elements and contents of Model 231.

4.10. PARENT COMPANY AND CONSOLIDATED SUBSIDIARIES/ASSOCIATED

4.10.1. KEDRION SPA (ITALY)

Kedrion SpA is a pharmaceutical company operating in the production and sale of plasmaderivatives.

During the 2023 financial year, the company achieved a turnover of Euro 353.8 million (Euro 308.6 million in 2022), with a revenue increase of 14.7%, thanks to the increase in export sales of both products and international contract manufacturing services, but also thanks to the slight increase in revenues from work for the National Health System.

The turnover as of December 31, 2023 achieved in Italy increased by 7.3% compared to the previous year with a turnover of Euro 99.9 million, representing 28.2% of global revenues, achieved through the sale of finished products on the commercial market and the contract manufacturing service for the National Health System. The increase compared to the previous year is connected both to revenues from work for the National Health System and to direct sales.
The increase in turnover, together with the containment of costs in proportion to it, led to an improvement in EBITDA which reached to Euro 21.2 million (negative for Euro (18.7) million in the previous year), while EBT records a slight worsening and is equal to Euro (25.2) million (negative for Euro (21.4) million in 2022) following the higher financial charges incurred and the lower profits on exchange rates realized during the current financial year compared to the previous one.
The net loss for the fiscal year, amounted to Euro 15.0 million, after receiving dividends of Euro 3.9 million (compared to a net loss of Euro 19.2 million in 2022 after receiving dividends of Euro 1.5 million).

4.10.2. KEDRION BIOPHARMA INC. GROUP (USA)

The subgroup headed by Kedrion Biopharma Inc., 100% owned by Kedrion SpA, owns the Melville manufacturing plant with a fractionation capacity of about 1 million liters, acquired under a framework agreement made in 2011 with Grifols which allowed the Kedrion Group to enter the most important market in the sector. Its subsidiary Kedplasma LLC owns 68 plasma collection centers located in the United States, following the corporate integration with BPL Plasma Inc.. Kedplasma LLC controls the company BPL Properties LLC which, as of December 31, 2023, owned the buildings related to 4 plasma collection centers.

During the 2023 financial year, the companies belonging to the Kedrion Biopharma group achieved the following results:

- Kedrion Biopharma Inc. achieved a turnover of Euro 340.7 million, closing with a net profit of Euro 58.0 million (turnover of Euro 294.1 million and a profit of Euro 8.5 million in 2022). The 2023 turnover was mainly contributed by standard immunoglobulins (57.3%), which remained the main development driver, anti-rabies immunoglobulin (21.0%), anti-D immunoglobulin (7.3%) and albumin (5.7%); since 2022 the company has started selling Ryplazim on the US market (1.1% of the total turnover);
- Kedplasma LLC achieved a turnover of Euro 566.8 million in the 2023 financial year, closing with a profit of Euro 21.7 million (turnover of Euro 269.9 million and a loss of Euro 43.2 million in 2022).

4.10.3. SEVENPLATFORM GROUP VI LTD (BPL) (UK)

The English company Sevenplatform VI Limited was established as a vehicle to acquire the BPL Group, a transaction completed on August 31, 2022, and therefore controls the following companies:

- the three holding companies of the BPL Group: Naga UK Topco Limited, Naga UK Bidco Limited and Bio Products Laboratory Holdings Limited;
- the English company Bio Production Laboratory Limited, holder of the commercial licenses with which the BPL Group operates in the markets where it is present; the company also owns the Elstree production plant, vertically integrated (like the Bolognana plant) and with a fractionation capacity of approximately 1.1 million liters;
- the two commercial companies: Bio Products Laboratory Mexico S.de.R.L. (Mexico) and BPL Bio Products Laboratory GmbH (Germany).

During the financial year ended December 31, 2023, the Sevenplatform Group achieved a total turnover of Euro 510.1 million (Euro 458.2 million in 2022 considering the former perimeter of the BPL Group). The increase of about 11% compared to the previous year is due to the growth recorded by the top product, namely 10% immunoglobulin (Gammaplex) and Factor X, as well as albumin sales in China.

The BPL Group's turnover is mainly derived from standard immunoglobulins (Gammaplex, 70.2% of total turnover), from Factor X (orphan drug Coagadex, 14.7% of total turnover) and from albumin (9.9% of total turnover). The United States covers approximately 81.2% of sales and represents the most significant market.
The Sevenplatform Group closed the financial year with a loss of Euro 2.6 million (profit of Euro 293.5 million in 2022 due to extraordinary events such as the recognition of the gain on bargain purchase related to the acquisition of the BPL Group for Euro 188.1 million – figure restated as of December 31, 2023 as indicated in the note 6.2.2. – and the intragroup capital gain realized in the process of reorganizing companies in the US last year for Euro 124.6 million).

4.10.4. HUMAN BIOPLAZMA KFT (HUNGARY)

On December 31, 2007, Kedrion SpA acquired, 100% of the shares of HUMAN BioPlazma Kft, thus increasing its overall production capacity thanks to the plant located in Godollo near Budapest, which has a fractionation capacity of about 0.4 million liters of plasma.

During the 2023 financial year, the company achieved a turnover of Euro 101.6 million (Euro 61.3 million in 2022), closing with a net loss of Euro 4.0 million (against a loss of Euro 0.5 million in 2022).

4.10.5. KEDRION BIOPHARMA GMBH (GERMANY)

This German entity, 100% owned by Kedrion S.p.A, was established in June 2008. To date, the company carries out the distribution of the group's products on the main North European markets, particularly Germany, Austria, Poland, and Portugal.

In 2023, the company generated a turnover of Euro 85.9 million (Euro 88.7 million in 2022) during the fiscal year 2023, including the turnover recorded by the branches operating in the Austrian, Portuguese, and Polish markets.

The net profit amounted to Euro 2.6 million (Euro 4.3 million in 2022).

4.10.6. UNICA PLASMA (CZECH REPUBLIC)

Unica Plasma s.r.o, of which Kedrion SpA holds 100%, is based in Prague, Czech Republic. The company, acquired by Kedrion SpA on November 30, 2022, owns and operates five plasma collection centers in the country.

The company's turnover in the fiscal year 2023 amounted to Euro 8.9 million, with a net loss of Euro 0.4 million.

4.10.7. PROMETIC BIOPRODUCTION INC. (CANADA)

Prometic BioProduction Inc. is based in Laval, Quebec (Canada) and was acquired by Kedrion SpA on July 9, 2021, as part of the Ryplazim operation concluded with Liminal Biosciences. The company owns the production facility approved by FDA for the plasminogen "Ryplazim".

The company's first sales were recorded in January 2022 to the related Prometic Biotherapeutics Inc. (now incorporated into Kedrion Biopharma Inc.), holder of the FDA license to sell the Ryplazim product on the US market.

The turnover for 2023 was Euro 2.4 million (Euro 6.6 million in 2022), down from the previous year due to some delays related to production linked to an external supplier who is responsible for the final part of the process (fill & finish); consequently, there was a loss for the year of Euro 7.7 million (Euro 4.9 million in 2022).

4.10.8. KEDRION MEXICANA S.A. DE C.V. (MEXICO)

This company under Mexican law was established in June 2008 with the aim of distributing Kedrion products in Mexico. Kedrion SpA 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 for 2023 grew, reaching to Euro 86.8 million (Euro 48.7 million in 2022), bringing the net profit to Euro 3.1 million, compared to Euro 5.2 million for the previous year.

4.10.9. KEDRION BETAPHAR BIYOFARMASÖTIK İLAÇ SANAYI VE TICARET ANONIM ŞIRKETI (TURKEY)

Kedrion SpA acquired a stake in this company based in Ankara, Turkey, in November 2012, and currently holds 60%, while the remaining 40% is held by a local partner, Betaphar İLAÇ. The company carries out the distribution of the Group's products in Turkey.

During the fiscal year 2023, the company achieved a turnover of Euro 51.7 million (Euro 42.0 million in 2022), closing with a net profit of Euro 3.9 million (Euro 8.0 million in 2022).

4.10.10. KEDRION BRASIL DISTRIBUIDORA DE PRODUTOS HOSPITALARES LTDA (BRAZIL)

Kedrion SpA acquired an investment in this company registered with the Chamber of Commerce of the State of Goias in Brazil in November 2013 and currently holds 100%. The Brazilian company was acquired to consolidate the presence of the Kedrion Group in Latin America.

During the fiscal year 2023, the company achieved a turnover of around Euro 3.8 million (compared to Euro 1.6 million in the previous fiscal year), closing the fiscal year with a profit of Euro 0.6 million (Euro 0.1 million in the previous fiscal year).

4.10.11. KEDRION DE COLOMBIA S.A.S. (COLOMBIA)

Kedrion De Colombia S.A.S. was established in Colombia with headquarters in Bogotá in the course of 2015 to consolidate the presence of the Kedrion Group in Latin America.

During the fiscal year 2023, the company achieved a turnover of Euro 2.4 million (Euro 3.0 million in the previous fiscal year) closing the fiscal year with a net profit of Euro 0.5 million (a loss of Euro 0.2 million in the previous fiscal year).

4.10.12. KEDRION BIOPHARMA INDIA PRIVATE LIMITED (INDIA)

This company was established in India on December 6, 2013, with Kedrion SpA holding 60%, HUMAN BioPlazma Kft. holding 20% and Kedrion Biopharma Inc. holding the remaining 20%. The company is currently in the process of liquidation.

The turnover for the 2023 financial year was effectively zero (Euro 0.5 million in 2022) with a loss of Euro 0.2 million (Euro 0.6 million in 2022).

4.10.13. SHAREHOLDER STRUCTURE

The company is 100% controlled by Kedrion Holding SpA, established by the Permira Fund together with the former partners of Kedrion SpA; therefore, the Kedrion Group is ultimately controlled by the following entities:

▪ Permira VII Investment Platform Limited [8]	63.24%
▪ Sestant SpA	16.31%
▪ CDP Equity SpA	13.21%
▪ FSI S.G.R SpA[9]	6.60%
▪ Refin Srl.	0.20%
▪ PIPS Srl.	0.07%
▪ Cordusio Fiduciaria SpA [10]	0.37%

4.11. SUBSEQUENT EVENTS

In line with the company integration and simplification program, on January 1, 2024, the intra-group transfer of BPL GmbH (Germany) from BPL Ltd (UK) to Kedrion Biopharma GmbH (Germany) was completed. The transfer is functional to the subsequent merger by incorporation of BPL GmbH into the German subsidiary Kedrion Biopharma GmbH, expected by the end of 2024.

It should be noted that, during the month of February 2024, the FDA authority allowed the third-party EBSI to resume releasing the product by authorizing changes to the plant and quality systems that will allow, in the coming months, the re-release of the Ryplazim product on the market. Parallel to this, the activities of transferring the technology and production process currently carried out at EBSI to the Bolognana site are in progress.

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[8] Permira VII Fund
[9] In the name and on behalf of the closed-end investment fund of the reserved type "FSI I"
[10] In the name and on behalf of the Group's management that has joined the Management Equity Plan, as described in par. 4.3.1

There are no other significant subsequent events and/or that may have an impact on the 2023 financial information.

4.11.1. PERFORMANCE OF THE FIRST TWO MONTHS AND FORESEEABLE EVOLUTION OF MANAGEMENT

The goal for 2024 is to continue international development through the growth of all business segments. The leading segment remains plasmaderivatives with standard immunoglobulin as the driver of development thanks to the expected increases in volumes and price in the USA and the main European and RoW markets, thanks to the enduring imbalance between product supply and demand. In particular, significant sales growth is expected in the United States and in other important markets such as the United Kingdom, Germany, Turkey, and Mexico. Sales of albumin (or the reference intermediate, Fraction V), Kedrab (rabies hyperimmune immunoglobulin), Ryplazim (plasminogen) and Coagadex (Factor X) are also expected to grow. Finally, an acceleration of albumin sales is expected in China, initiated in 2023.
For the plasma segment, a consolidation of the increasing trend in collection at the owned centers is expected, which will lead to a significant growth in the volumes collected and destined for production in the Group's plants, while a slight contraction in plasma turnover towards third parties is expected.
In terms of economic performance, a robust increase in profitability and EBITDA is expected, thanks to the increase in prices and sales volumes and the contraction of plasma collection costs and other operating costs. Measures of efficiency and synergies made possible by the increasing integration between the two Groups will also continue.
In the first two months of fiscal year 2024, the consolidated turnover of the Kedrion Group was approximately Euro 191 million, approximately 8% higher than budget forecasts for the period and an increase of approximately 10% compared to the Euro 173.4 million achieved in the corresponding period of the previous fiscal year, thanks mainly to the increase in sales of plasma and plasmaderivatives (immunoglobulins and albumin) in the United States and other major markets, as well as the processing account.

4.12. NON-RECURRING ITEMS

Below we summarize the revenues and non-recurring costs determined for management purposes as indicated in the definition.

In relation to fiscal year 2023, net non-recurring charges and other non-ordinary items were identified for a total net value of Euro 62.2 million, of which Euro 57.0 million with an effect on EBITDA. These mainly refer to:

- **Integration costs and legal transactions / disputes** (Euro 13.6 million): they refer to non-operating costs of an extraordinary nature, such as corporate restructuring operations, consultations and other expenses incurred to manage the integration between the two Kedrion and BPL Groups, net of provisions or releases for legal causes and disputes;
- **New plasma centers start up and pre-opening** (Euro 11.1 million): they refer to the higher costs of plasma collection incurred in the new centers opened or acquired not yet up to speed;
- **Ryplazim remediation** (Euro 9.9 million): includes non-recurring items related to the production of Ryplazim;
- **Non-recurring operating costs** (Euro 9.7 million): they refer to non-ordinary events related to production (plants and plasma centers), detected by quality control processes and product release;
- **Rhogam line related costs:** include the "extension fees" paid to the supplier for the extension of the supply contract, in line with the completion times of the insourcing project, and the non-absorbed costs of the production structure; non-recurring costs for the year amount to Euro 9.6 million, of which Euro 1.7 million are related to depreciation;

- **Strategic development and growth initiatives:** mainly include projects related to the development of new products for a total of Euro 6.8 million, of which Euro 3.4 million are related to depreciation;
- **Discontinued operations** (Euro 1.5 million)**:** are mostly related to the closure of four plasma centers and the liquidation of the Indian subsidiary.

The following table illustrates the impacts of the revenues and charges identified above on the different lines of the 2023 statement of profit or loss:

Effects of non-recurring items for the year ended 12.31.2023

(In thousands of Euros)	TOTAL	Of which effect on EBITDA	of which Depreciation
Integration costs and legal/dispute transactions	13,579	13,579	
New plasma centers start up and pre-opening	11,128	11,128	
Ryplazim remediation	9,887	9,887	
Non-recurring operating costs	9,673	9,673	
Costs related to the RhoGAM line	9,639	7,896	1,743
Strategic development and growth initiatives	6,780	3,378	3,402
Discontinued operations	1,484	1,484	
TOTAL	**62,170**	**57,025**	**5,145**

4.13. TRANSACTIONS WITH RELATED PARTIES

During 2023, the Group's companies have maintained various relationships with other companies of the same Group as well as with other related parties identified on the basis of the principles established by IAS 24 and detailed in the explanatory notes.

It is believed that the conditions under which these operations were actually carried out are consistent with current market conditions. However, there is no guarantee that if such operations had been concluded between, or with, third parties, they would have negotiated or executed the same operations under the same conditions and in the same way.

4.14. RECONCILIATION BETWEEN THE RESULT OF THE FINANCIAL YEAR AND THE GROUP NET EQUITY WITH THE CORRESPONDING VALUES OF THE PARENT COMPANY

The following is a reconciliation statement between the result of the period and the group's net assets with the corresponding values of the parent company:

Reconciliation of the financial year's result and net assets

(In thousands of Euros)	Net Equity 2022	Dividends	Other movements 2023	OCI items 2023	Net result 2023	Net Equity 2023
Kedrion SpA Statement of financial position	**766.860**		**756,661**	**(8)**	**(15.044)**	**1,508,469**
Accounting effects of the reverse merger	756.346		(756,346)			-
Net results of subsidiaries post-establishment/acquisition	214.810	(45.900)	120	(24,835)	78.208	222.403
Elimination of dividends distributed within the group	-	45.900			(45.900)	-

Elimination of other intra-group balances	(87)			780	(1.031)	(338)
Elimination of intra-group profits on inventory	(7.837)			-	(1.548)	(9.385)
Elimination of other intra-group profits	(1.484)			71	463	(950)
Effects resulting from the PPA	(8,754)			(8,462)	(15,971)	(33,187)
Other consolidation adjustments	349			4	499	852
TOTAL PERTAINING TO THE GROUP	**1,720,203**	**-**	**435**	**(32,450)**	**(324)**	**1,687,864**
Share pertaining to minority interests	6.376	(2.569)		264	2.816	6.887
TOTAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**1,726,579**	**(2.569)**	**435**	**(32,186)**	**2.492**	**1,694,751**

Castelvecchio Pascoli, March 21, 2024

For the Board of Directors
The Chief Executive Officer
Ugo Di Francesco

5. FINANCIAL STATEMENTS

5.1. CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION

(In thousands of Euros)	NOTE	12.31.2023	12.31.2022 (*) (restated)
NON-CURRENT ASSETS			
Property, plant and equipment	6.4.1	704,014	689,076
Investment property	6.4.2	2,103	2,338
Goodwill	6.4.3	623,316	617,464
Rights of use	6.4.4	165,091	139,258
Intangible assets with a definite useful life	6.4.5	697,826	773,694
Other non-current financial assets	6.4.6	5,439	9,044
Deferred tax assets	6.4.20	768	3,680
Tax receivables	6.4.7	2,385	4,546
Other non-current assets	6.4.8	858	1,114
TOTAL NON-CURRENT ASSETS		**2,201,800**	**2,240,214**
CURRENT ASSETS			
Inventories	6.4.9	575,246	542,704
Trade receivables	6.4.10	140,330	156,555
Contractual assets	6.4.11	27,748	36,789
Tax receivables	6.4.12	24,508	21,795
Other current assets	6.4.13	30,914	55,659
Other current financial assets	6.4.14	4,803	4,767
Cash and cash equivalents	6.4.15	156,379	162,649
TOTAL CURRENT ASSETS		**959,928**	**980,918**
TOTAL ASSETS		**3,161,728**	**3,221,132**

(*) The balances presented in the approved statement of financial position as of December 31, 2022 have been amended and restated. Please refer to the note "6.2.2. Business combinations”.

(In thousands of Euros)	NOTE	12.31.2023	12.31.2022 (*) (restated)
SHAREHOLDERS' EQUITY			
GROUP SHAREHOLDERS' EQUITY			
Share capital	6.4.16	60,454	50
Reserves	6.4.16	1,627,734	1,692,053
Net profit attributable to Group	6.4.16	(324)	28,100
TOTAL GROUP SHAREHOLDERS' EQUITY		**1,687,864**	**1,720,203**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
Capital and reserves of non-controlling interests	6.4.16	4,071	5,627
Net profit attributable to non-controlling interests	6.4.16	2,816	749
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**6,887**	**6,376**
TOTAL SHAREHOLDERS' EQUITY		**1,694,751**	**1,726,579**
NON-CURRENT LIABILITIES			
Medium-long term loans	6.4.17	895,214	916,028
Provisions for risks and charges	6.4.18	1,379	3,703
Employee benefit liabilities	6.4.19	3,497	3,587
Deferred tax liabilities	6.4.20	113,026	164,288
Other non-current liabilities	6.4.21	2,715	3,141
TOTAL NON-CURRENT LIABILITIES		**1,015,831**	**1,090,747**
CURRENT LIABILITIES			
Payables to banks and other lenders	6.4.17	119,373	74,872
Current portion of medium – long term loans	6.4.17	14,366	14,088
Provisions for risks and charges	6.4.2	15,519	32,251
Trade payables	6.4.23	235,484	208,881
Income tax payables	6.4.24	5,590	9,310
Other current liabilities	6.4.25	60,814	64,404
TOTAL CURRENT LIABILITIES		**451,146**	**403,806**
TOTAL LIABILITIES		**1,466,977**	**1,494,553**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,161,728**	**3,221,132**

(*) The balances shown in the approved financial statements as of December 31, 2022 have been modified and restated. Please refer to the note "6.2.2. Business combinations".

5.2. CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR

(In thousands of Euros)	NOTE	12.31.2023	12.31.2022 (*) (restated)
Revenues	6.5.1	1,429,303	505,545
Cost of sales	6.5.2	1,104,642	407,358
GROSS MARGIN		**324,661**	**98,187**
Other income	6.5.3	9,626	3,162
Gain on bargain purchase	6.5.4	-	206,252
General and administrative expenses	6.5.5	155,130	134,543
Sales and marketing expenses	6.5.6	95,000	36,370
Research and development expenses	6.5.7	39,767	10,600
Other operating costs	6.5.8	11,422	4,997
OPERATING PROFIT		**32,968**	**121,091**
Interest expenses	6.5.9	83,957	25,339
Interest income	6.5.10	1,224	2,549
Interest expenses from refinancing	6.5.9	-	93,224
Net foreign exchange gains	6.5.11	13,122	23,740
RESULT BEFORE TAXES		**(36,643)**	**28,817**
Income taxes	6.5.12	(39,135)	(32)
NET PROFIT FOR THE PERIOD		**2,492**	**28,849**
Of which:			
Net result attributable to the Group		(324)	28,100
Net result attributable to non-controlling interests		2,816	749

(*) The balances presented in the approved financial statement as of 31 December 2022 were subject to amendment and restatement. Please refer to the note “6.2.2. Business combinations”.

5.3. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(In thousands of Euros)	NOTE	12.31.2023	12.31.2022 (*) (restated)
NET PROFIT FOR THE YEAR		**2,492**	**28,849**
OTHER COMPONENTS OF COMPREHENSIVE INCOME			
Other components of comprehensive income that will be subsequently reclassified to profit/(loss) for the year:			
Translation differences of foreign financial statements	6.4.16	(36,288)	(71,691)
Total other comprehensive income components that will be subsequently reclassified to profit/(loss) for the year, net of taxes		**(36,288)**	**(71,691)**
Other components of comprehensive income that will not be subsequently reclassified to profit/(loss) for the year:			
Revaluation related to hyperinflationary economies	6.6.1	4,112	1,462
Actuarial gains/losses on employee benefits	6.4.19	(13)	33
Income tax		3	(8)
Total other components of comprehensive income that will not be subsequently reclassified to profit/(loss) for the year, net of taxes		**4,102**	**1,487**
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME, NET OF TAXES		**(32,186)**	**(70,204)**
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAXES		**(29,694)**	**(41,355)**
Attributable to:			
Group		(32,774)	(42,426)
Non-controlling interests	6.4.16	3,080	1,071

(*) The balances presented in the approved financial statements as of 31 December 2022 were subject to modification and restatement. Please refer to the note "6.2.2. Business combinations".

5.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of Euros)	Share capital	Legal reserve	Share premium reserve	Other reserves	Currency translation adjustment reserve	IAS 19 severance Indemnity reserve	Profit for the year	Total Group Net Assets	Total Net Assets attributable to non-controlling interests	Total shareholders' equity
Notes	**6.4.16**	**6.4.16**	**6.4.16**	**6.4.16**	**6.4.16**	**6.4.19**				
Balance as of December 16, 2021 (date of incorporation)	**50**	**-**	**10**	**-**	**-**	**-**	**-**	**60**	**-**	**60**
Allocation of profit for the year	-	-	-	-		-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	-	(875)	(875)
Capital contribution from Kedrion Holding	-	-	-	1,762,569	-	-	-	1,762,569	-	1,762,569
Kedrion Group non-controlling interests	-	-	-	-	-	-	-	-	6,180	6,180
IAS 29 reserve	-	-	-	877	-	-	-	877	585	1,462
Currency translation adjustment	-	-	-	-	(71,428)	-	-	(71,428)	(263)	(71,691)
IAS 19 employee benefits	-	-	-	-	-	25	-	25	-	25
Profit for the year	-	-	-	-	-	-	28,100	28,100	749	28,849
Total of the profit/(loss) for the year and other components of the comprehensive income	**-**	**-**	**-**	**877**	**(71,428)**	**25**	**28,100**	**(42,426)**	**1,071**	**(41,355)**
Balance as of December 31, 2022 (Restated) (*)	**50**	**-**	**10**	**1,763,446**	**(71,428)**	**25**	**28,100**	**1,720,203**	**6,376**	**1,726,579**
Reclassifications arising from reverse merger accounting	60,404	11,734	77,891	(149,447)	-	(582)	-	-	-	-
Allocation of profit for the year	-	-	-	28,100	-	-	(28,100)	-	-	-
Dividend distribution	-	-	-	-	-	-	-	-	(2,569)	(2,569)
IFRS 2 reserve	-	-	-	435	-	-	-	435	-	435
IAS 29 reserve	-	-	-	2,469	-	-	-	2,469	1,643	4,112
Currency translation adjustment	-	-	-	-	(34,909)	-	-	(34,909)	(1,379)	(36,288)
IAS 19 employee benefits	-	-	-	-	-	(10)	-	(10)	-	(10)
Profit for the year	-	-	-	-	-	-	(324)	(324)	2,816	2,492
Total of the profit/(loss) for the year and other components of the comprehensive income	**-**	**-**	**-**	**2,469**	**(34,909)**	**(10)**	**(324)**	**(32,774)**	**3,080**	**(29,694)**
Balance as of December 31, 2023	**60,454**	**11,734**	**77,901**	**1,645,003**	**(106,337)**	**(567)**	**(324)**	**1,687,864**	**6,887**	**1,694,751**

(*) The balances presented in the statement of financial position approved as of December 31, 2022 were subject to adjustment and restatement. Please refer to the note "6.2.2. Business combinations".

5.5. CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of Euros)	NOTE	12.31.2023	12.31.2022 (*) (restated)
PROFIT BEFORE TAX		**(36,643)**	**28,817**
Adjustments to reconcile the profit before tax to the cash flow generated/(absorbed) by operating activities:			
Depreciation	6.5.8	150,359	48,866
Interest expense	6.5.9	83,957	118,563
Interest income	6.5.10	(1,224)	(2,549)
Net exchange gains or losses	6.5.11	(13,122)	(22,805)
Income from bargain purchase		-	(206,252)
Other non-monetary items		(1,997)	(222)
Provisions/(Payments) for employee benefits	6.4.19	(192)	(445)
Net change in provisions for risks and charges	6.4.18 - 6.4.22	(19,056)	2,690
Net change in other non-current liabilities	6.4.21	(478)	338
Net change in other non-current assets	6.4.8	256	(368)
Changes in working capital			
Trade receivables	6.4.10	19,382	(7,384)
Inventories	6.4.9	(44,811)	39,514
Trade payables	6.4.23	33,976	13,176
Other current assets and liabilities	6.4.13 - 6.4.25	24,877	19,561
Other cash flows from operating activities			
Income Taxes paid		(10,595)	(10,759)
CASH FLOW GENERATED FROM OPERATING ACTIVITIES (A)		**184,689**	**20,741**
Investments in tangible assets	6.4.1	(80,305)	(40,310)
Disposal of tangible assets	6.4.1	5,287	2,856
Purchase of plasma collection centers	6.2.2	(10,051)	(25,220)
Business combination, net of cash acquired	6.2.2	-	(1,216,757)
Investments in intangible assets	6.4.5	(16,848)	(8,254)
Disposal of intangible assets	6.4.5	656	408
CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)		**(101,261)**	**(1,287,277)**

(In thousands of Euros)	NOTES	12.31.2023	12.31.2022 (*) (restated)
Dividends paid	6.4.16	(2,287)	(5,183)
Capital injection	6.4.16	-	1,507,702
Bond loan repayment	6.4.17	-	(410,000)
New medium-long term loans	6.4.17	-	763,285
Repayment of medium-long term loans	6.4.17	(15,363)	(286,878)
Interest collected	6.5.10	1,022	2,549
Interest paid	6.5.9	(76,848)	(39,753)
Change in non-current financial assets	6.4.6	(108)	(3,095)
Change in short-term financial liabilities	6.4.17	4,154	(95,778)
Change in short-term financial assets	6.4.14	(36)	(3,237)
NET CASH FLOW GENERATED/(ABSORBED) BY FINANCING ACTIVITIES (C)		**(89,466)**	**1,429,612**
Net cash flow generated by operating activities (A)		184,689	20,741
Net cash flow absorbed by investment activities (B)		(101,261)	(1,287,277)
Net cash flow generated by financing activities (C)		(89,466)	1,429,612
TOTAL CASH FLOW D=(A+B+C)		**(6,038)**	**163,076**
Cash and cash equivalents at the beginning of the year (E)	6.4.15	162,649	-
Net effect of foreign currency translation on cash and cash equivalents (F)		(232)	(427)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR G=(D+E+F)		**156,379**	**162,649**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			
Cash and cash equivalents		162,649	-
Overdrafts and repayable on demand liquidity		-	-
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**162,649**	**-**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
Cash and cash equivalents	6.4.15	156,379	162,649
Overdrafts and repayable on demand liquidity		-	-
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**156,379**	**162,649**

(*) The balances presented in the statement of financial position approved on December 31, 2022 were subject to modification and restatement. Please refer to the note "6.2.2. Business combinations".

Castelvecchio Pascoli, March 21, 2024

For the Board of Directors
The Chief Executive Officer
Ugo Di Francesco

6. EXPLANATORY NOTES

6.1. INTRODUCTION

Kedrion SpA is a joint-stock company established and domiciled in Italy and, together with its subsidiaries (the "Kedrion Group"), carries out the production and distribution of biological drugs resulting from the industrial fractionation process of plasma. The Group is also active in the marketing of synthetic pharmaceutical products and operates in the collection and sale of plasma in foreign markets and in other activities, among which the transfer of technology related to the production of plasmaderivatives. Please refer to the management report for more details on the activities carried out by the Group.

The consolidated financial statement of Kedrion as of December 31, 2023, prepared by the Directors, include, in addition to Kedrion SpA the following legal entities:

- the American subsidiary Kedrion Biopharma Inc. of which Kedrion SpA holds 100%;
- the indirect American subsidiary KEDPLASMA LLC, of which Kedrion Biopharma Inc. holds 100%;
- the indirect American subsidiary BPL Properties LLC, of which KEDPLASMA LLC holds 100%;
- the Hungarian subsidiary HUMAN BioPlazma Kft., of which Kedrion SpA holds 100%;
- the German subsidiary Kedrion Biopharma Gmbh, of which Kedrion SpA holds 100%;
- the Mexican subsidiary Kedrion Mexicana S.A. de C.V. (hereinafter "Kedrion Mexicana"), of which Kedrion SpA holds 60%; the remaining 40% is owned by third parties;
- the Brazilian subsidiary KEDRION BRASIL DISTRIBUIDORA DE PRODUTOS HOSPITALARES LTDA (hereinafter "Kedrion Brasil"), of which Kedrion S.p.A holds 100%;
- the Indian subsidiary Kedrion Biopharma India Private Limited (in liquidation) in which Kedrion SpA holds 60%, HUMAN BioPlazma Kft. holds 20% and Kedrion Biopharma Inc. holds the remaining 20%;
- the Turkish subsidiary Kedrion Betaphar Biyofarmasötik İlaç Sanayi ve Ticaret Anonim Şirketi (hereafter "Kedrion Betaphar") in which Kedrion SpA holds 60%; the remaining 40% is owned by third parties;
- the Colombian subsidiary KEDRION DE COLOMBIA S.A.S. (hereafter "Kedrion Colombia") in which Kedrion SpA holds 100%;
- the Canadian subsidiary Prometic BioProduction Inc., in which Kedrion SpA holds 100%;
- the British subsidiary Sevenplatform VI Limited in which Kedrion SpA holds 100%;
- the indirect British subsidiary Bio Production Laboratory Limited (hereafter "BPL") in which Sevenplatform VI Limited indirectly holds 100%, through a cascade holding mechanism (Naga UK Topco Limited, Naga UK Bidco Limited and Bio Products Laboratory Holdings Limited); the company is based in Elstree (UK) and in turn controls 100% of the commercial company BPL Bio Products Laboratory GmbH (Germany) and 1% of the commercial company Bio Products Laboratory Mexico S.de.R.L. (Mexico), while the remaining 99% is held by Bio Products Laboratory Holdings Limited;
- the Czech subsidiary UNICAplasma s.r.o. in which Kedrion SpA holds 100%.

The parent company Kedrion Holding SpA, based in Italy, Via San Paolo 10, Milan (MI), was established by the Permira Fund along with the former partners of Kedrion S.p.A; therefore, the Kedrion Group is ultimately controlled by the following entities:

▪ Permira VII Investment Platform Limited [11]	63.24%
▪ Sestant SpA	16.31%
▪ CDP Equity SpA	13.21%

[11] Permira VII Fund

- FSI S.G.R SpA[12] 6,60%
- Refin Srl. 0.20%
- PIPS Srl 0.07%
- Cordusio Fiduciaria SpA [13] 0,37%

Please note that, on July 14, 2023, the reverse merger of Kevlar SpA into Kedrion SpA took place to ensure a more linear continuity of contractual relationships currently held by the incorporating company, as the operating company of the Kedrion Group.

The financial statements, which refer to the period from January 1, 2023, to December 31, 2023, were approved by the Board of Directors on March 21, 2024, and will be submitted for approval by the Shareholders' Meeting on April 12, 2024. Financial statements are subject to external audit requirements.

With the aim of improving the understanding and comparability of financial information, few revisions have been made to the presentation of comparative data as of December 31, 2022. These revisions mainly concern the offsetting of deferred tax assets and liabilities within the same tax jurisdiction for an amount equivalent to Euro 3,860 thousand. The Group has assessed that these revisions are immaterial with reference to the financial information already presented within the consolidated financial statements of the previous year, also considering the fact that they do not have any impact on the Group's main performance indicators.

6.2. SIGNIFICANT EVENTS OF THE YEAR

6.2.1. REVERSE MERGER: EFFECTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

It should be noted that on July 14, 2023 took place the reverse merger of Kevlar SpA into Kedrion SpA to ensure a more linear continuity of contractual relationships currently held by the incorporating company, as the operating company of the Kedrion Group.

Therefore, the comparative balances in the first consolidated financial statements after the merger of the incorporating company are those of the consolidated financial statements of the incorporated company Kevlar SpA and its subsidiaries (“Kevlar SpA Group”) as of December 31, 2022.

In fact, since the reverse merger was qualified as a business combination “under common control”, IFRS 10 rather IFRS 3 was applied resulting in a representation where the Group arising from the reverse merger is the one related to the parent company before the merger, Kevlar SpA, even though the legal entity emerging from the reverse merger is Kedrion SpA

As a result, the consolidated financial statement of Kedrion SpA Group should be considered as the normal continuation of the consolidated financial statement of the former Kevlar SpA Group.

As result of the above, the comparative figures include the profit and loss items related to the last four months of the fiscal year 2022 and include the transaction costs and the other effects arising from the business combination, such as the gain on bargain purchase related to BPL deal, restated as described in the following paragraph.

[12] In the name and on behalf of the closed-end investment fund of the reserved type "FSI I"
[13] In the name and on behalf of the Group's management that has joined the Management Equity Plan, as described in par. 4.3.1

The merger is effective for both accounting and tax purposes as of January 1, 2023, while it is effective from a legal perspective as at July 14, 2023, as stated in the notary act repertoire N. 30818 and collection N. 17429, registered at "Agenzia delle Entrate – Ufficio di Milano" in the same date.

6.2.2. BUSINESS COMBINATIONS

ACQUISITION OF PLASMA CENTERS

During 2023 financial year, the subsidiary KEDPLASMA LLC acquired from Immunotek Biocenters LLC five business branches related to as many plasma collection centers in the United States, located in Cocoa (FL), Columbia (SC), Hendersonville (NC), Slidell (LA) and Indianapolis (IN), mainly including the facilities and related equipment, the staff, the existing contractual relations, the authorizations, as well as the relationships with the donors. Considering the features of the object of the acquisition, these operations have been framed within the business activities based on guidance included within IFRS 3. The Group determined to have acquired a business when the integrated set of activities and assets includes at least one production factor and a substantial process that together significantly contribute to the ability to generate an output, in accordance with the new definition of business.
The process of valuation of the assets and of the price paid for the above-mentioned acquisitions was completed by the end of the financial year based on an appraisal entrusted to an independent third party.

Such acquisitions have been accounted for in accordance with IFRS 3, recognizing a goodwill as the difference between the acquisition price and the fair value of the acquired assets and the identifiable assumed liabilities.

The acquisitions made in 2023 were consolidated from the date of acquisition of control.

	Fair value recognized in acquisitions					
(In thousands of Euros)	Cocoa	Columbia	Hendersonville	Slidell	Indianapolis	Total
NET ACQUIRED ASSETS						
Real estate, plants and machinery	138	118	462	205	2,672	**3,595**
Intangible assets with definite life	1,515	1,292	1,194	1,299	829	**6,129**
- Of which Donor list	1,128	938	885	975	572	**4,498**
- Of which Licenses	260	285	228	243	184	**1,200**
- Of which Trade Names and Trademarks	127	69	81	81	73	**431**
Rights of use	2,806	2,533	2,538	2,928	3,581	**14,386**
Lease liabilities	(2,806)	(2,533)	(2,538)	(2,928)	(3,581)	**(14,386)**
NET WORKING CAPITAL	**1,339**	**1,019**	**1,177**	**1,203**	**548**	**5,286**
TOTAL NET ASSETS IDENTIFIED AT FAIR VALUE	**2,992**	**2,429**	**2,833**	**2,707**	**4,049**	**15,010**
IDENTIFIED GOODWILL	**3,777**	**4,020**	**2,643**	**2,794**	**1,476**	**14,710**
PURCHASE CONSIDERATION	**6,769**	**6,449**	**5,476**	**5,501**	**5,525**	**29,720**
- Of which in cash	6,769	6,449	5,476	5,501	5,525	**29,720**

The goodwill is attributable to the workforce and the good profitability of the acquired business activities and is not deductible for tax purposes.

Cash outflow from acquisition operations

	2023	2022

Cash outflow related to business combination	13,584	16,136
Off-set with borrowings granted	(3,533)	-
Net cash flow - investment activities	**10,051**	**16,136**

There are no significant transaction costs related to the above operations, as these are routine operations.

BUSINESS COMBINATIONS RELATED TO PERMIRA DEAL

During the 2023 fiscal year and prior to August 31, 2023, i.e. one year from the date on which the business combinations related to the Kedrion Group and the BPL Group was executed, information arose relating to facts and circumstances existing at the date of acquisition that, if known, would have influenced the assessment of the amounts recorded in prior year, which have been determined on a provisional basis for the preparation of the consolidated financial statements as of December 31, 2022. During the 2023 fiscal year, once the assessment period was completed, some retroactive adjustments were therefore made to the amounts determined on a provisional basis as indicated below.

Correction of the allocation of the consideration paid for the acquisition of the BPL Group

During the month of April 2023, the Kedrion Group received, through its subsidiary Sevenplatform VI Ltd., a sum of Euro 17.3 million from the sellers of the BPL Group (Tiancheng International Investment Limited), as a price adjustment. Consequently, the amounts determined on a provisional basis have been redetermined, restating the comparative information presented in the financial information of the previous year.

The following table shows the allocation made of the adjusted consideration as defined above, following which a positive difference emerged between the fair value of the net assets acquired and the price paid, which the directors qualified as a bargain gain resulting from the business combination recorded as extraordinary income to the statement of profit or loss at the acquisition date restated for an amount of Euro 206,252 thousand (Euro 188,075 thousand in the financial statements as at 31 December 2022):

	CGU Plasmaderivatives		CGU Plasma		CGU BPL	
(In thousands of Euros)	Acquired amount	Fair value	Acquired amount	Fair value	Acquired amount	Fair value
NET ASSETS ACQUIRED						
Property, plant and equipment	185,573	195,418	68,579	68,579	**254,152**	**263,997**
Rights of use	-	-	35,388	29,098	**35,388**	**29,098**
Intangible assets with a finite life	11,839	228,590	7,831	24,870	**19,670**	**253,460**
- Of which Licenses	11,249	228,000	-	9,232	**11,249**	**237,232**
- Of which Others	590	590	7,831	15,638	**8,421**	**16,228**
Deferred tax assets / (liabilities)	4,874	(50,993)	-	(4,290)	**4,874**	**(55,283)**
Lease liabilities	-	-	(43,445)	(29,098)	**(43,445)**	**(29,098)**
NET WORKING CAPITAL						
Inventories	176,810	186,091	17,858	17,858	**194,668**	**203,949**
Trade receivables	55,321	55,321	4,016	4,016	**59,337**	**59,337**
Trade payables	(98,751)	(98,751)	(19,620)	(19,620)	**(118,371)**	**(118,371)**
TOTAL NET ASSETS ACQUIRED	**335,666**	**515,676**	**70,607**	**91,413**	**406,273**	**607,089**
Provisions for risks and charges and liabilities for employee benefits						(4,392)

Other net financial assets and liabilities (including cash and cash equivalents)	(85,318)
TOTAL NET ASSETS ACQUIRED AND LIABILITIES ASSUMED	**517,379**
PURCHASE CONSIDERATION	**308,254**
GAIN FROM BPL DEAL ("BARGAIN PURCHASE")	**209,125**
of which to statement of profit or loss	*206,252*
of which to currency translation reserve	*2,873*

The restatement of business combination recorded in the previous fiscal year was performed in accordance with IFRS 3, therefore we report below the nature and amount of the adjustments made on each impacted statement of financial position item:

(In thousands of Euros)	12/31/2022	Increase / (Decrease)	12/31/2022 Restated
Other current assets	38,398	17,261	55,659
TOTAL ASSETS	**3,200,191**	**17,261**	**3,217,452**
Reserves	1,692,969	(916)	1,692,053
Net profit for the period attributable to the Group	9,923	18,177	28,100
TOTAL NET EQUITY	**1,709,318**	**17,261**	**1,726,579**
TOTAL LIABILITIES	**1,490,873**	**-**	**1,490,873**
TOTAL NET EQUITY AND LIABILITIES	**3,200,191**	**17,261**	**3,217,452**

(In thousands of Euros)	12/31/2022	Increase / (Decrease)	12/31/2022 Restated
Proceeds from bargain purchase	188,075	18,177	206,252
NET PROFIT FOR THE PERIOD	**10,672**	**18,177**	**28,849**
Of which:			
Net result attributable to the Group	9,923	18,177	28,100
Net result attributable to non-controlling interests	749	-	749

Correction of the allocation of the consideration paid for the acquisition of the Kedrion Group

During 2023, following an assessment carried out by the Group on all ongoing projects, emerged the need for writing-down work in progress on intangible assets for a total value of Euro 500 thousand, relating to costs capitalized in previous years for projects which have been abandoned. Based on the assessment made, the circumstances that led to the need to carry out this write-down, namely the interruption of the projects, were already in place as of 31 August 2022. Therefore, in line with what has been done and described above with reference to the acquisition of the BPL Group, a correction of the allocation of the consideration paid for the acquisition of the Kedrion Group was made.
The following table shows the reallocation made of the equivalent based on the assumptions reported above, following which a residual goodwill emerged registered in the statement of financial position equal to Euro 618.128 thousand (Euro 617.628 thousand in the statement of financial position as of December 31, 2022):

	CGU Plasmaderivatives		CGU Plasma		CGU Kedrion	
(In thousands of Euros)	Acquired amount	Fair value	Acquired amount	Fair value	Acquired amount	Fair value
NET ASSETS ACQUIRED						

Property plant and equipment	363,308	493,484	90,124	90,124	**453,432**	**583,608**
Rights of use	46,591	41,519	78,011	75,334	**124,602**	**116,853**
Intangible assets with definite life	123,528	504,465	50,709	51,828	**174,237**	**556,293**
- Of which Licenses	42,567	218,000	14,131	14,131	**56,698**	**232,131**
- Of which Brands	-	-	5,545	5,545	**5,545**	**5,545**
- Of which work in progress	47,997	253,500	-	-	**47,997**	**253,500**
- Of which Other	32,965	32,965	31,032	32,152	**63,997**	**65,117**
Other non-current assets	1,425	1,425	496	496	**1,921**	**1,921**
Deferred tax assets / (liabilities)	19,253	(122,070)	2,253	38	**21,506**	**(122,032)**
Other non-current liabilities	(2,705)	(2,705)	(107)	(107)	**(2,812)**	**(2,812)**
Lease liabilities	(48,503)	(41,519)	(83,919)	(75,334)	**(132,422)**	**(116,853)**
NET WORKING CAPITAL						
Inventories	299,663	333,828	35,469	42,404	**335,132**	**376,232**
Trade receivables	100,436	100,436	25,290	25,290	**125,726**	**125,726**
Other current assets	58,771	58,771	3,565	3,565	**62,336**	**62,336**
Trade payables	(79,962)	(79,962)	(41,111)	(41,111)	**(121,073)**	**(121,073)**
Other current liabilities	(25,242)	(25,242)	(3,068)	(3,068)	**(28,310)**	**(28,310)**
TOTAL NET ASSETS ACQUIRED	**856,564**	**1,262,430**	**157,711**	**169,459**	**1,014,275**	**1,431,889**
Provisions for risks funds and liabilities for employee benefits						(32,866)
Non-controlling interests equity acquired						(6,180)
Other net financial assets and liabilities (including cash and cash equivalents)						(772,212)
TOTAL NET ASSETS ACQUIRED AND LIABILITIES ASSUMED						**620,631**
PURCHASE CONSIDERATION						**1,238,759**
GOODWILL						**618,128**

The nature and amount of the adjustment made on each statement of financial position item concerned are reported below:

(In thousands of Euros)	**12/31/2022**	**Increase / (Decrease)**	**12/31/2022 Restated**
Goodwill	616,964	500	617,464
Intangible assets with a defined life	774,194	(500)	773,694
TOTAL ASSETS	**3,200,191**	**-**	**3,200,191**
TOTAL NET EQUITY	**1,709,318**	**-**	**1,709,318**
TOTAL LIABILITIES	**1,490,873**	**-**	**1,490,873**
TOTAL NET EQUITY AND LIABILITIES	**3,200,191**	**-**	**3,200,191**

6.3. ACCOUNTING STANDARDS AND VALUATION CRITERIA

6.3.1. CONTENT AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements of Kedrion SpA as of December 31, 2023 were prepared 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 art. 9 of Legislative Decree no. 38/2005.
The term IFRS also includes all revised international accounting standards (“IAS”), all interpretations of the International Financial Reporting Standards Interpretations Committee (“IFRS IC”) including those previously issued by the Standing Interpretation Committee (“SIC”).
These consolidated financial statements consist of the following primary statements: (i) consolidated statement of financial position, (ii) consolidated statement of profit or loss, (iii) consolidated statement

of comprehensive income, (iv) consolidated statement of changes in equity, (v) consolidated statement of cash flows and (vi) the explanatory notes.

In presenting the statement of financial position, the format that classifies assets and liabilities into “current” and “non-current” was elected. Assets and liabilities are considered non-current if they have a monetary outcome beyond 12 months.

The consolidated statement of profit or loss for the fiscal year ended December 31, 2023 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 chosen form is aligned with internal reporting and business management. The statement of cash flows is prepared according to the indirect method and is presented in accordance with IAS 7, classifying cash flows between operating, investing and financing activities. The flow related to finance costs and income paid and collected is shown among financing activities and not among operating activities.

The accounting principles adopted for the preparation of the consolidated financial statements as of December 31, 2023 are consistent with those used for the preparation of the annual consolidated financial statements as of December 31, 2022, with the exception of the adoption of the new principles, amendments and interpretations in force from January 1, 2023.

The consolidated financial statements are prepared on the basis of historical cost principle, except for measurement of financial assets and liabilities where the application of the fair value basis is compulsory.

These consolidated financial statements has been prepared on the assumption of going concern, as the directors have concluded on the absence of indicators that may cast doubts about the Group's ability to meet its obligations in the near future, and specifically in the next 12 months. Please refer to the Management Report for considerations regarding the expected development of management.

The consolidated financial statements are presented in Euro, which is also the functional currency, and all values are rounded up to the nearest thousand Euro unless otherwise indicated. The amounts contained in these explanatory notes are reported in thousands of Euros, without decimal figures, unless otherwise indicated.

6.3.2. CONSOLIDATION AREA

The consolidated financial statements include the financial statements of Kedrion SpA and its subsidiaries as of December 31, 2023. Control is achieved when the Group is exposed or has rights to variable returns from its relationship with the investee and, at the same time, has the ability to affect those returns by exercising its power over the investee.

Specifically, Kedrion SpA controls an entity if, and only if, the company has:

- power over the investee (i.e. it holds valid rights that give it the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its relationship with the investee;
- the ability to use its power over the investee to affect the amount of its returns.

Generally, there is the presumption that the majority of voting rights imply control. In support of this presumption and when the Group holds less than the majority of voting rights (or similar rights), the Group considers all relevant facts and circumstances to determine whether it controls the entity being invested in, including:

- contractual agreements with other voting rights holders;

- rights arising from contractual agreements;
- the Group's voting rights and potential voting rights.

The Group reconsiders whether it has control of a subsidiary if the facts and circumstances indicate that there have been changes in one or more of the three elements relevant for the definition of control. The consolidation of a subsidiary begins when the Group gains control and ends when the Group loses the same control. The activities, liabilities, revenues and costs of the acquired or disposed subsidiary during the financial year are included in the consolidated financial statements from the date the Group gains control until the date the Group no longer exercises control over the company.

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

Changes in interest in a subsidiary that do not result in the loss of control are accounted for as capital transactions.

If the Group loses control of a subsidiary, it eliminates the corresponding activities (including goodwill), liabilities, non-controlling interests, and other components of net equity, while any profit or loss is recorded in the statement of profit or loss. The portion of investment that may be retained is then measured at fair value.

The following table summarizes, for subsidiaries, the information as of December 31, 2023, relating to their name, registered office and percentage of share capital held directly and indirectly by the Group.

Subsidiaries (fully consolidated)

Name	Registered Office	Currency	Share Capital Currency Unit	Percentage of Control		Notes
				Direct	Indirect	
Kedrion Biopharma Inc.	New Jersey - United States	US Dollar	3	100%		
KEDPLASMA LLC	Delaware - United States	US Dollar	10,592,796		100%	
BPL Properties LLC	Delaware - United States	US Dollar	13,000,000		100%	
Sevenplatform VI Limited	Watford - United Kingdom	US Dollar	1,652,097	100%		
Naga UK Topco Limited	Watford - United Kingdom	British Pound	3,856,477		100%	
Naga UK Bidco Limited	Watford - United Kingdom	British Pound	25,687,319		100%	
Bio Products Laboratory Holdings Limited	Watford - United Kingdom	British Pound	223,108,063		100%	
Bio Production Laboratory Limited	Watford - United Kingdom	British Pound	206,428,001		100%	

Bio Products Laboratory Mexico S.de.R.L.	Mexico City - Mexico	Mexican Peso	1,000		100%
BPL Bio Products Laboratory GmbH	Neu-Isenburg - Germany	Euro	25,000		100%
HUMAN BioPlazma Kft.	Gödöllő - Hungary	Euro	12,461,836	100%	
Kedrion Biopharma Gmbh	Grafelfing - Germany	Euro	25,000	100%	
UnicaPlasma s.r.o	Prague - Czech Republic	Czech Koruna	200,000	100%	
Prometic BioProduction Inc.	Quebec - Canada	Canadian Dollar	230,643,549	100%	
Kedrion Mexicana S.A. de C.V.	Mexico City - Mexico	Mexican Peso	2,061,320	60%	
Kedrion Betaphar Biyofarmasötik İlaç Sanayi ve Ticaret Anonim Şirketi	Ankara - Turkey	Turkish Lira	40,000,000	60%	
Kedrion Brasil Distribuidora De Produtos Hospitalares Ltda	Goiania - Brazil	Brazilian Real	2,734,000	100%	
Kedrion De Colombia S.A.S.	Bogotà - Colombia	Colombian Peso	30,000,000	100%	
Kedrion Biopharma India Private Limited	Gurgaon - India	Indian Rupee	13,900,000	100%	

6.3.3. CONSOLIDATION CRITERIA

These consolidated financial statements include the financial statements of Kedrion SpA, the parent company, and the financial statements of the companies directly and indirectly controlled by it. The financial statements of the subsidiaries are prepared with reference to the same accounting period and adopting the same accounting principles of the parent company. The 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 out of the Group.

In particular, for the consolidated companies, the following consolidation criteria were applied:

- the book value of the shares included in the consolidation area was eliminated against the net assets of the subsidiaries according to the global integration method and where the direct or indirect investment is less than 100%, the share of income and net assets attributable to third parties is assigned, which is shown in a separate item of the consolidated statement of profit or loss and the consolidated financial position;
- any difference between the acquisition cost and the book value of the subsidiaries' net assets at the time of acquisition of the investment, if positive, is allocated to the specific activities of the acquired companies on the basis of their current values at the acquisition date and, for the remaining part, if the conditions exist, to the "Goodwill" item. In this case, these amounts are not amortized but subjected to an impairment test at least annually and in any case whenever the need arises from a permanent loss of value. If the elimination of the investment leads to a negative difference, this is recorded in the statement of profit or loss;

- receivable and payables, costs and revenues and profits and losses resulting from transactions carried out between Group (including the profit on inventory sold intragroup) companies are eliminated, taking into account the related tax effects;
- the effects deriving from extraordinary operations carried out between Group companies (mergers, contributions etc.) are eliminated in the case of business combinations under common control.

6.3.4. EURO TRANSLATION OF FINANCIAL INFORMATION PREPARED IN FOREIGN CURRENCY

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

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

- statement of profit or loss items are converted at average exchange rates for the period, while statement of financial position items is converted at current end-of-period exchange rates, excluding net assets (including the result of the year);
- equity items, including the result of the year, are converted at historical exchange rates.

The translation difference resulting from this conversion process is recorded in consolidated net assets under the Currency Translation Adjustment Reserve item, which is classified under Other Reserves. At the time of disposal of a foreign company or business, the exchange differences accumulated in this reserve, and relating to the company or business sold, are charged to the statement of profit or loss.
The exchange rates used to determine the equivalent in Euro of the financial statements expressed in foreign currency of the subsidiaries (currency for 1 Euro) are shown in the following table:

	Average exchange rates for the year ended December 31		Exchange rates at the end of the period on December 31	
Currency *(for 1 Euro)*	**2023**	**2022**	**2023**	**2022**
US Dollar	1.08	1.05	1.11	1.07
Czech Crown	24.00	24.27	24.72	24.12
Mexican Peso	19.18	21.19	18.72	20.86
Brazilian Real	5.40	5.44	5.36	5.64
Indian Rupee	89.30	82.69	91.90	88.17
Canadian Dollar	1.46	1.37	1.46	1.44
Turkish Lira	25.76	17.41	32.65	19.96
Colombian Peso	4,675.00	4,473.28	4,267.52	5,172.47

TRANSACTION AND BALANCES

Transactions in foreign currency are initially recorded in the functional currency, applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities, denominated in foreign currency, are converted into the functional currency at the exchange rate on the balance sheet date.

Realized exchange rate differences or those arising from the conversion of monetary items are recorded in the statement of profit or loss. Non-monetary items valued at historical cost in foreign currency are converted at the exchange rates at the date of initial recognition of the transaction. Non-monetary items recorded at fair value in foreign currency are converted at the exchange rate at the date of determination of such value. The gain or loss arising from the conversion of non-monetary items is treated consistently with the recognition of gains and losses relative to the change in fair value of the aforementioned items (i.e. conversion differences on the items whose change in fair value is recorded in the comprehensive income or in the statement of profit or loss are recorded, respectively, in the comprehensive income or in the statement of profit or loss).

ADOPTION OF IAS 29 RELATING TO THE HYPERINFLATIONARY ECONOMIES OF THE SUBSIDIARY KEDRION BETAPHAR

The Turkish economy was identified as hyperinflationary from January 1, 2022. As a result, IAS 29 - Financial Reporting in Hyperinflationary Economies - was applied to Kedrion Betaphar Biyofarmasötik İlaç Sanayi ve Ticaret Anonim Şirketi whose functional currency is the Turkish lira.

IAS 29 requires that adjustments be applicable from the beginning of the entity's reference period, or from January 1, 2022 for the Kedrion Group.

The application of IAS 29 provides:

- adjustment of non-monetary assets and liabilities at historical cost for the change in purchasing power caused by inflation from the date of initial recognition to the reporting date;
- adjustment of the statement of profit or loss to the inflation of the reference period;
- conversion of statement of profit or loss results using the end-of-period exchange rate instead of the average rate;
- adjustment of the statement of profit or loss to reflect the impact of inflation and the movement of exchange rates on holding monetary assets and liabilities in local currency.

6.3.5. CHANGES IN INTERNATIONAL ACCOUNTING STANDARDS

Below are the changes of the international accounting principles made by the IASB, effective from 2023 fiscal year and information is given whether these changes have an impact or not on the Group's statement of financial position.

IFRS 17 INSURANCE CONTRACTS

IFRS 17 was issued in May 2017 replacing IFRS 4 *Insurance Contracts* and requires a current measurement model in which estimates are reassessed in each closing period. Contracts are measured using the constituent elements of:

- cash flows discounted weighted by likelihood;
- an explicit adjustment for risk, and;
- a contractual service margin that represents the unrealized profit of the contract that is recognized as revenue during the coverage period.

The principle allows the choice of recognizing the effects related to changes in discount rates in the statement of profit or loss or directly in the other components of the comprehensive statement of profit or loss, so that the choice reflects the way insurers account for their financial assets according to IFRS 9.

An optional and simplified approach to premium allocation based on responsibility for remaining coverage is allowed for eligible groups of insurance contracts, which are often taken out by insurers against “not on life”.

There is also a modification of the general measurement model defined as "variable fee approach" (known as “variable fee approach”) for some life insurance contracts where the policyholders share the returns of the underlying items. When the variable fee approach is applied, the entity’s share of the changes in the fair value of the underlying items is included in the CSM. The results of insurers using this model will therefore likely be less volatile compared to the general model.

The new rules will influence the statement of financial position and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

The changes made in July 2020 aimed to facilitate the implementation of the principle by reducing implementation costs and making it easier for entities to explain the results of applying IFRS 17 to investors and others. The changes also postponed the application date of IFRS 17 to January 1, 2023.

Further changes made in December 2021 added a transition option that allows an entity to apply an optional classification overlay in the comparative periods presented upon first application of IFRS 17. The classification overlay applies to all financial assets, including those held in relation to assets not linked to contracts within the scope of IFRS 17.

The principle allows such activities to be classified in the comparative period/s to align with the way the entity expects such activities to be classified at the time of initial application of IFRS 9. The classification can be applied instrument by instrument.

As the Group's activity is not related to insurance contracts, these changes have had no impact on the Group's consolidated financial statements as, following an assessment carried out, no contracts emerged that could be classified as insurance in substance in accordance with the principle.

DISCLOSURE OF ACCOUNTING POLICIES - AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2

The IASB has amended IAS 1 *Presentation of Financial Statements* to require entities to disclose their relevant accounting policies rather than significant ones. The amendments define what a "relevant information on accounting policies" is (i.e. information that, when considered in conjunction with other information included in an entity's financial statements, can reasonably be expected to influence the decisions that the primary users of the financial statements, for general purposes, will make based on such information) and explain how to identify it.

They also clarify that it is not necessary to provide information about irrelevant accounting principles and, if given, such information should not obscure relevant accounting information.

In support of this change, the IASB also amended the *IFRS Practice Statement 2 Making Materiality Judgments* to provide guidance on how to apply the concept of materiality to the disclosure of accounting policies.

The Group has adopted this change by eliminating, compared to the past, in section 6.3.8. of the explanatory note, all information on accounting principles considered not relevant.

DEFINITION OF ACCOUNTING ESTIMATES – AMENDMENTS TO IAS 8

The amendment to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to future transactions and other future events, while changes in accounting policies are generally applied retrospectively to past transactions and other past events, as well as to the current period.

This change did not have significant impact on the Group's consolidated financial statements.

DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION - AMENDMENTS TO IAS 12

The amendments to IAS 12 *Income Taxes* require that companies recognize deferred taxes on transactions that, at the time of initial recognition, give rise to taxable and deductible temporary differences of equal amount and will require the recognition of additional active and passive deferred taxes.

The amendment should be applied to transactions that occur from the beginning of the first comparative period presented or subsequent. Moreover, entities should recognize deferred tax assets (to the extent it is probable they can be used) and deferred tax liabilities at the start of the first comparative period for all deductible and taxable temporary differences associated with:

- assets related to the rights of use and lease liabilities, and
- liabilities for dismantling, reinstatement, and similar, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of the recognition of such adjustments is recognized in the opening balance of undistributed profits, or in another component of net equity.
IAS 12 did not previously address how to account for the tax effects of leases in the statement of financial position and similar transactions, so various approaches were considered acceptable. The Group has already accounted for such operations in line with the new requirements, therefore it is not affected by the amendment.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (“OECD”) PILLAR TWO RULES

Legislative Decree no. 209 of December 27, 2023, implementing the tax reform on international taxation, has incorporated Directive no. 2022/EU/2523, regarding the *“Global Minimum Tax”* (hereafter “*Pillar 2 rules*”), with the explicit aim of ensuring, effective from January 1, 2024, a minimum tax level for multinational or national corporate groups.

In compliance with what is shared at an international level, and based on the indications provided by the OECD and, more specifically, the provisions of the aforementioned EU Directive 2022/2523, the mentioned Legislative Decree provides that any additional tax imposed by the "Pillar 2" legislation be levied through the following forms of taxation:

- the national minimum tax (also known as “*Qualified Domestic Minimum Top-up Tax*” or “QDMTT”), due in relation to companies of a multinational or national group located in Italy and subject to low taxation there;
- the supplementary minimum tax (also known as “*Income Inclusion Rule*” or “IIR”), due from controlling entities located in Italy of multinational or national groups in relation to companies subject to low taxation that are part of the group;
- the additional minimum tax (also known as “*Undertaxed Payments Rule*” or “UTPR”) due from one or more companies of a multinational group located in Italy in relation to foreign companies that are part of the group and are subject to low taxation when the equivalent minimum tax has not been applied, in whole or in part, in other countries.

Given all this in general terms, the new rules affect companies located in Italy, which are part of a multinational or national group with annual revenues above Euro 750 million, a revenue threshold that must be reached in at least two of the four financial years immediately preceding the one considered.

It should also be emphasized that exposure to Pillar 2 regulation is a direct consequence of the effective tax level in each individual jurisdiction. The level of effective taxation is, moreover, impacted by various concurrent and/or related factors such as, purely by way of example, the income earned there, the level of the nominal rate, the tax rules for determining the taxable base, or the establishment, form and enjoyment of tax incentives or benefits.

During 2023, the Kedrion Group took prompt action to assess the possible impacts of Pillar 2 regulation in the jurisdictions of establishment to ensure the correct fulfilment of the regulatory obligations currently in force.

According to the provisions of Article 10 and Article 40 of Legislative Decree no. 209 of December 27, 2023, Pillar 2 regulation would apply to the Kedrion Group effective from the 2024 financial year.

In a generally complex regulatory context, the rules on Pillar 2 provide - for the first periods of effectiveness - the possibility of applying examples to the calculation of effective taxation, the so-called "Transitional CbCR Safe Harbour". In particular, if at least one of the three tests provided by the Transitional CbCR Safe Harbour is exceeded, this results in the automatic cancellation of any additional taxation potentially due and at the same time a mitigation of the compliance burdens on the Group. In light of these benefits, the Kedrion group intends to evaluate the applicability of the safe harbour in the jurisdictions in which it operates.

Based on preliminary analyses that the Group has conducted based on known or reasonably estimated information as of the closing date of the 2023 fiscal year, Kedrion Group's exposure to taxes resulting from Pillar 2 legislation can be deemed as not significant.

6.3.6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standard that, at the time of preparation of the consolidated financial statements of the Group were already issued but not yet effective are illustrated below and information is given on the Group's expectations regarding any impacts resulting from the application of these principles.

The Group has not early adopted any principle, interpretation or amendment published but not yet in force, but intends to adopt these principles when they come into force.

CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT – AMENDMENTS TO IAS 1 (NON-CURRENT LIABILITIES WITH COVENANTS – AMENDMENTS TO IAS 1)

The amendments made to IAS 1 *Presentation of Financial Statements* in 2020 and 2022 have clarified that liabilities are classified as current or non-current, depending on the rights existing at the end of the reference period.

The classification is not influenced by the entity's expectations or by events subsequent to the reference date of the financial statements (for example, the receipt of a waiver or a violation of a covenant).

The covenants on financing contracts will not affect the classification of a liability as current or non-current as of the balance sheet reference date if the entity must comply with the covenants only after the balance sheet reference date.

However, if the entity must comply with a covenant before or on the balance sheet reference date, this will influence the classification as current or non-current even if compliance with the covenant is only verified after the balance sheet date.

The amendments require disclosure in the event that an entity classifies a liability as non-current and such liability is subject to covenants that the entity must comply with within 12 months of the balance sheet reference date. The information includes:

- the carrying value of the liability,
- information on the covenants, and
- any facts and circumstances indicating that the entity may have difficulty in complying with the covenants.

The amendments also clarify what IAS 1 means when it refers to the "extinguishment" of a liability. The terms of a liability which could, at the option of the counterparty, result in its fulfilment by the transfer of an equity instrument of the entity can be ignored for the purposes of classifying the liability as current or non-current only if the entity classifies the option as an equity instrument. However, conversion options classified as liabilities must be considered in determining the current/non-current classification of a convertible debt.

The changes must be applied retroactively according to the normal requirements provided by IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Specific transitional rules apply in the event that an entity has adopted the 2020 amendments concerning the classification of liabilities as current or non-current in advance.

As of the date of preparation of this financial information, the Group does not hold financial debts subject to covenants whose non-compliance could lead to the forfeiture of the benefit of the term, and therefore this amendment to IAS 1 is currently not applicable.

LEASE LIABILITY IN A SALE AND LEASEBACK – AMENDMENTS TO IFRS 16

In September 2022, the IASB finalized limited scope amendments to the requirements for sale and leaseback transactions ("sale and leaseback") in IFRS 16 *Leases* that explain how an entity accounts for a sale and leaseback after the transaction date.

The amendments specify that, in assessing the lease liability subsequent to the sale and leaseback, the lessee-seller determines the "lease payments" and the "revised lease payments" in such a way as not to result in the lessee-seller recognizing any amount of profit or loss related to the rights of use it retains. This could have a particular impact on sale and leaseback transactions where the lease includes variable payments that do not depend on an index or rate.

In December 2023, the Group carried out a sale and leaseback operation for three plasma collection centers in the United States; if the Group had adopted this change to the principle earlier, no impacts would have been recorded as all leasebacks provide for fixed payments.

Another sale and leaseback transaction is currently planned for the 2024 fiscal year, from which the Group, similarly to what has been described above, does not expect to have impacts deriving from the aforementioned change to the principle.

SUPPLIER FINANCE ARRANGEMENTS – AMENDMENTS TO IAS 7 AND IFRS 7

The IASB has issued new disclosure requirements on supplier financing arrangements ("SFA – *Supplier Financing Arrangements*"), following feedback received from a decision on the IFRS *Interpretations Committee* agenda, which highlighted that the information required by IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* is not sufficient to meet the information needs of the financial statements' readers.

The aim of the new disclosure is to provide information on SFAs that allow investors to assess the effects on liabilities, cash flows and liquidity risk exposure of an entity. The new disclosures include information on the following:

1. the terms and conditions of the SFAs;
2. the carrying amounts of the financial liabilities that are part of SFAs and the items in which such liabilities are presented;
3. the carrying amount of the financial liabilities for which the suppliers have already received payment from the lenders;
4. the range relating to payment deadlines both for financial liabilities that are part of SFAs, as well as for comparable trade payables that are not part of such agreements;
5. non-monetary changes in the carrying amount of financial liabilities;
6. access to SFA lines and concentration of liquidity risk with the lenders.

The IASB has granted a transitional relief not requiring comparative information in the first year and also not requiring disclosure of opening balances. In addition, the required disclosure is applicable only for the annual period during the first year of application. Therefore, the first time the new information will have to be provided will be in the annual financial statements at 31 December 2024, unless an entity has a financial year of less than 12 months.

The Group has not incurred in this kind of transactions as of the balance sheet date.

SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE - AMENDMENTS TO IFRS 10 AND IAS 28

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment for the sale or contribution of assets between an investor and its associates or joint ventures. These amendments confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business" (as defined in IFRS 3 *Business Combinations*).

If the non-monetary assets constitute a business, the investor will recognize the entire profit or loss resulting from the sale or contribution of the assets. If the assets do not meet the definition of a business, the profit or loss are recognized by the investor only to the extent of the other investor's share in the associate or joint venture. The amendments apply prospectively.

In December 2015, the IASB decided to postpone the application date of this amendment until the IASB has finalized its research project on the net equity method.

The Group does not expect any impact as there are no associated companies or joint ventures.

6.3.7. DISCRETIONARY ASSESSMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires the directors to make judgement calls, estimates and assumptions that impact the values of revenues, expenses, assets and liabilities as well as the information related to contingent assets and liabilities at the reporting date. In the financial year, the most significant discretionary assessments concerned, in particular, the following aspects.

PURCHASE PRICE ALLOCATION OF BUSINESS COMBINATIONS RELATED TO THE ACQUISITION OF PLASMA COLLECTION CENTERS

Business combinations are accounted for using the acquisition method, based on IFRS 3 guidance; according to this methodology, the consideration transferred in a business combination is measured at fair value, determined as the sum of the fair values of the assets transferred and the liabilities assumed by the Group as of the acquisition date. If the fair value of the net assets acquired and liabilities assumed at the date of acquisition exceeds the sum of the considerations transferred, this excess is immediately recognized in the statement of profit or loss as an income arising from the transaction.

The processes and methods of accounting for business combinations are based on complex assumptions and imply a judgement call of the directors, particularly with reference to the identification of the acquired activities, the allocation of the purchase price to the fair value of the acquired assets and assumed liabilities, the examination of contractual agreements with the counterpart, as well as the determination of the depreciation rates of tangible and intangible assets, especially with reference to the confirmation or revision of the useful lives attributed to the assets identified as part of the PPA at the time of the business combination.

IMPAIRMENT LOSS ON GOODWILL AND OTHER ASSETS

Goodwill and other intangible assets with an indefinite useful life (or not yet available for use) are subject to verification for any impairment losses on a at least annual basis, while other assets with a finite useful life are subject to assessment related to the existence of events or changes that may indicate that the carrying amount of such an asset is no longer recoverable (impairment indicators); this assessment ("impairment test") involves an estimate of the fair value or the value in use of the cash generating unit to which the goodwill (or other assets) is attributed, based on the DCF cash flow discounting model; the most relevant estimates and assumptions are related to cash flows projections, growth rates to be applied beyond the explicit forecast period and the determination of the discount rate.

EVALUATIONS RELATED TO MAJOR ONGOING PROJECTS

The ongoing projects, particularly with reference to the set-up of the Castelvecchio Pascoli plant and the development of KIG 10, have significant accounting implications on the consolidated statement of financial position and involve recourse to the judgment of the directors, in particular with reference (i) to the evaluation of the expected outcome of the projects themselves, in relation to the achievement of the necessary authorizations by the competent bodies, (ii) to the identification of the requirements for the capitalization of capital expenditures, (iii) to the determination of the date from which such activities become available for use and the definition of their useful life, (iv) to the evaluation of the recoverability of ongoing investments, and (v) to the identification of additional charges attributable to such projects included in non-recurring charges.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS WITH DEFINITE USEFUL LIFE

Within the scope of the ongoing strategic projects, the Group has been monitoring the costs associated with them, splitting capitalized amounts ("Capex") and expenses charged to the statement of profit or loss of the financial year ("Opex").

All expenses that do not meet the capitalization requirements set out by accounting principles and described in the subsequent note 6.3.8 were considered as Opex.

The Group assesses the availability for use of the investments made for the purpose of determining the date from which to start the depreciation process.

The Group has also verified the recoverability of the carrying value of capitalized costs in relation to such projects through an impairment test. Lastly, the Group has checked the appropriateness of the useful life and of the applied depreciation.

INVENTORIES

Inventories of raw materials, work in progress and finished products are generally subject to an expiration date for which the management considers the expiration date associated with each batch a key element in the recoverability assessment. It should be noted that the expiration dates of raw materials are no longer relevant once these are transferred into production. In such cases, the expiration date is assigned in the production process to the work in progress and finished products. The same applies to work in progress, whose expiration date is renewed once they move to the next stage of the production process.

Therefore, expiration dates are binding and non-renewable only for finished products.

Inventories with upcoming expiry dates (usually three months for finished products and two months for semi-finished goods and raw materials) are fully impaired to take into account their difficult recoverability. In assessing the risk of obsolescence, other factors such as turnover levels, quality, and surplus to the needs of production or the market are also assessed.

The evaluation is based on the most reliable evidence available and takes into account further evidence made available after the end of the period only to the extent that additional results confirm the conditions existing at the end of the period. In the unlikely event that the circumstances that previously caused an impairment of inventories no longer exist, the amount of the impairment loss is reversed.

DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are recognized for all temporary differences and tax losses carried forward, to the extent that it is probable that there will be sufficient future taxable profits against which these losses can be utilized. A significant degree of judgement is required from the directors to determine the amount of deferred tax assets that can be recognized. They must estimate the probable timing and amount of future taxable profits and a future tax planning strategy. Deferred tax assets and deferred tax liabilities are off set where there is a legal right to offset current tax assets against current tax liabilities, and the deferred taxes refer to the same taxpayer and the same tax jurisdiction. Deferred tax assets are recognized to the extent that it is probable that there will be sufficient future taxable profits against which the temporary differences and tax losses can be utilized or there are sufficient deferred tax liabilities relating to the same legal entity. In this regard, the Group estimates the probable timing and amount of future taxable profits.

Further details are provided in paragraph 6.4.20.

OTHER ACCOUNTING ESTIMATES

Estimates are also used to measure impairment of financial assets, product returns and potential liabilities, depreciation of tangible and intangible assets with a definite life, valuation of accrued service credits, invoices to be received for services rendered and current income tax of the year.

Furthermore, they concern the development costs that are capitalized based on the accounting principle referred to in note 6.3.8. To determine the values to be capitalized, the directors formulate assumptions regarding the future cash flows expected from the assets, the discount rates to be applied and the periods of outcome of the expected benefits.

EVALUATION OF THE IMPACTS OF CLIMATE CHANGE

Currently, the impact of climate-related issues is not significant on the Group's financial information. The Group will assess whether and how the introduction of regulations on emission reductions can increase production costs and, if they have a significant impact, will include these assumptions in the estimates.

In the future, should these estimates and assumptions, which have been based on the best evaluation currently available and are periodically reviewed, differ from the actual results, they will be adjusted accordingly in the period of change of the circumstances themselves. The effect of any change will be charged to the statement of profit or loss.

6.3.8. EVALUATION CRITERIA

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at the historical cost, including all directly attributable and necessary costs for the operation of the asset for which it was purchased. This cost includes the costs for the replacement of parts of machinery and equipment when incurred if they meet the recognition criteria.

Maintenance and repair expenses are recognized in the period in which they are incurred, unless they are repair or replacement costs of equipment and machinery related to long-term projects where the criteria for capitalization are met.

Tangible assets are shown net of accumulated depreciation and any impairment losses determined according to the methods described below. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset for the company, which is reviewed annually and any changes, if necessary, are made with a prospective approach. The estimated useful life can vary from site to site and is generally in the range between 5 and 10 years for equipment and tools.

The useful lives of the main classes of property, plant and equipment are as follows:

Asset Class	Useful Life
Buildings	18-30 years
Light constructions and generic plants	10 years
Non-corrosive equipment	8 years
Highly corrosive equipment	5-6 years
Various small and laboratory equipment	2.5 years
Industrial and commercial equipment	5-6 years
Office furniture and furnishings	8 years
Electronic machines	5 years
Vehicles and internal transport machines	5 years

When significant parts of these tangible assets have different useful lives, these components are accounted for separately. Lands, whether free from construction or attached to buildings, are recorded separately and are not depreciated as they are elements with an unlimited useful life.

The carrying value of tangible assets is subject to an assessment aimed at detecting any impairment losses, if events or changes in circumstances indicate that the carrying value cannot be recovered. If there is an indication of this kind and, in the case where the carrying value exceeds the recoverable amount, the assets are written down to reflect their recoverable amount. The recoverable value of tangible assets is represented by the higher of the net selling price ("fair value") and the value in use.

The value in use is calculated by discounting the expected future financial flows, using a pre-tax discount rate that reflects the current market estimate of the cost of money related to time and the specific risks of the asset. For an asset that does not generate widely independent financial flows, the value in use is determined in relation to the cash-generating unit to which such an asset belongs.

Impairment losses are accounted for in the statement of profit or loss among depreciation expenses and impairment based on the destination to which the asset refers.

These impairment losses are reversed in case the reasons that generated them cease to exist.

At the time of sale or when there are no future economic benefits expected from the use of an asset, this is removed from the statement of financial position and any loss or gain (calculated as the difference between the transfer value and the carrying amount) is recognized in the statement of profit or loss in the year of the disposal.

Spare parts are accounted for as plant and machineries as far as:

- spare parts are not consumed in a production process (either to produce goods or provide services), but are kept for the operation of the related plant and machinery;
- the spare parts are used for more than one year.

The Group accounts for the spare parts purchased on an annual aggregate basis and starts depreciation after purchase over a period equal to the average technical-economic life of plant and machineries.

INVESTMENT PROPERTIES

Property held for income purposes and not for operational use is classified in a special class called "Investment properties", according to IAS 40, and is accounted for at cost reduced by depreciation and impairment losses.

These types of properties are classified separately from other real estate owned.

Investment properties are initially recorded at historical cost, including negotiation costs.

Investment properties that meet the criteria to be classified as held for sale (or are included in a disposal group classified as held for sale) are valued in accordance with IFRS 5.

Investment properties are eliminated from the statement of financial position through disposal or when the investment is permanently unusable, and no future economic benefits are expected from its disposal. Any gains or losses arising from the withdrawal or disposal of a real estate investment are recognized in the statement of profit or loss in the fiscal year in which the withdrawal or disposal occurs.

LEASES

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 it gives the right to control the use of a specified asset for a period of time in exchange for consideration.

The Group takes advantage of the exemption provided by IFRS16 for immaterial assets and for low-value goods; low-value goods are those goods whose value is less than Euro 5 thousand, such as photocopiers for example.

The Group applies a single accounting model for all lease contracts in which it is a lessee, except for short-term contracts and lease contracts for low-value goods. The Group records a financial liability for leases and an asset for rights of use.

For each lease contract, the duration of the lease contract is determined by considering:

- the non-cancellable period of the lease contract;
- the effective period of the lease contract;
- the lessee's extension and termination options in case they are evaluated as "reasonably certain" to be exercised.

The entity should determine the lease duration as the non-cancellable period of the lease, to which both of the following periods must be added (IFRS 16, paragraph 18):

a) periods covered by an option to extend the lease, if the lessee has reasonable certainty of exercising the option; and
b) periods covered by the lease termination option, if the lessee has reasonable certainty of not exercising the option.

If resolution and/or extension options are "applicable", the entity will consider all relevant facts and circumstances that create an economic incentive for the entity to exercise or not exercise the option, including any expected changes in facts and circumstances from the start date to the option exercise date. In particular:

- for plasma collection centers, the general accounting policy provides for considering only the initial non-cancellable multi-year period as the lease duration, unless the remaining duration is less than the renewal option period; in this case, when determining the lease contract duration, the renewal option is taken into account;
- for lease contracts other than plasma collection centers (e.g., buildings, offices, and warehouses), the lease contract duration is generally equal to the non-cancellable period provided for in the contract, as resolution or extension options are not usually included.

RIGH OF USE

The Group recognizes a right of use asset at the start date of the lease contract (i.e., the date on which the underlying asset is available to the lessee). Rights of use are measured at cost, net of the related accumulated depreciation and any accumulated impairment losses determined according to the methods described below and adjusted to take into account any remeasurement of the lease liability. The cost of rights of use includes the value of the recognized leasing liability, the direct initial costs incurred, the payments due for the lease made at the date or before the start date net of the leasing incentives received, and the estimate of the costs that the Group will have to incur to restore the underlying activity to its original conditions, if provided for by the contract.

Unless the Group is reasonably certain to purchase the leased asset at the end of the lease contract, depreciation is calculated in equal instalments based on the lesser of the duration of the contract and the estimated useful life of the asset.

The value of rights of use is subject to an assessment, to detect any impairment losses, if events or changes in situation indicate that the carrying value cannot be recovered. If there is an indication of this type and in the event that the carrying value exceeds the estimated realizable value, the assets are impaired to reflect their realizable value. The realizable value is represented by the higher of the net selling 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 of 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 realizable value is determined in relation to the cash-generating unit to which such asset belongs. Impairment losses are accounted for in the statement of profit or loss among the costs for depreciation and impairment. Such impairment losses are reversed if the reasons that generated them no longer exist.

LEASE LIABILITY

At the contract inception, the Group recognizes a lease liability calculated as the present value of the remaining future payments until the end of the contract. Future payments include fixed payments, net of any lease incentives to be received, variable payments that depend on an index or a rate and the amounts that the Group is expected to pay for residual value guarantees. Future payments also include the exercise price of any purchase option, if the Group is reasonably certain to exercise the option, and the payments of lease termination penalties, if the Group is reasonably certain to exercise the termination option. 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 accounted for as expenses in the statement of profit or loss, among the costs for services. To calculate the present value of future payments, the Group uses the Incremental Borrowing Rate (IBR) at inception. Subsequently, the lease liability is increased for interest and decreased for payments made. In addition, the lease liability is remeasured to take into account changes to the contractual terms.

SHORT-TERM CONTRACTS AND CONTRACTS FOR LOW-VALUE GOODS

The Group opted for the exemption from the application of IFRS 16 for short-term contracts (less than 12 months) and for contracts where the single leased asset is of low value (less than Euro 5,000). Lease payments related to these contracts are accounted for as incurred as expenses in the statement of profit or loss, based on the terms and conditions of the contract.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. This requires the determination of the fair value of identifiable assets (including previously unrecognized definite and indefinite life intangible assets) and identifiable liabilities (including contingent liabilities and excluding future restructuring) of the acquired company.

Acquisition costs are expensed as incurred and presented within administrative expenses.

The Group determines to have acquired a business when the integrated set of activities and assets includes at least one production factor and a substantial process that together contribute significantly to the ability to generate an output.

The acquired process is considered substantial if it is crucial for the ability to continue generating an output and the acquired production factors include an organized workforce that has the necessary skills, knowledge or experience to perform such process or contributes significantly to the ability to continue generating an output and is considered unique or scarce or cannot be replaced without significant costs, efforts or delays for the ability to continue generating an output.

When the Group acquires a business, it classifies or designates the acquired financial assets or assumed liabilities in accordance with the contractual terms, economic conditions and other pertinent conditions in existence 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 multiple stages, the previously held investment is accounted for at fair value at the date of acquisition and any resulting profit or loss is recognized in the statement of profit or loss.

Any contingent consideration to be recognized is accounted for by the acquirer at fair value at the acquisition date. The change in the fair value of contingent consideration classified as an asset or liability, as a financial instrument that is the subject of IFRS 9 Financial Instruments, is recognized in the statement of profit or loss in case it happens within the twelve months starting from the business combination date.

The goodwill acquired in a business combination is initially measured at cost represented by the excess of the cost of the business combination over the share of relevance of the fair value of the identifiable assets, liabilities and contingent liabilities (of the acquiree). If the consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized in the statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, the goodwill acquired in a business combination is allocated, from the date of acquisition to each cash-generating unit that is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to such units.

Goodwill is tested for impairment losses at least once a year (on December 31) and, more frequently, when circumstances suggest that the carrying value may be subject to impairment losses.

The impairment of goodwill is determined by assessing the recoverable amount of the cash generating unit (or group of cash generating units) to which the goodwill can be attributed. Where the recoverable amount of the cash generating unit is less than the carrying amount of the cash generating unit to which the goodwill has been allocated, an impairment loss is recognized.

The reduction in the value of goodwill cannot be reversed in future years.

If the goodwill has been allocated to a cash generating unit and the entity disposes of part of the unit's operations, the goodwill associated with the disposed operations is included in the carrying amount of the activity when determining the gain or loss on disposal. The goodwill associated with the disposed activity is determined based on the relative values of the disposed operations and the retained part of the cash generating unit.

INTANGIBLE ASSETS WITH A FINITE LIFE

Intangible assets with a finite life are accounted for as assets at cost when it is likely that the use of the asset will generate future economic benefits and when the cost of the asset can be determined reliably. Intangible assets acquired through business combinations are measured at fair value determined at the acquisition date, if such value can be determined reliably. Intangible assets with a finite life are amortized on a straight-line basis over their estimated useful life; the useful life is reviewed on an annual basis and any changes, where necessary, are made prospectively.

The useful lives of the main classes of intangible assets are as follows:

Asset class	Useful life
Development costs	5 years
Rights and trademarks	5-10 years
Market authorization	20 years
Trademarks related to plasma collection centers	5 years
Licenses related to plasma collection centers	10 years
Donor lists related to plasma collection centers	1 year
Other intangible assets	Specific

Intangible assets with a definite useful life are subject to impairment test upon identification of impairment indicators.

DEVELOPMENT COSTS

Research costs are charged to the statement of profit or loss as incurred.

Development costs incurred in relation to a specific project are capitalized only when the Group can demonstrate:

- the technical possibility of completing the intangible asset to make it available for use or for sale;

- its intention to complete said asset for use or sale,
- 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 evaluate the cost attributable to the asset during its development.

Among other factors, the entity must be able to demonstrate the existence of a market for the output of the intangible asset or for the intangible asset itself or, if it is to be used internally, it must be able to demonstrate the usefulness of the intangible asset.

During the development period, the asset is tested for impairment on an annual basis. Subsequent to the initial recognition, development costs are valued at cost less any accumulated depreciation or loss. The amortization of the asset starts when the development is completed and the asset is available for use, or the asset should be in the position and condition necessary for it to be able to operate in the manner intended by management; in the case of projects requiring regulatory approval (e.g. development of new products), such approval gives rise to the beginning of amortization.

Once the asset is available for use, for the purpose of determining its useful life, the asset is amortized with reference to the period in which it is expected that the related project will generate revenue for the Group. During the period in which the asset is not yet available for use, it will be tested annually for impairment.

RIGHTS AND TRADEMARKS

The item under consideration mainly refers to the rights for marketing, to regulatory licenses (Authorizations for Marketing - A.I.C.) of medical specialties and to trademarks for the registration of pharmaceutical products.

The item also includes licenses and trademarks related to plasma collection centers acquired through business combination, as described in paragraph 6.2.2.

OTHER INTANGIBLE ASSETS

The item under consideration refers to:

- purchase of application software programs;
- sales contracts concluded with customers and the list of hyperimmune plasma donors enrolled recognized upon acquisition at the time of the purchase of collection centers by the American subsidiary KEDPLASMA LLC.

IMPAIRMENT TEST

Goodwill, along with indefinite-life intangible assets and intangible assets in progress, is subject to annual impairment test, based on the reference date of December 31. All other assets within the scope of IAS 36 are subject to impairment testing when impairment indicators are identified. In this case, the carrying amount of these assets is compared with their estimated recoverable value and, if higher, an impairment loss is recorded.

Tangible and intangible assets with a defined useful life are subject to depreciation and tested for impairment in case of events or changes in circumstances indicate that their carrying amount may not be recoverable.

The impairment loss equals the amount by which the carrying amount of the intangible asset exceeds its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions of the time value of money and the risks specific to the asset. The Group bases its impairment tests 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 forecast calculations generally cover a period equal to or longer than three years.
In order to identify any impairment loss, intangible and tangible assets are grouped at the level of the smallest identifiable cash-generating unit (Cash Generating Unit or CGU). Intangible assets with a definite useful life are tested for impairment at each reporting date to assess whether impairment losses recognized in previous periods no longer exist or have reversed. If such indication exists, the loss is reversed and the carrying amount of the asset is restored to an extent not exceeding its recoverable amount, which cannot be higher than the carrying amount that would have been determined if the loss had not been recognized.

The restoration of a loss in value is immediately accounted for in the consolidated statement of profit or loss.

INVENTORIES

Inventories are measured at the lower of the purchase and/or production cost, determined using the weighted average cost method, and net realizable value. The net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs to make the sale. Raw materials and consumables are recorded at the purchase cost, including attributable expenses. Work in progress, semi-finished and finished products are recorded based on the directly attributable production costs and a portion of the indirect production costs incurred during the year and reasonably attributable to the products.
The value of the inventory is adjusted, where necessary, by recording a specific reserve to take into account factors of obsolescence.

TRADE RECEIVABLES

Receivables are initially recorded at fair value, which generally corresponds to the nominal value and, subsequently, measured at amortized cost and written-down in case of impairment. The Group records an impairment for expected losses (expected credit loss 'ECL') using the simplified method. The ECLs are based on the difference between the contractual financial flows due in accordance with the contract and all the financial flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The Group determines impairment losses on trade receivables considering the amount of doubtful debts, analyzing the specific conditions of the Group's customers, any guarantees granted in favor of the Group's companies, appropriately assessing ongoing disputes and the possibilities of recovery of past due receivables, as well as determining the expected default rate by analyzing the average loss rate on loans consumed in recent years.
Receivables in a currency other than the functional 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 statement of profit or loss.

In the case of national receivables from Public Entities characterized by an average collection period of over 12 months, an analytical discounting process based on assumptions and estimates is applied.

CASH AND CASH EQUIVALENTS

Cash and short-term deposits include cash on hand and on-demand and short-term deposits, in the latter case with original maturity not exceeding three months.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are set-up when the Group has a current obligation (legal or implicit) arising from a past event and it is probable that there will be an outflow of resources to meet this obligation and it is possible to make a reliable estimate of its amount.

When the Group believes that a provision to the risk and charges fund will be partially or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recorded separately and separately from the assets which is recorded if, and only if, it is virtually certain. In this case, in the statement of profit or loss, the cost of the possible provision is presented net of the amount recorded for the indemnity.

If the effect of the time value of money is significant, 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 recorded as an interest expense.

Provisions for risks and charges, for which the outflow of resources is expected to occur after twelve months from the reporting date, are presented in the statement of financial position as "non-current liabilities", while those for which the outflow of resources is expected to occur before twelve months from the reporting date are presented as "current liabilities".

LIABILITIES FOR EMPLOYEE BENEFITS

Benefits granted after the termination of the employment relationship are classified according to their economic nature into defined contribution plans or defined benefit plans.

In defined contribution plans, the legal or implicit obligation of the company is limited to the amount of contributions to be paid: consequently, the actuarial risk and the investment risk fall on the employee. In defined benefit plans, the company's obligation consists in granting and ensuring the agreed benefits to employees: as a result, the actuarial risk and investment risk fall on the company. Italian legislation (art. 2120 CC) provides that, upon termination of the employment contract with the company, employees receive a leaving indemnity (Trattamento di fine rapporto or “TFR”), which would fall under the definition of a defined benefit plan according to IAS 19. The calculation of this indemnity is based on elements that form the annual remuneration of the employee for each year of work (appropriately revalued) and on the length of the employment relationship. According to the Italian Civil Code, this indemnity is reflected in the statement of financial position based on a calculation methodology where the indemnity is accrued by each employee at the statement of financial position date, assuming that all employees terminate the employment contract at that date. The IFRIC of the IASB has addressed the issue of the Italian TFR and concluded that, in accordance with IAS 19, it must be calculated according to a methodology, called the Projected Unit Credit Method (the so-called PUCM) in which the amount of the liability for the acquired benefits must reflect the expected resignation date and must be discounted.

Starting from the 2007 financial year, the Group has incorporated the effects of the changes introduced by the "2007 Finance Law" and subsequent decrees and regulations, relating to the allocation of the TFR shares accrued from 1 January 2007. In particular, for the application of IAS 19 the new legislation changes, from 1 January 2007, the nature of the TFR from a "defined benefit plan" to a "defined contribution plan", with particular reference to companies with a number of employees more than 50.

Starting from the 2012 financial year actuarial gains and losses are recognized in the Comprehensive Statement of profit or loss.

The Group's net obligation arising 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 services provided in the current and previous years; this benefit is discounted to calculate the present value.

The actuarial valuations of liabilities have been entrusted to independent actuaries.

SHARE-BASED PAYMENTS

The Group has in place with some employees incentive plans which, depending on their features, are qualified as share-based payments of the equity-settled type and accounted for in accordance with the provisions of IFRS 2 - Share-Based Payment.

In the matter of stock option allocation, the Company uses the IFRS 2 - Share-Based Payment - accounting principle, which stipulates that acquisition transactions of goods and services with payment regulated through instruments representing the share capital (stock options of the equity-settled type) which are evaluated at the fair value of the goods or services received or of the instruments representing the capital at the grant date. This value is allocated to the statement of profit or loss in a linear way over the period of the rights (“vesting period”) with a corresponding increase in the equity reserves; this allocation is carried out based on an estimate from management, taking into consideration the conditions of usability of the same. The determination of the fair value is carried out using the "binomial model" or the "Montecarlo method".

Based on the IFRS 2 - Share-based Payment - the total amount of the fair value of the incentive plans, granted to the employees of the Group at the date of assignment is recorded in the statement of profit or loss among the personnel costs in the “general and administrative expenses” section, with a corresponding specific item of net equity.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or a capital instrument for another entity.

FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

At the time of initial recognition, financial assets are classified, as appropriate, according to subsequent measurement methods, i.e. at amortized cost, at fair value recognized in the comprehensive income OCI or at fair value recognized in the statement of profit or loss.

SUBSEQUENT EVALUATION

For the purposes of subsequent evaluation, financial assets are classified into four categories:

- financial assets at amortized cost (debt instruments);
- financial assets at fair value recognized in the comprehensive income;
- financial assets at fair value recognized in the comprehensive income without reversal of accumulated gains and losses at the time of elimination (equity instruments);
- financial assets at fair value recognized in the statement of profit or loss.

The Group exclusively holds financial assets at amortized cost. Financial assets at amortized cost are subsequently evaluated using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is eliminated, modified or revalued.

Among the Group's financial activities at amortized cost are trade receivables and other minor activities.

CANCELLATION

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is cancelled (e.g. removed from the Group's statement of financial position) when:

- the rights to receive financial flows from the asset have been extinguished, or

- the Group has transferred to a third party the right to receive financial flows from the asset or has undertaken the contractual obligation to pay them in full and without delay and (a) has substantially transferred all the risks and benefits of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and benefits of the asset but has transferred control of it.

In cases where the Group has transferred the rights to receive financial flows from an asset or has entered into an agreement under which it retains the contractual rights to receive the financial flows of the financial asset but assumes a contractual obligation to pay the financial flows to one or more beneficiaries (pass-through), it evaluates whether and to what extent it has retained the risks and benefits inherent in ownership. If it has neither transferred nor substantially retained all the risks and benefits or has not lost control over it, the asset continues to be recognized in the Group's statement of financial position to the extent of its residual involvement in the asset itself. In this case, the Group also recognizes an associated liability. The transferred asset and the associated liability are evaluated to reflect the rights and obligations that remain relevant to the Group.

When the entity's residual involvement is a guarantee on the transferred asset, the involvement is measured on the basis of the lesser of the amount of the asset and the maximum amount of the consideration received that the entity may have to repay.

IMPAIRMENT OF FINANCIAL ASSETS

The Group recognizes impairment charges in respect of expected credit losses (ECL) for all financial assets represented by debt instruments not held at fair value recognized in the statement of profit or loss. The ECLs are based on the difference between the contractual financial flows due in accordance with the contract and all the financial flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include the financial flows resulting from the execution of the real guarantees held or other credit guarantees that are an integral part of the contractual conditions.
Expected losses are recognized in two phases. For credit exposures for which there has not been a significant increase in credit risk from initial recognition, losses on credits are recognized that result from the estimate of default events that are possible within the next 12 months (12-month Expected Credit Losses). For credit exposures for which there has been a significant increase in credit risk from initial recognition, the expected losses related to the remaining duration of the exposure are fully recognized, regardless of when the default event is expected to occur ("Lifetime Expected Credit Losses").

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected losses. Therefore, the Group does not monitor credit risk changes, but fully recognizes the expected loss at each reporting date.

The Group calculate impairment losses on trade receivables considering the amount of doubtful receivables, analyzing the specific conditions of the Group's customers, any guarantees granted in favor of the Group and appropriately evaluating ongoing disputes and likelihood of recovery of expired receivables.

The Group has also analyzed the average rate of customer insolvency and loss on receivables in the last few years, to assess the consistency of the results of the analysis carried out on the expectation of expected loss on each customer's receivables with the historical loss rate.

The impairments made under IFRS 9 are recognized in the consolidated statement of profit or loss net of any positive effects linked to releases or reversal of value and are represented in the line "Allowances (releases) to loan impairment fund" in the "general and administrative expenses" section.

FINANCIAL LIABILITIES

INITIAL RECOGNITION AND MEASUREMENT

All financial liabilities are initially recognized at fair value, to which are added, in the case of mortgages, loans and debts, the transaction costs directly attributable to them.

The Group's financial liabilities include trade payables and other payables, mortgages and loans, including overdrafts and granted guarantees.

SUBSEQUENT MEASUREMENT

The valuation of financial liabilities depends on their classification, as described below:

FINANCIAL LIABILITIES AT FAIR VALUE RECOGNIZED IN THE STATEMENT OF PROFIT OR LOSS

Financial liabilities at fair value with changes recognized in the statement of profit or loss include liabilities held for trading and financial liabilities initially recognized at fair value with changes recognized in the statement of profit or loss.

Liabilities held for trading are all those incurred for the purpose of their resale in the short term. The gains or losses on liabilities held for trading are recognized in the statement of profit or loss for the year.

Financial liabilities are designated at fair value with changes recognized in the statement of profit or loss from the inception date, 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 recognized in the statement of profit or loss.

LOANS

Borrowings are recorded at the fair value of the consideration received, net of the transaction costs of acquiring the borrowing. After initial recognition, borrowings are measured at amortized cost method using the effective interest rate method.

Any profit or loss is recognized in the statement of profit or loss when the liability is extinguished, as well as through the amortization process.

Liabilities with bondholders have been recorded at the fair value of the consideration net of the transaction costs of obtaining the funding. After initial recognition, bonds are measured at amortized cost using the effective interest rate method.

CANCELLATION

A financial liability is cancelled when the obligation underlying the liability is extinguished, cancelled or fulfilled. Where an existing financial liability were replaced by another from the same lender, under substantially different conditions, or the conditions of an existing liability were substantially modified, such exchange or modification is treated as an accounting cancellation of the original liability, accompanied by the recognition of a new liability, with any differences between the book values being recognized in the statement of profit or loss.

CLEARING OF FINANCIAL INSTRUMENTS

A financial asset and liability can be offset, and the net balance presented in the statement of financial position, if there is a current legal right to offset the amounts recognized in the accounts and there is an intention to settle the net balance, or realize the asset and simultaneously extinguish the liability.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group generally acts as a "Principal" in the agreements from which revenue arises, as it usually controls the goods and services before the transfer of the same to the customer. Based on the five-stage model introduced by IFRS 15, it recognizes revenue after having identified the contracts with its own customers and the related performance obligations to be fulfilled (transfer of goods and/or services), determined the consideration it believes it has a right to in exchange for the fulfillment of each of these performance obligations, as well as evaluated the way of fulfilling these performance obligations (performance at a certain moment versus performance over time).

In particular, the Group proceeds to the recognition of revenue only when the following requirements are met (so-called requirements for identifying the "contract" with the customer):

a) the parties to the contract have approved the contract (in writing, orally or in accordance with other usual business practices) and are committed to fulfilling their respective obligations; therefore, there is an agreement between the parties that creates enforceable rights and obligations regardless of the form in which such agreement is documented;
b) the Group can identify the rights of each of the parties with respect to the goods or services to be transferred;
c) the Group can identify the payment terms for the goods or services to be transferred;
d) the contract has commercial substance; and
e) it is likely that the Group will receive the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

If the above requirements are not met, the related revenues are recognized when: (i) the Group has already transferred goods and/or provided services to the customer and all, or almost all, of the consideration promised by the customer has been received and is not refundable; or (ii) the contract has been terminated and the consideration that the Group has received from the customer is not refundable.

If the above requirements are instead met, the Group applies the recognition rules described below.

SALE OF GOODS

Revenues from the sale of finished products and goods are recognized when 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 a part of the transaction consideration must be allocated. In determining the transaction sale price, the Group considers the effects arising from the possible presence of variable consideration, significant financing components, non-monetary considerations and considerations to be paid to the customer.

VARIABLE CONSIDERATION

If the consideration promised in the contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for the transfer of goods to the customer.

The variable consideration is estimated at the time of contract stipulation and cannot be detected until it is highly probable that, when the uncertainty associated with the variable consideration is subsequently resolved, a significant downward adjustment of the cumulative revenue that have been accounted for should not be detected. Volume discounts and other contractual discounts result in variable considerations, as does the Payback portion.

The Group may offer discounts to some customers where 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.

Examples of discounts considered as variable considerations and accounted for net of revenues and trade receivables are:

- Early pay discounts,
- Chargebacks,
- Distributor fees,
- Medicare/Medicaid/Tricare,
- Payback or other forms of government discounts or volume-related taxes.

Conversely, costs related to the Group Purchasing Organization (GPO), the data fees, distribution costs and commissions are generally considered as operating expenses (S&M).

AMOUNTS TO BE PAID TO THE CUSTOMER

Contracts with customers may provide for the payment of amounts to customers. The Group recognizes the amount to be paid to the customer as a reduction in the price of the transaction and, consequently, of the revenue, unless the payment to the customer is made in exchange for a distinct good or service transferred from the customer to the Group. If the amount 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 recognizes revenue 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 obligations to do on which a part of the transaction consideration must be allocated. In determining the transaction price, the Group takes into account the effects of any variable consideration, significant financing components, non-monetary considerations, and amounts to be paid to the customer.

The recognition of revenue for the provision of services is based on the stage of progress of ongoing service operations at the balance sheet date, measured as a percentage with reference to various variables, depending on the services provided and the contracts concluded with the customer. The provision of services, which are not yet completed at the reference date of the statement of financial position, constitute 'work in progress on order' and are classified among the "trade receivables" (as "contractual assets"). Any revenues possibly invoiced, at the balance sheet date, in excess of what has matured based on the stage of progress of the service are suspended among the “advances from customers”, classified among the “trade payables” (as “contractual liabilities”). When the outcome of a service operation cannot be reliably measured, revenues are recognized only to the extent that it is believed that the costs incurred are recoverable.

CONTRACTUAL ASSETS AND LIABILITIES

CONTRACTUAL ASSETS

Contractual assets represent the entity's right to obtain the agreed consideration in exchange for the transfer of control of goods or services to the customer.

If the Group meets its obligation by transferring goods or services to the customer before the latter pays the consideration or before payment is due, the entity must record a contractual asset, excluding amounts presented as receivables.

TRADE RECEIVABLES

A receivable represents the Group's unconditional right to receive the consideration (that is, only time must pass to obtain payment of the consideration).

CONTRACTUAL LIABILITIES

The contractual liability is an obligation to transfer goods or services to the customer for which the Group has already received the 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, the contractual liability is recognized when the payment is made or (if earlier) when it is due. Contractual liabilities are recognized as revenue when the Group fulfills its obligations to perform 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 goods that will not be returned because this method is the best for predicting the amount of 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 third parties commissions for securing contracts. For such costs, the Group applies the practical expedient that allows it to immediately expense the costs for obtaining contracts, as the amortization period of the asset that the Group would have otherwise used would have been less than a year.

Revenues are recognized in accordance with IFRS 15 to the extent that it is probable that the economic benefits will be obtained by the Group and the related amount can be reliably determined, regardless of the collection date. Revenues are valued at the fair value of the consideration received or to be received, taking into account the contractually defined payment terms and excluding taxes and duties. The Group has concluded that it is operating on its own in all sales contracts as it is the primary obligor, has discretion over pricing policy and is also exposed to inventory and credit risk.

Revenue is recognized when the company has transferred all significant risks and benefits related to the property of the good, generally at the date of delivery of the goods. The revenue is valued at the fair value of the consideration received or to be received, net of returns and allowances, trade discounts and volume reductions.

In the case of domestic revenues towards Public Entities characterized by an average collection period of over 12 months, an analytical discounting process based on assumptions and estimates for determining the implicit financial component has been applied.

INTEREST INCOME

For all financial instruments measured at amortized cost and income-producing financial assets classified as available for sale, interest income is recognized using the effective interest rate, which is the rate that precisely discounts future cash flows, estimated over the expected life of the financial instrument or over a shorter period, when necessary, compared to the net book value of the financial asset. Interest income is classified among interest income in the statement of profit or loss.

RENTAL INCOME

Rentals income from investment properties are recognized in constant installments over the duration of the lease contracts in place at the reporting date and are classified among revenues, taking into account their operational nature.

GOVERNMENT GRANTS

Government grants are recognized when there is reasonable certainty that they will be received, and all the conditions related to them are satisfied. When grants are related to cost components (operating grants), they are recognized as revenues in the fiscal years to off-set the costs they intend to compensate. In the case where the contribution is related to an asset (capital grants), the asset and the contribution are recognized separately among assets and liabilities for their nominal values and the release to the statement of profit or loss occurs progressively over the expected useful life of the reference asset on a linear basis. This treatment also applies to contributions received as Tax Credit for research and development and technological innovation activities, carried out by the subsidiary Kedrion SpA.
The operating grants and the capital grants are recorded in the statement of profit or loss in the "other income" section.

INCOME TAXES

CURRENT TAXES

The taxes reflect a realistic estimate of the tax burden, determined by applying the current regulations in the countries where the Kedrion Group carries out its activities; the current tax liability is accounted for in the statement of financial position net of any tax advances paid.

DEFERRED TAXES

Deferred taxes are calculated on the temporary differences resulting at the reporting date between the tax books used for reference for assets and liabilities and the values reported in the statement of financial position.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the following cases:

- deferred tax liabilities arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction itself, does not affect either the profit for the year calculated for statement of financial position purposes or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, in the case where the reversal of temporary differences can be controlled, and it is probable that it will not occur in the foreseeable future.

Deferred tax assets are recognized against all deductible temporary differences and for carried forward tax assets and liabilities, to the extent that the existence of future taxable profits is likely, which can make deductible temporary differences and carried forward tax assets and liabilities applicable, except in the case where the deferred tax asset linked to deductible temporary differences stems from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, does not affect either the profit for the year calculated for accounting purposes or the profit or loss calculated for tax purposes.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available in the future to allow all or part of such credit to be utilized. Unrecognized deferred tax assets are reviewed on an annual basis at the balance sheet date and are recognized to the extent that it has become probable that future taxable profit will be sufficient to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured based on the tax rates expected to be applied in the fiscal year in which such assets are realized, or such liabilities are extinguished, considering the rates in effect and those already issued or substantially issued at the reporting date.

Deferred tax assets and liabilities are off set, if there is a legal right to offset current tax assets against current tax liabilities and deferred taxes refer to the same fiscal entity and the same tax jurisdiction.

Income taxes related to items recognized directly to equity are charged directly to equity and not to the statement of profit or loss.

Deferred tax liabilities on reserves of undistributed profits from subsidiaries are not reflected in the statement of financial position to the extent that the Group is able to control the timing of the reversal of temporary differences by controlling the dividend policy and if there is no expectation of dividend distribution in the foreseeable future.

VALUE ADDED TAX

Revenues, costs and assets are recognized net of value added tax except when such tax applied to the purchase of goods or services is not recoverable, in which case it is recognized as part of the purchase cost of the asset or part of the expense item recognized in the statement of profit or loss.

The net amount of indirect taxes on sales and purchases that can be recovered from or paid to the Treasury is included in the statement of financial position in other current assets or liabilities depending on the sign of the balance at the balance sheet date. The value added tax (VAT) connected to the invoicing to Public Entities is subject to the split payment regime, according to which the public entity is required to pay the supplier only the agreed consideration while the due VAT must be credited by the entity into a specific restricted bank account to be acquired by the Treasury.

6.4. COMMENTARY ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.4.1. PROPERTY, PLANT AND EQUIPMENT

The historical cost, the accumulated depreciation and the net book value of the Property, plant and equipment as of December 31, 2023, as of December 31, 2022 and as of December 16, 2021, are shown in the following table:

(In thousands of Euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Work in progress and advances	Total
COST						
Balance as of December 16, 2021	**-**	**-**	**-**	**-**	**-**	**-**
Change in consolidation area	484,198	573,556	39,465	46,090	141,006	1,284,315
Reclassifications	547	28,375	812	350	(29,673)	411
Additions	9,185	11,551	2,841	1,663	15,733	40,973
Translation difference	(19,054)	(22,528)	(1,015)	(1,596)	(4,910)	(49,103)
IAS 29	-	-	3	8	-	11
Disposals	(173)	(1,816)	1	(1,113)	(3,491)	(6,592)
Balance as of December 31, 2022	**474,703**	**589,138**	**42,107**	**45,402**	**118,665**	**1,270,015**
Change in consolidation area	-	-	-	-	-	-
Reclassifications	2,429	15,946	3,079	(898)	(21,826)	(1,270)
Additions	7,467	16,819	5,937	3,596	64,928	98,747
Translation difference	(10,102)	(12,531)	(577)	(973)	(1,788)	(25,971)
IAS 29	-	-	49	245	-	294
Disposals	(7,727)	(714)	(144)	(249)	(522)	(9,356)

Balance as of December 31, 2023	**466,770**	**608,658**	**50,451**	**47,123**	**159,457**	**1,332,459**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
Balance as of December 16, 2021	**-**	**-**	**-**	**-**	**-**	**-**
Change in consolidation area	189,722	332,064	25,496	36,425	-	583,707
Depreciation	7,316	11,297	1,081	1,255	-	20,949
Impairment	-	-	-	-	-	-
Disposals	(139)	(1,360)	(10)	(1,100)	-	(2,609)
Translation difference	(8,623)	(10,741)	(486)	(1,258)	-	(21,108)
Reclassifications	15	-	-	(15)	-	-
Balance as of December 31, 2022	**188,291**	**331,260**	**26,081**	**35,307**	**-**	**580,939**
Consolidation area variation	-	-	-	-	-	-
Depreciation	22,465	33,213	4,000	3,634	-	63,312
Impairment	-	-	-	-	-	-
Disposals	(3,261)	(641)	(142)	(227)	-	(4,271)
Translation difference	(4,757)	(5,831)	(217)	(772)	-	(11,577)
IAS 29	-	-	8	35	-	43
Reclassifications	-	-	805	(806)	-	(1)
Balance as of December 31, 2023	**202,738**	**358,001**	**30,535**	**37,171**	**-**	**628,445**
BOOK VALUES AS OF 12.31.2022	**286,412**	**257,878**	**16,026**	**10,095**	**118,665**	**689,076**
BOOK VALUES AS OF 12.31.2023	**264,032**	**250,657**	**19,916**	**9,952**	**159,457**	**704,014**

Of which financial leasing:

	12.31.2023		
(In thousands of Euros)	Historical cost	Accumulated depreciation	Net value
Buildings	759	702	57
Plants and machinery	102,867	95,818	7,049
Equipment	3,969	3,606	363
Other assets	9,327	8,861	466
TOTAL	**116,922**	**108,987**	**7,935**

In 2023, the Group made investments for a total value of Euro 120.8 million (including tangible and intangible assets) mainly related to the following:

- **Melville Plant (NY, USA)** for a total amount of Euro 13.7 million mainly related to upgrades and improvements on existing buildings and plants, both for fractionation and the new production line of the RhoGAM specialty;
- **Bolognana Plant (LU, Italy)** for a total amount of Euro 16.9 million mainly related to upgrades and improvements on existing buildings and plants;
- **Sant'Antimo Plant (NA, Italy)** for a total amount of Euro 2.9 million related to upgrades and improvements on existing buildings and plants;
- **Godollo Plant (Hungary)** for a total amount of Euro 1.8 million related to upgrades and improvements on existing plants;
- **Laval Plant (QB, Canada)** for a total amount of Euro 1.5 million related to upgrades and improvements on the existing facilities;

- **Castelvecchio Pascoli Plant (LU, Italy)** for a total amount of Euro 23.8 million related to the KIg10 project for the registration of the new 10% immunoglobulin for the American and European market as well as upgrades and improvements on the new production department of the same 10% immunoglobulin;
- **Elstree Plant (UK)** for a total amount of Euro 30.5 million related to upgrades and improvements on the existing facilities, as well as the expansion of the Fill & Fnish lines (line 4);
- **Plasma collection centers** (**(US)** for a net total amount of Euro 17.6 million resulting from the purchase of five centers from Immunotek for Euro 8.6 million, from the opening of three centers and development of additional centers (with the support of Stough) for Euro 2.3 million, upgrades on existing plasma collection centers for Euro 1.1 million, renovation and rebranding of the centers ex BPL perimeter for a total amount of Euro 4.1 million, other development projects (Marketing Donor App, Donor Management System, etc.) for a total of Euro 1.5 million;
- **Plasma collection centers (CZ)** for a total amount of Euro 0.1 million resulting from upgrades on the five existing plasma collection centers;
- **Other investments** for a total amount of Euro 12.0 million mainly related to IT hardware and software investments (Euro 6.2 million) and other investments (Euro 5.8 million) mainly related to research and development projects for Euro 3.7 million, to projects related to other company departments (logistics, production, sales, etc.) for a total of Euro 1.3 million and miscellaneous for Euro 0.8 million.

It should be specified that the additions line also includes the reclassification of spare parts from the statement of financial position item Inventories, for a total value equal to Euro 13.9 million; such reclassification was deemed as appropriate following a review carried out during the year by the Group regarding the accounting and classification criteria, into the statement of financial position, for such replacement parts.

The work in progress includes investments related to ongoing projects, mainly attributable to the KIg10 project and to the construction of the new Castelvecchio Pascoli plant (which will be dedicated to the purification of this product). The registration and maintenance of such assets in the statement of financial position entailed both the evaluation of the positive outcome of the mentioned projects, particularly about the release of the necessary authorizations by the competent bodies, deemed highly probable, and the verification of their recoverability through the expected future cash flows and/or the fair value of the same.

The Hungarian subsidiary Human BioPlazma in the past years enjoyed public funding on tangible assets, the residual amount of which as of 31 December 2023 recorded as part of deferred income amounted to Euro 463 thousand.

In 2023, tax credits due to the subsidiary Kedrion SpA for expenses incurred as investment in new capital expenditures amounted to Euro 581 thousand, relating to hyper-depreciation and super-depreciation. As of December 31, 2023, deferred income available for such tax credits amounted to Euro 2,475 thousand.

The total amount as of December 31, 2023 of the deferred income related to tax credits accrued on capital expenditures, also in previous years, amounted to Euro 2,938 thousand.

There are no restrictions on the ownership of real estate, plants and machinery pledged as security for liabilities and contractual commitments in place for the purchase of such types of goods. At the end of the year, the Group assesses whether internal or external impairment indicators exist. Typically, external indicators may be identified in changes in the technological, economic and legal context in which it operates, while internal indicators are represented by corporate strategies that may or may not change the intended use of the goods.
Based on such analysis, no impairment losses indicators were identified.

With reference to irrevocable capital commitments related to capital expenditure, information is included in note 6.6.7. "Commitments and Risks".

6.4.2. INVESTMENT PROPERTIES

Historical cost, accumulated depreciation and net book value of Investment properties as of December 31, 2023, December 31, 2022 and December 16, 2021, are shown in the following table:

(In thousands of Euros)	**Land and buildings**
COST	
Balance as of December 16, 2021	**-**
Change in consolidation area	2,512
Reclassifications	-
Increases	-
Translation difference	(61)
Decreases	(65)
Balance as of December 31, 2022	**2,386**
Change in consolidation area	-
Reclassifications	-
Increases	-
Translation difference	(30)
Decreases	(204)
Balance as of December 31, 2023	**2,152**
DEPRECIATION AND IMPAIRMENT LOSSES	
Balance as of December 16, 2021	**-**
Consolidation area variation	54
Depreciation of the year	1
Impairment	-
Disposals	(7)
Translation difference	-
Reclassifications	-
Balance as of December 31, 2022	**48**
Consolidation area variation	-
Depreciation of the year	1
Impairment	-
Disposals	-
Translation difference	-
Reclassifications	-
Balance as of December 31, 2023	**49**
BOOK VALUES AS AT 12.31.2022	**2,338**
BOOK VALUES AS AT 12.31.2023	**2,103**

Lands included in investment properties, with an indication of their fair value, is located in the following premises:

- 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 million; fair value of Euro 1.733 million.
- Austin (US) - historical cost of Euro 876 thousand; fair value of Euro 642 thousand.

Buildings included in investment properties are instead referred to:

- a residential flat located in Monsagrati (LU) with a residual value equal to zero and a fair value of Euro 35 thousand.

The fair value of Investment properties is determined using valuation models and parameters observable in the market. Therefore, according to the IFRS 13 fair value hierarchy, they are Level 2 investment properties at fair value.

6.4.3. GOODWILL

The goodwill recorded in the statement of financial position is subject to annual impairment testing. The book values at the reporting dates of the Goodwill recorded in the consolidated statement of financial position and their allocations to specific cash-generating units ("CGU" - Cash Generating Units) as well as the changes occurred during the period are shown below:

(In thousands of Euros)	Balance at 12.31.2022	Business Combination	Translation difference	Decreases	Balance at 12.31.2023
Goodwill CGU plasmaderivatives	466,217	215	(2,989)	-	463,443
Goodwill CGU plasma	151,247	14,710	(5,074)	(1,010)	159,873
TOTAL	**617,464**	**14,925**	**(8,063)**	**(1,010)**	**623,316**

The change relating to the CGU "plasmaderivatives" is due to the following movements:

- Price adjustment (of non-significant amount) related to the Business Combination relating to the Unica Plasma collection centers for Euro 215; it is recalled that the Unica Plasma collection centers are identified in the plasmaderivatives CGU because the plasma collected at these centers is exclusively at the service of the Group's European production sites;
- negative conversion differences for Euro 2.989 million.

The change related to the CGU "plasma" is due to the following movements:

- Business Combination relating to the five new plasma collection centers acquired in the current year for Euro 14,710 thousand, as described in paragraph 6.2.2;
- Impairment of the goodwill share connected to four plasma collection centers that were closed in December 2023, for a total amount of Euro 1,010 thousand;
- negative conversion differences for Euro 5,074 thousand.

The Plasmaderivatives CGU includes the operations related to the fractionation and/or purification of plasmaderivatives (located in the four production hubs in Italy, USA, UK and Hungary) and their distribution to the market. The production allocation of the Group's plasmaderivatives is not linked to the geographical location and is aimed at optimizing overall efficiencies and the Group's ability to respond to market demand. The CGUs related to the activities associated with the collection and marketing of plasma collected in US centers, for the purposes of the impairment test, are evaluated in an aggregate manner in the wider context of the plasma CGU.

The goodwill attributable to the Plasmaderivatives CGU amounted to a total of Euro 463,443 thousand and the one attributable to the Plasma CGU amounted to a total of Euro 159,873 thousand.

Based on the impairment test, the recoverable amount was determined by based on value of use; for its calculation, the Discounted Cash Flow (DCF) method was adopted net of taxes. The expected cash flows, used in the DCF calculation, were estimated based on the 2023 - 2029 strategic plan (approved on April 6, 2023), and appropriately revised based on the most recent prospective evaluations of the administrators.

With reference to the CGU Plasmaderivatives, profitability (EBIT) was expected to grow as a result of the synergies following the integration of the two Kedrion and BPL groups, and the completion of development projects, including: new RhoGAM production line at the Melville plant, optimization of the capacity of the Elstree plant, new purification plant in Castelvecchio Pascoli and development of the KIg10. On the financial side, an increase in working capital was expected due to growth resulting from these projects and investments for their completion.

With reference to the CGU Plasma, profitability (EBIT) was expected to grow simply as a result of the increasing ability to collect plasma due (i) to an increase in collection centers in the early years of the plan and (ii) to an efficiency of the same and those still in the start-up phase in the second part of the plan.
In order to determine the value of use of the CGUs, the discounted financial flows of the explicit projection years from 2024 to 2027 were considered, added to a terminal value, calculated as the present value of the perpetual annuity of the flows generated in the last year of explicit projection, assuming a long-term growth rate "g" equal to 0%.

The discount rates applied to prospective cash flows have been defined based on the post-tax weighted average cost of capital (WACC), as indicated below:

CGU	WACC 2023	WACC 2022
Goodwill CGU plasmaderivatives	6.75%	7.19%
Goodwill CGU plasma	6.75%	6.11%

The most sensitive elements are the change of the pre-tax weighted average cost of capital (WACC) and the terminal value. The definition of the two indicated elements is based on a conservative approach both in the construction rationale and in the absolute value.

The WACC of the CGUs was determined based on the following assumptions:

- expected return on equity;
- cost of third-party debt;
- sector beta;
- weight of debt and equity.

Based on the outcome of impairment test, significant headroom of recoverable value compared to the book value were identified for both the Plasmaderivatives CGU and the Plasma CGU; therefore, in both cases no impairment losses were recorded.

The Group also conducted a sensitivity analysis of the relevant assumptions mentioned above used for the determination of the recoverable amount (changes in growth rate equal to +/-0.5% and changes in the WACC equal to +/-0.5%) based on which the directors concluded that, even in the range of reasonable changes in the key assumptions, book value remained below the recoverable amount.

6.4.4. RIGHTS OF USE

The historical cost, the accumulated depreciation and the net book value of the Rights of use item as of December 31, 2023, as of December 31, 2022 and as of December 16, 2021, are highlighted in the following table:

(In thousands of Euros)	**Buildings**	**Other assets**	**Total**
COST			
Balance as of December 16, 2021	**-**	**-**	**-**
Change in consolidation area	148,417	1,575	149,992
Reclassifications	-	-	-
Additions	2,742	221	2,963
Translation difference	(8,377)	(8)	(8,385)
Disposals	-	-	-
Balance as of December 31, 2022	**142,782**	**1,788**	**144,570**
Change in consolidation area	-	-	-
Reclassifications	-	-	-
Additions	51,543	1,213	52,756
Translation difference	(4,415)	(11)	(4,426)
IAS 29	(34)	187	153
Disposals	(6,023)	(259)	(6,282)
Balance as of December 31, 2023	**183,853**	**2,918**	**186,771**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
Balance as of December 16, 2021	**-**	**-**	**-**
Change in consolidation area	-	-	-
Amortization	5,153	226	5,379
Impairment	-	-	-
Disposals	-	-	-
Translation difference	(66)	(1)	(67)
Reclassifications	-	-	-
Balance as of December 31, 2022	**5,087**	**225**	**5,312**
Variation in consolidation area	-	-	-
Amortization	16,343	802	17,145
Impairment	-	-	-
Disposals	(281)	(138)	(419)
Translation difference	(436)	(2)	(438)
IAS 29	(3)	83	80
Reclassifications	-	-	-
Balance as of December 31, 2023	**20,710**	**970**	**21,680**
BOOK VALUES AS OF 12.31.2022	**137,695**	**1,563**	**139,258**
BOOK VALUES AS OF 12.31.2023	**163,143**	**1,948**	**165,091**

Rights of use assets are mainly related to the lease contracts of the American plasma collection centers, as well as offices and other company premises.

6.4.5. INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE

The historical cost, the accumulated amortization and the net book value of the item Intangible assets with a definite life as of December 31, 2023, December 31, 2022 and December 16, 2021, are shown in the following table:

(In thousands of Euros)	Development costs	Rights and trademarks	Asset under construction and advance payments	Other	Total
COST					
Balance as of December 16, 2021	**-**	**-**	**-**	**-**	**-**
Change in consolidation area	238,774	307,097	288,681	148,721	983,273
Reclassifications	-	924	(2,260)	715	(621)
Additions	-	250	6,401	3,200	9,851
Translation difference	(14,338)	(14,554)	(1,766)	(6,207)	(36,865)
IAS 29	-	905	2	-	907
Disposals	-	67	(757)	(10,424)	(11,114)
Balance as of December 31, 2022	**224,436**	**294,689**	**290,301**	**136,005**	**945,431**
Change in consolidation area	-	-	-	-	-
Reclassifications	(3,517)	8,207	(20,830)	5,335	(10,805)
Additions	-	858	8,615	9,718	19,191
Translation difference	(7,480)	(11,425)	(933)	(3,240)	(23,078)
IAS 29	-	3,829	3	-	3,832
Disposals	-	(6,889)	(4,305)	(21,715)	(32,909)
Balance as of December 31, 2023	**213,439**	**289,269**	**272,851**	**126,103**	**901,662**
DEPRECIATION AND IMPAIRMENT LOSSES					
Balance as of December 16, 2021	**-**	**-**	**-**	**-**	**-**
Change in consolidation area	12,288	53,405	-	101,127	166,820
Amortization	4,808	7,363	-	10,364	22,535
Impairments	-	-	-	-	-
Disposals	-	47	-	(10,454)	(10,407)
Translation difference	(377)	(2,549)	-	(4,285)	(7,211)
Reclassifications	-	-	-	-	-
Balance as of December 31, 2022	**16,719**	**58,266**	**-**	**96,752**	**171,737**
Change in consolidation area	-	-	-	-	-
Amortization	14,058	19,712	-	31,334	65,104
Impairments	-	-	3,786	-	3,786
Disposals	-	(6,838)	(3,705)	(21,710)	(32,253)
Translation difference	(554)	(2,363)	(81)	(2,729)	(5,727)
IAS 29	-	1,189	-	-	1,189
Reclassifications	(6,246)	6,246	-	-	-

Balance as of December 31, 2023	**23,977**	**76,212**	**-**	**103,647**	**203,836**
BOOK VALUES AS OF 12.31.2022	**207,717**	**236,423**	**290,301**	**39,253**	**773,694**
BOOK VALUES AS OF 12.31.2023	**189,462**	**213,057**	**272,851**	**22,456**	**697,826**

Development costs as of December 31, 2023 amounted to Euro 189.5 million and mainly included the capitalized costs related to product development.

Rights and Trademarks as of December 31, 2023 amounted to Euro 213,057 thousand and included the following:

(In thousands of Euros)	**12.31.2023**
Rights	203,318
Trademarks	9,739
RIGHTS AND TRADEMARKS	**213,057**

Rights mainly include:

- the license for the Marketing Authorization (A.I.C.) "Ryplazim", issued by FDA, and the related rights and patents, acquired during the 2021 fiscal year as part of the business combination "Ryplazim", amounting to Euro 94,487 thousand and Euro 4,809 thousand respectively;
- the commercial license and the rights related to the product "IG Vena", recorded at the fair value identified in the PPA as of August 31, 2022, for a residual value as of December 31, 2023 of Euro 30,667 thousand;
- the commercial license and the rights related to the product "Gammaked", recorded at the fair value identified in the PPA as of August 31, 2022, for a residual value as of December 31, 2023 of Euro 21,176 thousand;
- the commercial license and the rights related to the product "Immunorho", recorded at the fair value identified in the PPA as of August 31, 2022, for a residual value as of December 31, 2023 of Euro 14,817 thousand;
- the commercial license and the rights related to the product "RhoGAM", acquired during the 2012 fiscal year and valued at fair value at that date in the PPA considering a royalty on the expected turnover of 5% for a period of 15 years; as of December 31, 2023 the residual value amounted to Euro 3,792 thousand;
- the licenses for the Marketing Authorizations (A.I.C.) of the other medicinal specialties, for Euro 12,553 thousand;
- the regulatory licenses for the plasma collection centers of the former Kedrion legacy, and of the new centers acquired after August 31, 2022, for Euro 12,461 thousand;
- the regulatory licenses for the plasma collection centers acquired with the BPL Group as of August 31, 2022, recorded at the fair value identified in the PPA, for a residual value as of December 31, 2023 of Euro 7,059 thousand;
- the licenses of the collection centers in the Czech Republic acquired in 2022, with a residual value as of December 31, 2022 of Euro 1,497 thousand.

Trademarks mainly included the "RhoGAM" brand, whose residual value amounted to Euro 3,504 thousand, by the brands related to plasma collection centers for Euro 4,765 thousand and by the brand for Koate for Euro 1,470 thousand. No impairment indicators were identified by management.

Assets under construction mainly included the following:

- costs incurred in the development of the KIg10 for Euro 262,121 thousand, evaluated at fair value during PPA; the fair value evaluation of the product, which has not been approved as yet, took into account the future cash flows expected following the achievement of the commercial license by the appropriate entities, which is deemed as highly probable;

- the residual part mainly included costs for obtaining marketing authorizations and software costs.

Management carried out all the required impairment test without identifying impairment losses in relation to the above items.

Other intangibles mainly included the customer lists related to the acquisition of RhoGAM for Euro 4,637 thousand, application software programs for Euro 11,315 thousand and the list of hyperimmune plasma donors for Euro 1,675 thousand.

6.4.6. OTHER NON-CURRENT FINANCIAL ASSETS

(In thousands of Euros)	**12.31.2023**	**12.31.2022**
Security deposits	3,185	3,071
Loans granted for opening new centers	-	3,786
Financial accruals	2,254	2,187
OTHER NON-CURRENT FINANCIAL ASSETS	**5,439**	**9,044**

The security deposits are mainly related to the lease contracts of plasma collection centers and offices.

Loans of Euro 3,786 thousand, granted by the American subsidiary KEDPLASMA LLC to the external company Immunotek Biocenters LLC to finance the opening of new American plasma collection centers, were fully repaid through off-setting of the purchases of the five plasma collection centers completed during the year.

Financial accruals related to the long-term share of the anticipated bank charges related to the revolving credit facility used on December 31, 2023 for an amount of Euro 50 million.

6.4.7. TAX RECEIVABLES

Details of the non-current portion of tax receivables at December 31, 2023 and December 31, 2022 are included below:

(In thousands of Euros)	**12.31.2023**	**12.31.2022**
Capital expenditures tax credits	606	1,556
R & D & I tax credits	1,779	2,980
Other tax credits	-	10
TAX RECEIVABLES	**2,385**	**4,546**

6.4.8. OTHER NON-CURRENT ASSETS

The details of the other non-current assets as of December 31, 2023 and December 31, 2022 are reported below:

(In thousands of Euros)	12.31.2023	12.31.2022
Prepaid expenses	808	1,070
Other non-current assets	50	44
OTHER NON-CURRENT ASSETS	**858**	**1,114**

This item included the non-current portion of the prepaid expenses mainly related to the renewal rights of commercial licenses (A.I.C.).

6.4.9. INVENTORIES

Below is the detail of the inventories as of December 31, 2023 and as of December 31, 2022:

(In thousands of Euros)	12.31.2023	12.31.2022
Raw materials and consumables	222,325	241,488
Semi-finished goods	242,430	221,739
Finished products and goods	110,491	79,477
INVENTORIES	**575,246**	**542,704**

Inventories are measured net of a provision for obsolescence or slow moving, for a total amount of Euro 23.931 thousand, of which mainly Euro 4.098 thousand related to the inventories held at the Melville plant, Euro 4.169 thousand related to the inventories held at the Bolognana and Sant'Antimo plants and Euro 12.687 thousand related to the inventories held at the Elstree plant.

Below is the composition of the provision for obsolescence and slow-moving inventories as of December 31, 2023 and as of December 31, 2022:

(In thousands of Euros)	12.31.2023	12.31.2022	Delta
Provision for obsolescence and slow moving	23,931	21,207	2,724

Inventories of raw materials, semi-finished products and finished goods are generally subject to expiry and for this reason the management considers the expiry date associated with each batch as a key element in measuring the recoverability. It should be clarified that the expiry dates of the raw materials are no longer relevant once these are transferred into production. In such cases, the expiry date assigned in the production process to the semi-finished products and the finished goods is relevant. Inventories with imminent expiry dates are fully written-off to take into account their difficult recoverability.

Inventories are measured at the lower between purchase or production cost, determined under the average cost method, and net realizable value.

Adjustment of inventories to net realizable value resulted in the recognition of inventories at fair value, which was lower than their cost for a total amount of Euro 34.9 million.

6.4.10. TRADE RECEIVABLES

Breakdown of trade receivables as of December 31, 2023 and December 31, 2022, is reported below:

(In thousands of Euros)	12.31.2023	12.31.2022

Trade receivables	140,330	156,555
TRADE RECEIVABLES	**140,330**	**156,555**

For the terms and conditions related to receivables from related parties, reference is made to note 6.6.3.

Trade receivables are non-interest bearing and generally have a contractual maturity from 30 to 120 days.

The adjustment of receivables from foreign customers to the spot exchange rate as of December 31, 2023 has resulted in the recognition of an unrealized exchange loss of Euro 2,311 thousand.

In view of the expected losses on receivables, the Group has set up a specific allowance for doubtful accounts amounting to Euro 7,015 thousand which is deemed adequate in relation to risk known at the reporting date and the expected default rate.

The utilization of the year is related to the write-off of a number of some small receivables which were considered no longer recoverable.

Below is the movement of the loan write-down funds for the period ending December 31, 2023:

(In thousands of Euros)	For trade receivables	For default interest	Total
Balance at 12.31.2022	**10,227**	**186**	**10,413**
Consolidation area change			
Utilization of the year	(4,271)	(168)	(4,439)
Additions of the year	1,385		
Releases of the year			
Translation difference	(326)		
BALANCE AT 12.31.2023	**7,015**	**-**	**7,015**

The Group determines impairment losses on trade receivables by considering the amount of doubtful receivables, analyzing the specific conditions of the Group's customers, any guarantees given in favor of the companies of the Group, appropriately evaluating ongoing disputes and the likelihood of recovering overdue receivables, as well as determining the expected default rate by analyzing the average loss rate on receivables observed in the past years and applying the estimation methodologies of the expected credit losses commented in note 6.3.8.

The late interest fund relates to claims in respect of late interest that, according to current regulations, Kedrion invoiced to national public entities, and it was fully used as a result of write- offs of this element posted throughout the year.

6.4.11. CONTRACTUAL ASSETS

Below is the breakdown of contractual assets as of December 31, 2023, and December 31, 2022:

(In thousands of Euros)	12.31.2023	12.31.2022
Contractual assets	27,748	36,789
CONTRACTUAL ASSETS	**27,748**	**36,789**

According to IFRS 15, receivables arising from work in progress are represented as "contractual assets" separately from trade receivables.

Contractual assets are initially recognized based on revenue arising from work account 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 recognized as contractual assets are reclassified into trade receivables.

6.4.12. TAX RECEIVABLES

Below is the breakdown of tax receivables as of December 31, 2023, and December 31, 2022:

(In thousands of Euros)	12.31.2023	12.31.2022
Foreign taxes	10,029	6,291
Income tax credits (IRES – IRAP)	10,197	8,830
Tax credits on capital expenditure	635	1,260
Research & Development and Innovation tax credits	3,637	2,754
Other tax receivables	10	2,660
TAX RECEIVABLES	**24,508**	**21,795**

The claim is mainly related to:

- IRES receivables for suffered withholdings amounting to Euro 9.246 thousand and other receivables for Italian corporate taxes amounting to Euro 951 thousand;
- tax credits accrued by the subsidiary Kedrion SpA on research and development activities, technological and digital innovation amounting to Euro 3,637 thousand and tax credits on capital expenditure amounting to Euro 635 thousand;
- other tax credits for Euro 10 thousand (the 2022 credit amounted to Euro 2.660 thousand and was accrued on purchases of electricity and natural gas, entirely offset in the year);
- receivables arising from advances paid by foreign subsidiaries amounting to Euro 10.029 thousand.

6.4.13. OTHER CURRENT ASSETS

The breakdown of other current assets as of December 31, 2023 and December 31, 2022 is reported below:

(In thousands of Euros)	12.31.2023	12.31.2022
Loans to employees	768	252
Social security receivable	225	186
Sundry receivables	8,742	12,359
VAT and other tax receivables	10,454	12,224
Insurances refund receivables	-	846
Prepaid expenses	10,725	12,531
Amounts due to BPL Group sellers	-	17,261
OTHER CURRENT ASSETS	**30,914**	**55,659**

Other current assets are considered recoverable and therefore have not been impaired.

Sundry receivables mainly included the following:

- the residual receivable towards Sestant SpA, amounting to Euro 1,518, determined based on tax consolidation, which will be recovered with tax profits achieved by Sestant;
- amounts due from the Ministry of Economic Development for some funded research projects for an amount of Euro 1,716 thousand;
- amounts due by the Italian Medicines Agency (AIFA) for Euro 650 thousand in recognition of the contribution on a number of research projects and on the investments made during the three-year period 2007 through 2009 at the Bolognana plant.

Prepaid expenses are mainly related to advance payments related to fees, regulatory charges and other costs attributable paid in advance but attributable to the next fiscal year.

6.4.14. OTHER CURRENT FINANCIAL ASSETS

(In thousands of Euros)	12.31.2023	12.31.2022
Non-hedging derivative instruments	-	88
Accruals and other financial assets	4,803	4,679
OTHER CURRENT FINANCIAL ASSETS	**4,803**	**4,767**

The item non-hedging derivative instruments refers to a derivative contracted by the company UNICAPlasma s.r.o..

Accruals and other financial assets mainly included loans granted by the Bio Products Laboratory Limited to the external company Hyatt for the development of new plasma collection centers for an amount of Euro 4,782 thousand.

6.4.15. CASH AND CASH EQUIVALENTS

Breakdown as of December 31, 2023 and December 31, 2022 are reported below:

(In thousands of Euros)	12.31.2023	12.31.2022
Bank and post deposits	141,457	149,133
Cash on hand	14,922	13,516
CASH AND CASH EQUIVALENTS	**156,379**	**162,649**

Cash and cash equivalents are not subject to pledges.

6.4.16. CAPITAL AND RESERVES

Changes in the consolidated capital and reserves throughout the year ended December 31, 2023 related to the following:

- distribution of dividends for Euro (2,569), entirely attributable to non-controlling interests;
- conversion reserve for Euro (36,288) thousand, of which Euro (34,909) attributable to the Group and Euro (1,379) attributable to non-controlling interests;
- IAS 29 reserve for Euro 4,112 thousand, of which Euro 2,469 attributable to the Group and Euro 1,643 attributable to non-controlling interests;
- IAS 19 reserve for Euro (10) thousand, entirely attributable to Group equity;

- The IFRS 2 reserve for Euro 435 thousand, entirely attributable to Group equity.

Other Reserves included the following:

- shareholders capital contribution reserve of Euro 454,459 thousand;
- extraordinary reserve of Euro 122,289 thousand;
- IAS 29 reserve of Euro 4,443 thousand;
- IFRS 2 reserve of Euro 435 thousand;
- First Time Adoption (“FTA”) reserve of Euro 8,248 thousand;
- revaluation reserve related to the subsidiary Kedrion Biopharma Inc. for Euro 1,266 thousand;
- shareholders capital contribution reserve set up in 2012 by Sestant and Investitori Associati IV through the waiver of a loan of Euro 5,000 thousand;
- consolidation reserve resulting from the contribution of Kedrion shares in Kedrion Group for Euro 23,410 thousand;
- merger reserve arising from the reverse merger of Kedrion Group SpA into Kedrion SpA occurred in 2014 for Euro 6,708 thousand;
- merger reserve arising from the reverse merger of Kevlar SpA into Kedrion SpA occurred in 2023 for Euro 756,346 thousand;
- consolidated undistributed earnings of Euro 262,399 thousand.

Net assets attributable to third parties, amounting to Euro 6,887 thousand as of December 31, 2023, related to the non-controlling interests, equal to 40%, held by Medici Pharma S.A.P.I. de C.V in Kedrion Mexicana, amounting to Euro 1,368 thousand and from the 40% held by Betaphar İlaç San. ve Tic. A.Ş. for Euro 5,519 thousand.

Paid and proposed dividends

(In thousands of Euros)	**12.31.2023**	**12.31.2022**
Paid during the year	2,287	3,609
Proposed for approval at the Shareholders' Meeting (*)	1,157	875

(*) Recognized as liabilities on December 31.

The following information relates to subsidiaries with significant non-controlling interests:

Share of investments held by minority shareholders

Company name	**Headquarters**	**2023**	**2022**
Kedrion Mexicana	Mexico	40%	40%
Kedrion Betaphar	Turkey	40%	40%

The financial information related to the subsidiaries with significant non-controlling interests are reported below (for the entire twelve-month fiscal year). This is based on the financial information before intra-group eliminations.

Statement of profit or loss	**Kedrion Mexicana**		**Kedrion Betaphar**	
(In thousands of Euros)	**2023**	**2022**	**2023**	**2022**
Revenues	86,756	48,668	51,748	41,914
Cost of goods sold	73,175	39,289	38,993	28,591
GROSS MARGIN	**13,581**	**9,379**	**12,755**	**13,323**
Other income	63	134	486	572
General and administrative expenses	1,267	700	1,626	2,319
Sales and marketing expenses	7,882	3,224	593	470

Research and development costs	-	-	20	-
Other operating costs	420	323	174	60
OPERATING PROFIT	**4,075**	**5,266**	**10,828**	**11,046**
Interest expenses	916	8	3,634	721
Interest income	252	176	363	2,118
Net profit (loss) on exchange rates	1,506	1,631	(28)	(2,340)
FINANCIAL MANAGEMENT	**842**	**1,799**	**(3,299)**	**(943)**
PROFIT BEFORE TAX	**4,917**	**7,065**	**7,529**	**10,102**
Income taxes	1,808	1,900	3,601	2,093
NET PROFIT FOR THE PERIOD	**3,109**	**5,165**	**3,928**	**8,009**
Total profit/(loss) after tax	**3,109**	**5,165**	**3,928**	**8,009**
Attributable to non-controlling interests	1,245	2,066	1,571	3,204
Dividends paid to minority shareholders	1,972	1,508	315	

Statement of financial position	**Kedrion Mexicana**		**Kedrion Betaphar**	
(In thousands of Euros)	**2023**	**2022**	**2023**	**2022**
Property, plant, and equipment and other non-current financial assets	853	795	8,541	8,913
Inventories	13,073	3,995	-	29
Trade receivables and other assets	18,888	16,611	43	1,721
Cash and cash equivalents	5,752	14,956	17,644	14,503
Bank and other borrowings	(107)	(84)	(85)	(27)
Trade payables and other payables	(34,832)	(30,813)	(9,824)	(13,174)
Loans and borrowings and deferred tax liabilities (non-current)	(185)	(42)	(2,526)	(1,425)
NET EQUITY	**3,442**	**5,419**	**13,793**	**10,543**
Attributable to:				
Shareholders of the Parent Company	2,074	3,259	8,273	6,327
Non-controlling interests	1,368	2,159	5,519	4,216

6.4.17. GROSS FINANCIAL INDEBTEDNESS

The breakdown of gross financial debt by type of instrument and split between current and non-current as of December 31, 2023 and December 31, 2022 is shown in the following table:

Financial debt		**2023**			**2022**	
(In thousands of Euros)	**Current portion**	**Non-current portion**	**Total**	**Current portion**	**Non-current portion**	**Total**
Bonds	-	670,902	670,902	-	-	-
Total debts to bondholders	**-**	**670,902**	**670,902**	**-**	**-**	**-**
Bridge Loan	-	-	-	-	784,143	784,143
Term Loan	-	64,086	64,086	-	-	-

Total medium-long term debt	**-**	**64,086**	**64,086**	**-**	**784,143**	**784,143**
Finance lease debts	1,428	2,317	3,745	2,233	2,712	4,945
IFRS 16 operating lease liabilities	12,938	157,909	170,847	11,855	129,173	141,028
Total debts for leasing	**14,366**	**160,226**	**174,592**	**14,088**	**131,885**	**145,973**
MEDIUM-LONG TERM DEBT	**14,366**	**895,214**	**909,580**	**14,088**	**916,028**	**930,116**
Revolving Credit Facility	50,000	-	50,000	-	-	-
Banks overdrafts and short-term borrowings	45,548	-	45,548	30,160	-	30,160
Other financial liabilities	23,772	-	23,772	44,712	-	44,712
DEBTS WITH BANKS AND OTHER LENDERS	**119,320**	**-**	**119,320**	**74,872**	**-**	**74,872**
GROSS FINANCIAL DEBT	**133,686**	**895,214**	**1,028,900**	**88,960**	**916,028**	**1,004,988**

MEDIUM-LONG TERM LOANS

During 2023 financial year, Kedrion SpA completed the refinancing process of the pre-existing debt, started during the previous financial year in conjunction with the Permira deal, to reorganize the entire financial structure of the Group resulting from the transaction.

As a first step, on August 17, 2022, the Parent Company (then Kevlar SpA) entered into a bridge facility agreement ("bridge loan" hereinafter) for a nominal value of USD 865 million in total with a pool of banks and with GLAS USA LLC as an agent. The bridge loan was composed of two facility lines of USD 755.8 million and USD 109.2 million respectively. On the same date, the Parent Company also entered into an additional revolving credit facility contract ("RCF" hereinafter) with a limit of Euro 175 million (unused as of December 31, 2022).

Subsequent to obtaining the cash arising from the bridge loan, Kedrion SpA completed the closure of the pre-existing debt, with specific reference to the following:

- a bond loan equal to Euro 410 million;
- the RCF lines totaling Euro 230 million;
- the financial debts of the acquired BPL Group amounting in total to USD 102.8 million.

On May 3, 2023, the refinancing operation was then completed with the replacement of the previously obtained bridge loan, through the issuance of a new bond loan equal to USD 790 million with an issue price at 84%, maturity date September 1, 2029, and listed on the Official List of the Euro MTF in Luxembourg (unregulated market).

Interest on this new Bond was set based on a semi-annual coupon equal to 6.5% per annum. For the remaining part, a Term Loan Agreement ("TLA" or "Term Loan" hereinafter) was signed with a pool of banks that at the time of signing represented the same subscribers of the Bond, for a nominal value equal to USD 75 million, with maturity May 31, 2029, and an annual partial repayment of 1% starting from June 30, 2025, and semi-annual interest equal to 6.5%.

Morgan Stanley acted as Global Coordinator and Physical Bookrunner, while BNP Paribas, Crédit Agricole CIB, IMI – Intesa San Paolo, Natixis and UniCredit acted as Joint Bookrunners.

The Bond is: (i) guaranteed on a senior secured basis by the parent company Kedrion SpA and by the subsidiaries Kedrion Biopharma Inc., KEDPLASMA LLC and Bio Products Laboratory Ltd.

This package of guarantee and assurance for the benefit of the Bonds was also extended to the TLA with a maturity in May 2029.

Under IFRS 9, the exchange of existing debt instruments for new debt instruments may result in the extinction of the original liability and the recognition of a new liability to the extent the contractual terms of the latter are substantially different from those of the original financial instruments.

In order to assess the significance of this change, a qualitative and quantitative evaluation was carried out based on which the directors determined that the changes applied to the conditions agreed within the refinancing operation are not substantial with reference to the terms of the financial liabilities involved, as (i) the contractual terms of the original liabilities and of the new liabilities remained substantially unchanged (with regard, above all, to the interest rate, the maturity, the amounts and the parties involved) and (ii) the cash flows profiles according to the new terms, including the fees paid, discounted using the original effective interest rate, did not deviate by more than 10 percent from the discounted value of the cash flows of the original financial liability. On the basis of the above evaluations, it was not considered that the refinancing operation gave rise to a derecognition of the original financial liabilities and to the recognition of new financial liabilities, the same operation being accounted for as a renegotiation of liabilities with no cancellation (so-called “modification”).

The Parent Company has therefore continued to apply the amortized cost methodology in relation to the aforementioned liabilities, maintaining the original effective interest rate, net of the new costs incurred that are amortized over the remaining term of the modified liability, and has accounted for as an income "from discounting" (for about Euro 4.6 million) the difference between the carrying value of the original liability and the discounted value of the financial flows re-determined as a result of the refinancing, calculated on the basis of such original effective interest rate.

On the other hand, this refinancing process, precisely because it was qualified as "non-extinguishing" (and differently from what would have happened in the context of a “derecognition”), did not involve, at the date of the operation, the recognition in the statement of profit or loss of gains or losses on currency exchanges due to the conversion into euro of foreign currency liabilities subject to refinancing.

In detail, the Group held medium-long term debts for medium-long term for Euro 909.6 million, of which 895.2 million were presented as non-current and 14.4 million as current.

Out of these, the debts to bondholders amounted to Euro 670.9 million, while those to banks amounted to Euro 64.1 million; lastly, liabilities related to leasing contracts amounted to Euro 174.6 million (of which 170.8 million for IFRS 16 operating leases).

As of December 31, 2023 the medium-long term borrowings are as follows:

Medium-long term borrowings as of 12.31.2023

(In thousands of Euros)	Payables for leased assets	Due to bondholders	Due to banks and other lenders	Total medium-long term borrowings
Within 12 months	14,366	-	-	14,366
Current portion	**14,366**	**-**	**-**	**14,366**
Within 24 months	15,026	-	641	641
Within 36 months	15,188	-	641	641
Within 48 months	14,761	-	641	641
Within 60 months	14,178	-	640	640

Over 60 months	101,073	670,902	61,523	732,425
Non-current portion	**160,226**	**670,902**	**64,086**	**895,214**
TOTAL MEDIUM-LONG TERM BORROWINGS	**174,592**	**670,902**	**64,086**	**909,580**

The following table includes information on borrowings granted to the Group:

Description	Expiry	Rate as of 12.31.2023	Residual as of 12.31.2023	Due within one year	Due within five years	Due beyond five years
Bond	09/01/2029	6.50%	670,902			670,902
TLA	05/31/2029	6.50%	64,086		2,563	61,523
RCF	03/31/2029	6.60%	50,000	50,000		
Total bank borrowings in the medium/long term			**784,988**	**50,000**	**2,563**	**732,425**

Referring to the above-mentioned loans, there are no financial covenants which would have led to a loss of the benefit of term.
Borrowings with leasing companies included the contracts stipulated in the financial year closed on December 31, 2023 for a total of Euro 1,424 thousands aimed at financing investments made. The interest rates applied on these loans are in line with market rates. For commitments on financial risks, please refer to note 6.6.5.

PAYABLES TO BANKS AND OTHER LENDERS

Bank and other non-current borrowings included bank overdrafts, and short-term lines, liabilities with factoring entities and other lenders, as well as the fair value of derivative instruments.

The table below shows the breakdown of the current part of the above caption, for the financial years closed on December 31, 2023 and December 31, 2022:

(In thousands of Euros)	12.31.2023	12.31.2022
RCF line	50,000	-
Banks with advances on bills and invoices	45,601	30,160
Payables to other lenders	23,772	36,740
Non-hedging derivative instruments	-	7,630
Other borrowings	-	342
DEBTS TO BANKS AND OTHER LENDERS	**119,373**	**74,872**

Banks and other lenders borrowings, amounting to Euro 119,373 thousand, mainly included overdrafts and short-term loans, as indicated in the previous table.

Debts to other lenders are represented by payables to factoring entities and other financial payables.

Non-hedging derivative instruments, which reflected the fair value evaluation of FX contracts entered into for the purchase of currency by the subsidiary Bio Production Laboratory, were closed in the current year.

The utilization of credit lines granted to the Group by banks as of December 31, 2023, is 39.13%.

TABLE OF MOVEMENT OF LIABILITIES FROM FINANCING ACTIVITIES

Movement in liabilities related to financing activity, including both changes related to cash flows and non-monetary changes are reported in the table below:

(In thousands of Euros)	12.31.2022	Cash flow	Other non-monetary movements	Effect of exchange rate changes	Capex	12.31.2023
Bridge Loan	784,143	-	(756,775)	(27,368)	-	-
Bond	-	-	671,713	(811)	-	670,902
Term Loan	-	-	64,162	(76)	-	64,086
Other medium - long term liabilities IFRS 16	141,028	(12,739)	-	(4,336)	46,894	170,847
Payables to financial leasing entities	4,945	(2,624)	1,424	-	-	3,745
Change in short-term financial liabilities	74,872	4,154	813	39,534	-	119,373
Change in short-term financial assets	(4,767)	(36)	-	-	-	(4,803)
Change in non-current financial assets	(9,044)	(108)	3,713	-	-	(5,439)
Total liabilities from financing activities	**991,177**	**(11,353)**	**(14,950)**	**6,943**	**46,894**	**1,018,711**

6.4.18. NON-CURRENT PROVISIONS FOR RISKS AND CHARGES

Movement from December 31, 2022 to December 31, 2023 are shown below:

(In thousands of Euros)	Value at 12.31.2022	Reclassifications	Uses	Translation difference	Value at 12.31.2023
Risk for commercial and administrative disputes	3,703	(2,233)	(70)	(21)	1,379
PROVISIONS FOR RISKS AND CHARGES	**3,703**	**(2,233)**	**(70)**	**(21)**	**1,379**

Movement of the year mainly derives from reclassifications to current risk funds.

6.4.19. EMPLOYEE BENEFITS LIABILITIES

Employee benefits liabilities as of 31 December 2023 amounted to Euro 3,497 thousand and mainly included the Severance Indemnity Fund (TFR) due to the employees of Kedrion SpA, as provided by art. 2120 of the Civil Code for Euro 2,447 thousand.

The TFR provision provided by art. 2120 of the Civil Code, from the point of view of financial statements recognition, falls into the category of defined benefit pension plans as it is considered a defined benefit obligation and, as such, it has been treated in accordance with IAS 19 principle which requires the assessment of the related liability based on actuarial techniques. The main assumptions adopted are summarized in the following tables:

Summary of Economic Technical Bases - Financial assumptions	12.31.2023
Annual discount rate	3.08%
Annual inflation rate	2.00%
Annual poste employment benefit increase rate	3.00%

Summary of Demographic Technical Bases	Demographic assumptions
Death	Published RG48 mortality tables by the General Accounting Office of State
Inability	INPS tables distinguished by age and gender
Retirement	100% upon fulfilment of the AGO requirements

Table of annual turnover and severance pay advances	12.31.2023
Frequency of advances	2.00%
Frequency of turnover	2.00%

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 duration 7-10), identified at the evaluation date. For this purpose, the yield with a duration comparable to the duration of the collective of workers subject to evaluation was chosen.

Movements for the period ending December 31, 2023 are shown in the table below:

(In thousands of Euros)	12.31.2023
Present value of the obligation at the beginning of the period	2,478
Interest expenses	89
Benefits paid	(133)
Actuarial loss (gain) recognized	13
PRESENT VALUE OF THE OBLIGATION AT THE END OF THE PERIOD	**2,447**

In addition to the above-mentioned TFR, defined benefit plan liabilities existed related to the Hungarian subsidiary HBP for Euro 543 thousand and to the English subsidiary BPL for Euro 507 thousand, which will be paid to employees (i) partly upon reaching certain seniority thresholds within the company, and (ii) partly at retirement date.

The average number of Group employees, expressed in terms of full-time equivalent persons, is reported in the following table:

Staff – FTE	12.31.2023
Total FTE (employees, administered, temporary workers and outsourced)	5,163
of which temporary workers:	26
Kedrion Biopharma Inc.	17
Kedrion SpA	4
Unica	4
Human BioPlazma	1

6.4.20. DEFERRED TAX ASSETS AND LIABILITIES

Breakdown of deferred tax assets and liabilities as of December 31, 2023 and December 31, 2022 is reported below:

(In thousands of Euros)	12.31.2023	12.31.2022

Deferred tax assets	768	3,680
Deferred tax liabilities	(113,026)	(164,288)
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(112,258)**	**(160,608)**

Tax assets and liabilities are recognized and valued separately and are reported net on the statement of financial position under the same conditions prescribed by IAS 12.

The breakdown of deferred tax assets as of December 31, 2023 and December 31, 2022 is reported below:

(In thousands of Euros)	Taxable amount 2022	Total deferred tax assets 2022	Increase	Decrease	Taxable amount 2023	Total deferred tax assets 2023
Non-deductible interest expenses	**55,400**	**15,861**	42,729	-	**98,129**	**23,575**
ACE	**2,798**	**672**	-	-	**2,798**	**672**
Unrealized losses on exchange rates	**33,350**	**8,004**	39,371	(33,350)	**39,371**	**9,449**
Provisions for risks and charges	**23,948**	**6,184**	3,305	(11,122)	**16,131**	**4,070**
Inventory provisions	**5,489**	**1,306**	5,239	(340)	**10,388**	**2,497**
Bad debt reserve	**7,277**	**1,460**	354	(2,951)	**4,681**	**1,126**
Losses carryforward	**200,515**	**49,177**	83,419	(38,364)	**245,570**	**81,078**
Payback provision	**1,301**	**312**	1,156	(1,301)	**1,156**	**322**
Elimination of intercompany profits	**21,883**	**4,595**	-	(7,175)	**14,708**	**2,899**
Non-deductible interest expenses (163(j) Adjustment USA)	**35,461**	**6,045**	-	(13,364)	**22,097**	**5,317**
Chargebacks provision	**5,101**	**1,202**	4,526	-	**9,627**	**2,317**
Other temporary differences	**23,303**	**5,688**	350	(8,872)	**12,429**	**3,658**
TOTAL DEFERRED TAX ASSETS	**415,826**	**100,506**	**180,449**	**(116,839)**	**477,085**	**136,980**

The breakdown of deferred tax liabilities as of December 31, 2023 and December 31, 2022 is included below:

(In thousands of Euros)	Taxable amount 2022	Total deferred tax liabilities 2022	Increase	Decrease	Taxable amount 2023	Total deferred tax liabilities 2023
Non-deductible depreciation and amortization	**217,621**	**52,804**	356,349	(49,355)	**524,617**	**136,558**
Unrealized profits on exchange rates	**72,955**	**17,503**	100,930	(70,877)	**103,008**	**24,723**
Dividends	**73**	**17**	87	(73)	**87**	**21**
Temporary differences on the net assets of “Kedrion Group”	**483,759**	**128,985**	-	(327,463)	**156,296**	**32,767**
Temporary differences on the net assets of “RYPLAZIM”	**16,818**	**4,244**	-	(1,854)	**14,964**	**3,771**
Temporary differences on the net assets of “BPL Group”	**290,923**	**55,275**	-	-	**213,956**	**48,978**
Temporary differences on the net assets of “Unica”	**6,828**	**1,297**	-	(5,085)	**1,743**	**331**
IAS 29 Turkey	**4,945**	**989**	5,500	-	**10,445**	**2,089**
TOTAL DEFERRED TAX LIABILITIES	**1,093,922**	**261,114**	**462,866**	**(454,707)**	**1,025,116**	**249,238**

NET EFFECT TO NET ASSETS	(160,608)	(112,258)

Deferred tax liabilities mainly derived from the recognition of net assets identified in the Purchase Price Allocation of Kedrion Group, BPL Group, Ryplazim Deal, and Unica Plasma.

There are no deferred taxes on undivided profits of subsidiaries or other temporary differences that may originate them.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences and tax losses can be utilized or there are sufficient deferred tax liabilities relating to the same legal entity. In this regard, the Group estimates the likely timing and the amount of future taxable income.

The breakdown of losses carry-forward as of December 31, 2023 by jurisdiction is presented below:

(In thousands of Euros)	Taxable	Deferred tax assets	Maturity
Italy	67,435	16,184	Unlimited
USA	118,227	49,917	Unlimited
UK	59,908	14,977	Unlimited
TOTAL DEFERRED TAX ASSETS	**245,570**	**81,078**	

It should be noted that, as of December 31, 2023, additional losses carry-forwards existed in the Group companies for a total amount of Euro 116.3 million (of which Euro 81.2 million with unlimited maturity), mainly attributable to subsidiaries located in the UK, Hungary and Canada, on which deferred tax assets were not recognized as there was not sufficient evidence to support their full recoverability within a reasonable time horizon.
Finally, it should also be noted that it is expected that further and significant tax losses might become recoverable with reference to Kedrion SpA. These tax losses are being assessed at the balance sheet date as they are subject to the outcome of some rulings submitted to the Italian tax authority at the end of 2023.

6.4.21. OTHER NON-CURRENT LIABILITIES

Breakdown for the financial year ended on December 31, 2023 and on December 31, 2022 is included below:

(In thousands of Euros)	12.31.2023	12.31.2022
Capital grants	2,437	2,499
Other	278	642
OTHER NON-CURRENT LIABILITIES	**2,715**	**3,141**

Other non-current liabilities related to deferred liabilities, mainly for government grants.

Deferred liabilities for capital government grants include grants awarded on investments in new instrumental goods, in replacement of the super-depreciation and hyper-depreciation; they represent the non-current portion of the same contributions attributable to subsequent financial years which are recorded in the statement of profit or loss on a linear basis throughout the expected useful life of the capital item to which they refer. They also include the non-current portion of the capital government grant due under an agreement entered into by the Hungarian subsidiary HUMAN BioPlazma with the government to finance investments made on the production plant amounting to Euro 451 thousand.

6.4.22. CURRENT PROVISIONS FOR RISKS AND CHARGES

(In thousands of Euros)	12.31.2022	Reclassifications	Accruals	Utilization / Releases	Translation difference	12.31.2023
Risks for commercial and administrative disputes	32,251	2,233	5,803	(23,958)	(810)	15,519
PROVISIONS FOR RISKS AND CHARGES	**32,251**	**2,233**	**5,803**	**(23,958)**	**(810)**	**15,519**

The uses and releases for the period, amounting to Euro 24.0 million, were mainly related to releases and payments of liabilities on previously accrued commercial and administrative disputes.

The accruals for the year, amounting to Euro 5.8 million, is mainly related to potential liabilities on ongoing commercial and administrative disputes and tax audits.

As of December 31, 2023, the provisions include, in addition to the accruals for the year, other potential liabilities on commercial, administrative and payroll disputes, initiated in the previous years.

6.4.23. TRADE PAYABLES

Breakdown of trade payables as of December 31, 2023 and December 31, 2022 is included below:

(In thousands of Euros)	12.31.2023	12.31.2022
Domestic suppliers	38,927	37,617
Foreign suppliers	163,874	142,915
Invoices to be received	35,889	29,046
Credit notes to be received	(3,206)	(697)
TRADE PAYABLES	**235,484**	**208,881**

Trade payables do not bear interest and are mainly settled at 60/90 days. The amounts included payables related to the normal course of commercial activity by the group companies, particularly the purchase of raw materials, components, services and external processing.

6.4.24. INCOME TAX LIABILITIES

The breakdown of the income tax liabilities as of December 31, 2023 and December 31, 2022 is reported below:

(In thousands of Euros)	12.31.2023	12.31.2022
IRES	-	2,939
IRAP	812	600
Other current taxes related to foreign companies	4,778	5,771
INCOME TAX LIABILITIES	**5,590**	**9,310**

Such liabilities are net of the advances paid for income tax based on the jurisdiction, if there is the possibility of tax compensation.

6.4.25. OTHER CURRENT LIABILITIES

The breakdown of other current liabilities as of December 31, 2023 and December 31, 2022 is included below:

(In thousands of Euros)	12.31.2023	12.31.2022
Payables to social security institutions	9,871	9,309
Payables to employees and collaborators	34,247	35,295
Dividend payables	1,157	972
Other liabilities	1,296	9,125
Accrued liabilities	3,419	5
Deferred income for capital government grants	1,550	672
VAT	1,922	2,922
Withholdings	7,352	6,104
OTHER CURRENT LIABILITIES	**60,814**	**64,404**

Payables to social security institutions mainly refer to the contributions related to wages and salaries as of December and the fourteenth monthly payment, holiday pay accruals, bonuses and for exit incentives accrued.

Payables to employees include December salaries and wages, accruals for the 14th month and unused vacation days, incentive plan and severance debts due to employees who terminated their employment by December 31.
Dividends payable related to dividends of Kedrion Mexicana for Euro 1,157 thousand.

Other liabilities included the residual liability of Kedrion SpA with Sestant SpA for Euro 857 thousand, based on tax consolidation computation.

Deferred income for capital government grants refers to the short-term portion of the costs incurred as an investment in new instrumental goods in replacement of the super depreciation and hyper-depreciation.

Withholdings mainly refer to withholdings related to November and December salaries and the thirteenth month salary.

6.5. COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

6.5.1. REVENUES

In the fiscal year ended December 31, 2023, revenues from contracts with customers amounted to Euro 1,429,303 thousand, while in the fiscal year ended December 31, 2022, revenue from contracts with customers amounted to Euro 505,215 thousand.

For a better understanding, it should be noted that if the acquisition of the two Groups, Kedrion and BPL, had taken place at the beginning of 2022, the total overall turnover on 31 December 2022 would have been equal to Euro 1.146 billion.

Breakdown is as follows:

	31-Dec-23			
REVENUES *(In thousands of Euros)*	**Plasmaderivatives**	**Plasma**	**Eliminations**	**Consolidated**
Type of goods and services				
Plasmaderivatives	1,275,578			1,275,578
Plasma		594,155	(440,430)	153,725
Total revenues	**1,275,578**	**594,155**	**(440,430)**	**1,429,303**
Geographical area				
USA	738,837	235,757	(142,442)	832,152
Italy	99,936	60,917	(60,917)	99,936
Rest of the World	316,096	254,518	(229,262)	341,352
European Union	120,709	42,963	(7,809)	155,863
Total Revenues	**1,275,578**	**594,155**	**(440,430)**	**1,429,303**
Timing of revenue recognition				
Goods transferred at a certain time	1,195,705	594,155	(440,430)	1,349,430
Services transferred over a certain period of time	79,873			79,873
Total revenues	**1,275,578**	**594,155**	**(440,430)**	**1,429,303**

	31-Dec-22			
REVENUES *(In thousands of Euros)*	**Plasmaderivatives**	**Plasma**	**Eliminations**	**Consolidated**
Type of goods and services				
Plasmaderivatives	483,716			483,716
Plasma		182,126	(160,297)	21,829
Total revenues	**483,716**	**182,126**	**(160,297)**	**505,545**
Geographical area				
USA	280,465	61,250	(51,685)	290,030
Italy	36,687	22,730	(22,730)	36,687
Rest of the World	124,098	79,018	(73,440)	129,676
European Union	42,466	19,128	(12,442)	49,152
Total Revenue	**483,716**	**182,126**	**(160,297)**	**505,545**
Revenue Recognition Timing				
Goods transferred at a certain point in time	451,462	182,126	(160,297)	473,291
Services transferred over a certain period of time	32,254	-	-	32,254
Total revenue	**483,716**	**182,126**	**(160,297)**	**505,545**

The Group operates in two business sectors:

- the main one involves both the production and sale of plasmaderivatives (i.e. proteins extracted from human plasma such as albumin, immunoglobulins - standard and specific - coagulation factors and human plasminogen), as well as the plasma processing service on behalf of third parties; this item also includes, residually, the marketing of synthetic products;

- the collection, purchase and sale of plasma for which the Group owns a network of collection centers that have primarily supported the supply of plasma necessary to cover the needs of the plasmaderivatives segment, then allocating the surplus to third-party sales.

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

The following is an analysis of revenues by business sector for the fiscal year ended December 31, 2023:

"PRODUCTION AND SALE OF PLASMADERIVATIVE" SEGMENT

Revenues of the production and sale of plasma-derived drugs segment as of December 31, 2023 amounted to Euro 1,275.6 million (89.2% of the total).

Among all the products, in order of importance, the standard immunoglobulin consolidated its supremacy, confirming a growth trend thanks to the increase in the average price, followed by the anti-rabies immunoglobulin (which almost doubles its turnover in the American market thanks to the growth of the market share).

Ryplazim sales (launched in the US market in 2022) showed a strong trend despite the quality issues that emerged with the contract manufacturer in charge of fill&finish (whose definitive solution is expected during 2024), which impacted the availability of sales volumes compared to those forecasted for the year 2023; Coagadex (Factor X), the other orphan drug developed by BPL, also consolidates its penetration in the US market and its diffusion and expansion in other high-potential geographies has been initiated.

Within the segment, the plasma processing account service for third-party customers confirmed its strategic relevance thanks to the development of activities on behalf of foreign customers (over the course of the year, following the award of the national tender, the processing of Portuguese plasma began and the existing contract in the USA was renewed), but also thanks to the continuity of contractual relationships in place with the Italian Health System.

"COLLECTION AND SALE OF PLASMA" SEGMENT

Revenues of this segment as of December 31, 2023 amounted to Euro 153.7 million; the performance, on a like-for-like basis, was significantly above the previous year thanks to the availability of higher volumes for sale, the growing absorption of the US market and the opening of new markets both in Europe and in the Rest of the World (South Korea).

6.5.2. COST OF GOODS SOLD

Breakdown is included below:

	Year ended December 31	
(In thousands of Euros)	**2023**	**2022**
Consumption of raw materials, accessories and consumables	635,232	245,016
External manufacturing services from third parties	39,654	15,789

Cost for services	93,343	41,920
Labor costs and related charges	240,158	80,600
Amortization and depreciation	96,255	24,033
COST OF GOODS SOLD	**1,104,642**	**407,358**

Cost of goods sold for the 2023 fiscal year amounted to Euro 1,104.6 million (Euro 407.4 million in 2022) with a percentage incidence on revenues decreasing from 80.6% to 77.3%.

The consumption of raw materials, accessories and consumables included the cost of plasma and all materials used during the production process.

The costs for external manufacturing services from third parties are attributable to the purification and packaging activities carried out at external plants and are mainly related to the Melville plant.

The costs for services are related to maintenance on the plants and other third-party services related to the production sites.

6.5.3. OTHER INCOME

Breakdown is as follows:

	Fiscal year ended December 31	
(In thousands of Euros)	**2023**	**2022**
Expense recoveries	1,096	197
Insurance refunds	-	41
Government contributions	3,692	2,583
Capital contributions	1,482	283
Services	3,356	58
OTHER INCOME	**9,626**	**3,162**

The items expense recoveries and insurance refunds related to refunds and recovery of expenses obtained from suppliers and customers and to refunds on claims that have involved finished and intermediate products.

Government contributions related to extraordinary contributions, in the form of tax credits, on purchases of electricity and natural gas and to the tax credit accrued on research and development and technological innovation activities.

Capital contributions mainly included the annual share of the contribution granted by AIFA within the “Accordi di Programma” and to the annual portion of the contributions granted on investments for costs incurred as an investment in new capital expenditures, as a replacement for super-depreciation and hyper-depreciation.

The item Services included lease income, mainly related to plasma collection centers owned by the subsidiary BPL Properties that are rented out to third parties.

6.5.4. GAIN ON BARGAIN PURCHASE

Gain on bargain purchase refers to the bargain purchase emerged from the Purchase Price Allocation carried out on the acquisition of the BPL Group during the 2022 financial year, amounting to Euro 206.252 million, as further described in paragraph 6.2.2.

6.5.5. GENERAL AND ADMINISTRATIVE EXPENSES

Breakdown is included below:

	Year ended on 31 December	
(In thousands of Euros)	**2023**	**2022**
Labor costs and related charges	63,293	27,002
Taxes and duties (excluding income taxes)	2,459	4,443
Legal and administrative services	10,179	58,425
Emoluments and expenses of the corporate bodies	1,259	434
Amortization and depreciation	43,458	22,538
General and administrative insurances	6,561	3,562
Information systems expenses	6,812	2,707
Telephone and postal expenses	1,683	606
Leases and rentals	883	697
Services from third parties	6,237	4,124
Provisions/(Releases) bad debt fund	(7,660)	3,030
Provisions/(Releases) risk and charge provisions	(1,050)	223
Other services and general and administrative costs	21,016	6,752
GENERAL AND ADMINISTRATIVE EXPENSES	**155,130**	**134,543**

Percentage incidence of on the revenues decreased from 26.6% in the previous year to 10.9% in 2023; this change was mainly driven by the legal and administrative services amounting to Euro 58,425 at December 31, 2022, which included the costs related to the transaction (purchase of the Kedrion Group and the BPL Group).

Other services and general and administrative costs included among other things cleaning expenses and membership contributions to industry organizations.

6.5.6. SALES AND MARKETING EXPENSES

The item is composed as follows:

	Year ended December 31	
(In thousands of Euros)	**2023**	**2022**
Labor cost and related charges	30,420	9,745
Consulting fees	8,675	1,688
Commissions	13,703	2,505
Conferences and seminars	2,541	999
Advertising and promotion	4,337	2,272
Amortization and depreciation	808	274

Other	34,516	18,887
SALES AND MARKETING EXPENSES	**95,000**	**36,370**

The item Other included expenses for market research, sales transportation expenses and annual fees for membership in industry associations.

6.5.7. RESEARCH AND DEVELOPMENT EXPENSES

The item is composed as follows:

	Year ended December 31	
(In thousands of Euros)	**2023**	**2022**
Labor cost and related charges	13,547	1,596
Consulting fees	1,168	2,422
Amortization and depreciation	9,530	1,911
Other	15,522	4,671
RESEARCH AND DEVELOPMENT EXPENSES	**39,767**	**10,600**

The item Other included costs for the purchase of materials for research and services from third parties in addition to the costs incurred for the development of the US collection centers. Further details on ongoing research projects are included in the management report.

6.5.8. OTHER OPERATING COSTS

Breakdown is as follows:

	Year ended on December 31	
(In thousands of Euros)	**2023**	**2022**
Labor costs and related charges	5,083	2,592
Consulting fees	675	748
Amortization and depreciation	308	110
Expenses for registered products	3,560	1,050
Others	1,796	497
OTHER OPERATING COSTS	**11,422**	**4,997**

BREAKDOWN OF EXPENSES BY NATURE AND DESTINATION

	Year ended on December 31	
(In thousands of Euros)	**2023**	**2022**
Purchases	590,421	187,271
Change in inventories	44,811	16,155
Services	273,237	202,197
Amortization and depreciation	142,699	48,864
Labor cost	352,501	121,536
Leases	883	2,698
Provision for risks and charges	(1,050)	2,153

Other costs	2,459	12,994
TOTAL COSTS BY NATURE	**1,405,961**	**593,868**

Leases included the costs for leasing contracts for which the underlying asset is considered as "low value asset", contracts expiring within 12 months from the transition date or in any case of a duration less than 12 months, "short term lease" and the costs for services related to leases for which IFRS 16 has been applied for the portion of the leased property.

	Financial year ended on 31 December	
(In thousands of Euros)	**2023**	**2022**
Cost of goods sold	1,104,642	407,358
General and administrative expenses	155,130	134,543
Sales and marketing expenses	95,000	36,370
Research and development expenses	39,767	10,600
Other operating costs	11,422	4,997
TOTAL EXPENSES BY DESTINATION	**1,405,961**	**593,868**

6.5.9. INTEREST EXPENSE AND REFINANCING COSTS

Interest expenses as of 31 December 2023 are detailed in the following table:

	Financial year ended on 31 December	
(In thousands of Euros)	**2023**	**2022**
Bank interest expenses	25,098	19,693
Interest expenses for factoring	5,149	2,373
Interest expenses to others	31,624	-
Net actuarial interest	2,465	32
Interest on lease contracts	12,299	3,112
Others	7,322	129
INTEREST EXPENSES	**83,957**	**25,339**
Interest expenses from refinancing		93,224
INTEREST EXPENSES FROM REFINANCING	**-**	**93,224**

Bank interest expenses included (i) the interest linked to the Bridge Loan of Euro 17,156 thousand, (ii) the interest linked to the Term Loan for Euro 2,949 thousand and (iii) the interest linked to the RCF for Euro 2,193 thousand.

Interest payable to others mainly includes interest payable to bondholders for Euro 30,583 thousand.

Net actuarial interest primarily includes the amortized cost associated with the Bridge Loan, later converted into the Bond and the Term Loan, as well as the release of the prorated share of the financial year of accrued financial income related to the RCF. This item included a "discounting" income (approximately Euro 4.6 million) associated with the refinancing transaction, as better described in paragraph 6.4.17.

Lastly, the Others caption mainly included the commitment fees related to the non-use of the RCF line for Euro 1.624 thousand and the impact of the application of IAS 29 in the subsidiary Kedrion Betaphar for Euro 3.597 thousand.

It is worth noting that comparative year financial charges were recorded with reference to the refinancing transaction, amounting to Euro 93,224, which referred (i) to the premium paid for the early repayment of the Bond acquired on August 31, 2022 following the transaction with which the Kedrion Group was purchased for Euro 13,445 thousand, (ii) to the related release of the amortized cost suspended until that date for Euro 9,720 thousand and (iii) to the loss on exchange rates realized on August 31, 2022 following the signing of a derivative financial instrument subscribed to cover the obtaining of the bridge loan for Euro 70,058 thousand.

6.5.10. INTEREST INCOME

Breakdown is included below:

	Year ended December 31	
(In thousands of Euros)	**2023**	**2022**
Interest income	861	38
Effect IAS 29 Turkey	363	2,423
Financial income from derivative instruments	-	88
FINANCIAL INCOME	**1,224**	**2,549**

6.5.11. NET FOREIGN EXCHANGE GAINS

Breakdown is included below:

	Year ended December 31	
(In thousands of Euros)	**2023**	**2022**
Foreign currency gains	147,012	57,043
Foreign currency losses	133,890	33,303
NET GAINS ON EXCHANGE RATES	**13,122**	**23,740**

The breakdown of gains and losses on exchange rates between realized and unrealized is shown in the table below:

	Financial year ended on December 31
(In thousands of Euros)	**2023**
Realized	(10,910)
Unrealized	24,032
NET FOREIGN EXCHANGE GAINS	**13,122**

6.5.12. INCOME TAXES

The income taxes as of December 31, 2023 amounted to Euro (39,135) thousand and included the following:

	Financial year ended on December 31	
(In thousands of Euros)	**2023**	**2022**

Current taxes	9,312	7,622
Deferred taxes	(48,447)	(7,654)
INCOME TAXES	**(39,135)**	**(32)**

Current taxes are calculated based on the year's profits of the group companies.

Deferred taxes included amounts relating to the recognition of losses carry-forward and recognized in the statement of financial position as of December 31, 2023, in relation to the parent company Kedrion SpA, the US subsidiary Kedrion Biopharma Inc. and the English subsidiary BPL Ltd.

Profit before tax, the provision for income taxes for the financial year ended on December 31, 2023 and the reconciliation between the theoretical tax rate and the effective rate resulting from the consolidated financial statements are shown in the following table:

	Financial year ended on December 31	
(In thousands of Euros)	**2023**	**%**
Result before taxes	(36,643)	
Current IRES rate for the financial year	24%	
Theoretical tax benefit	**(8,794)**	**24%**
Regional tax on productive activities (IRAP)	812	(2%)
Non-deductible costs	1,975	(5%)
Extra-book tax deductions	(2,925)	8%
Adjustments	(322)	1%
Tax on dividends from foreign subsidiaries	372	(1%)
Other changes	319	(1%)
Recognition of losses carry-forward in UK and USA	(33,492)	91%
Write-off of losses carry-forward in Canada	1,928	(5%)
Effect of different theoretical rate foreign controlled companies	992	(3%)
Total differences	**(30,341)**	**83%**
TOTAL TAX BENEFIT FROM STATEMENT OF PROFIT OR LOSS	**(39,135)**	**107%**
Effective tax rate	**107%**	

6.6. OTHER INFORMATION

6.6.1. HYPERINFLATION

The Turkish economy has been identified as a hyperinflationary from January 1, 2022. As a result, with reference to the financial information of the subsidiary Kedrion Betaphar Biyofarmasötik İlaç Sanayi ve Ticaret Anonim Şirketi, whose functional currency is the Turkish lira, IAS 29 guidance was applied. The benchmark index used for revaluation was identified in the Consumer Price Index published by the Turkish Statistical Institute (TUIK), equal to an official value of 164.77%. The application of the model provided by IAS 29 resulted in the recognition of a net loss of Euro 3.234 thousand as part of interest expenses.

6.6.2. OPERATING SEGMENTS

The Group provides information for operating sectors, consistently with internal reporting flows regularly directed towards top management at the highest operational decision-making level (cd. *Chief Operating Decision Maker*, in the case of Kedrion identified in the Executive Committee formed by top managers and chaired by the CEO). The executive committee reviews the financial performance and position of the Group, making strategic decisions then submitted for approval to the Board.

The sector results include elements attributable to a sector both directly and through a reasonable allocation for costs common to multiple sectors. Revenues, costs and sector results include transfers between sectors. Such transactions are eliminated during consolidation. Intragroup transfer prices are set similarly to those for transactions with third parties. The Group also provides information related to geographical areas.

The Group operates in two main business segments:

- the production and sale of plasmaderivatives, that is proteins extracted from human plasma such as albumin, immunoglobulins - standard and hyperimmune - clotting factors and human plasminogen;
- the collection, purchase and sale of plasma for which the Group owns a network of collection centers that have primarily supported the supply of the necessary plasma to cover the needs of the plasmaderivatives segment, then allocating the surplus to third-party sales.

The Group operates worldwide by segmenting the markets into four macro-geographical areas: "USA", "Italy", "European Union" and "Rest of the World".

Sales to external customers are based on the geographical location of the customers themselves. The intersegment revenues of the "Plasma" segment are made towards the "Plasmaderivatives" segment.

Segment information as of December 31, 2023 and 2022 is included below:

Year ended on December 31, 2023

(In thousands of Euros)	Plasmaderivatives	Plasma	Eliminations	Consolidated
Revenues from third parties	1,275,577	153,726		1,429,303
Inter-segment revenues		417,807	(417,807)	-
TOTAL REVENUE	**1,275,577**	**571,533**	**(417,807)**	**1,429,303**
COST OF SOLD	**1,031,860**	**490,589**	**(417,807)**	**1,104,642**
GROSS MARGIN	**243,717**	**80,944**	**-**	**324,661**
% OF REVENUE	**19.11%**	**14.16%**		**22.71%**
Other income	**9,082**	**544**		**9,626**
Operating costs				301,319
OPERATING RESULT				**32,968**
Net interest expenses				(69,611)
RESULT BEFORE TAXES				**(36,643)**
Income taxes				(39,135)
Net result for the year				**2,492**

Assets and liabilities as of December 31, 2023

(In thousands of Euros)	Plasmaderivatives	Plasma	Unallocated	Consolidated
Operating assets	664,127	79,197	2,418,404	3,161,728
Operating liabilities allocated to segments	201,962	33,522	1,231,493	1,466,977
Other sector information for the year ended December 31, 2023				
Intangible assets capital expenditure	16,423	2,768	-	19,191
Tangible assets capital expenditure	85,878	12,869	-	98,747
Investments in rights of use	10,505	42,251	-	52,756
Amortization of intangible assets and depreciation of tangible assets allocated to segments	111,194	39,165	-	150,359

Year ended on December 31, 2022

(In thousands of Euros)	Plasmaderivatives	Plasma	Elisions	Consolidated
Revenues from third parties	483,716	21,829		505,545
Inter-segment revenues		157,736	(157,736)	-
TOTAL REVENUES	**483,716**	**179,565**	**(157,736)**	**505,545**
COST OF GOODS SOLD	**404,195**	**160,899**	**(157,736)**	**407,358**
GROSS MARGIN	**79,521**	**18,666**	**-**	**98,187**
% OF REVENUES	**16.44%**	**10.40%**		**19.42%**
Other income	2,869	293		3,162
Gain on bargain purchase	206,252			206,252
Operating costs				186,510
OPERATING RESULT				**121,091**
Net interest expenses				92,274
RESULT BEFORE TAXES				**28,817**
Income taxes				(32)
Net result of the year				**28,849**

Assets and liabilities as at 12.31.2022

(In thousands of Euros)	Plasmaderivatives	Plasma	Not allocated	Consolidated
Operating assets	668,302	67,745	2,485,085	3,221,132
Operating liabilities allocated to segments	169,512	39,369	1,285,672	1,494,553
Other sectorial information for the year ended 12.31.2022				
Intangible assets capital expenditure	7,635	2,216	-	9,851
Tangible assets capital expenditure	31,717	9,256	-	40,973
Investments in rights of use	223	2,740	-	2,963
Amortization of intangible assets and depreciation of tangible assets allocated to segments	42,552	6,314	-	48,866

The Group is domiciled in Italy and has recorded sales on the Italian territory for a total amount of Euro 99,936 as of 31 December 2023 (2022: Euro 36,687 thousand).

With reference to the breakdown of revenues by business sector and geographic area, reference is made to note 6.5.1.

6.6.3. TRANSACTIONS WITH RELATED PARTIES

The following tables details the economic and financial relationships with related parties for the fiscal year ending December 31, 2023, and the fiscal year ending December 31, 2022. The parties indicated have been identified as related parties because they are directly or indirectly connected to the reference shareholders.

	Year ended 12.31.2023					
(In thousands of Euros)	Revenues	Cost of goods sold	General and administrative expenses	Sales and marketing expenses	Research and development expenses	Other operating costs
Kedrion Holding SpA	-	-	49	-	-	-
Il Ciocco SpA	-	-	609	95	-	-
Shaner Ciocco Srl	-	-	17	34	2	1
Ancora Srl	-	-	27	-	23	50
Borgo Ai Conti Srl	-	-	60	-	-	-
Tissuelab Srl	4,980	-	-	428	-	-
Fondazione Campus	-	-	167	40	3	-
Il Ciocco International Travel Service Srl	-	-	603	7	4	2
Maggio Re Srl	-	-	1,031	101	156	110
Tecno Servizi Srl	-	78	-	-	9	-
Tecno Immobiliare Srl	-	102	19	-	16	-
Validations and Technical Serv. Srl	-	1,552	62	-	612	-
VTS USA Inc.	-	265	-	-	-	-
Studio Di Tanno	-	-	253	-	-	-
TOTAL	**4,980**	**1,997**	**2,897**	**705**	**825**	**163**
Total Group	**1,429,303**	**1,104,642**	**155,130**	**95,000**	**39,767**	**11,422**
% incidence	**0.35%**	**0.18%**	**1.87%**	**0.74%**	**2.07%**	**1.43%**

	12.31.2023				
(In thousands of Euros)	Loans	Trade receivables	Borrowings	Payables	Capital expenditure
Kedrion Holding SpA	-	-	-	65	-
Il Ciocco SpA	120	-	-	328	-
Shaner Ciocco Srl	-	-	-	1	-
Ancora Srl	-	-	-	-	-
Borgo Ai Conti Srl	-	-	-	-	-
Tissuelab Srl	-	4,791	-	428	-
Fondazione Campus	-	-	-	124	-
Il Ciocco International Travel Service Srl	-	-	-	192	-
Maggio Re Srl	65	-	-	1	-
Tecno Servizi Srl	1	-	-	42	30

Tecno Immobiliare Srl	60	-	-	-	-
Validations and Technical Serv. Srl	-	-	-	540	618
VTS USA Inc.	-	-	-	-	-
Sestant SpA	-	1,484	-	847	-
Studio Di Tanno	-	-	-	135	-
TOTAL	**246**	**6,275**	**-**	**2,703**	**648**
Total Group	**10,242**	**140,330**	**1,028,953**	**235,484**	**120,788**
% incidence	**2.40%**	**4.47%**	**0.00%**	**1.15%**	**0.54%**

	Year ended on 12.31.2022					
(In thousands of Euros)	**Revenues**	**Cost of sales**	**General and administrative expenses**	**Sales and marketing expenses**	**Research and development costs**	**Other operating costs**
Il Ciocco SpA	-	-	213	33	-	2
Shaner Ciocco Srl	-	-	19	6	-	-
Ancora Srl	-	-	11	-	11	22
Borgo Ai Conti Srl	-	-	30	-	-	-
Tissuelab Srl	1,902	-	-	209	-	-
Fondazione Campus	-	-	65	-	-	-
Il Ciocco International Travel Service Srl	-	1	272	-	2	-
Maggio Re Srl	-	-	335	33	51	35
Tecno Servizi Srl	-	41	-	-	4	-
Tecno Immobiliare Srl	-	32	6	-	5	-
Validations and Technical Serv. Srl	-	302	12	-	104	-
VTS USA Inc.	-	76	-	-	-	-
Studio Di Tanno	-	-	65	-	-	-
TOTAL	**1,902**	**452**	**1,028**	**281**	**177**	**59**
Total Group	**505,380**	**407,358**	**134,561**	**36,370**	**10,600**	**4,997**
% incidence	**0.4%**	**0.1%**	**0.8%**	**0.8%**	**1.7%**	**1.2%**

	12.31.2022				
(In thousands of Euros)	**Loans**	**Trade receivables**	**Borrowings**	**Payables**	**Capital expenditures**
Kedrion Holding SpA	-	-	-	2	-
Il Ciocco SpA	120	-	-	167	-
Shaner Ciocco Srl	-	-	-	18	-
Ancora Srl	-	-	-	15	-
Borgo Ai Conti Srl	-	-	-	37	-
Tissuelab Srl	-	6,165	-	-	-
Fondazione Campus	-	-	-	117	-
Il Ciocco International Travel Service Srl	-	-	-	209	-
Maggio Re Srl	65	-	-	142	-
Tecno Servizi Srl	1	-	-	48	3
Tecno Immobiliare Srl	60	-	-	-	-

Validations and Technical Serv. Srl	-	-	-	672	342
VTS USA Inc.	-	-	-	121	79
Sestant SpA	-	1,484	-	847	-
Studio Di Tanno	-	-	-	79	-
TOTAL	**246**	**7,649**	**-**	**2,472**	**424**
Total Group	**13,811**	**156,555**	**1,004,988**	**208,881**	**54,410**
% incidence	**1.8%**	**4.9%**	**0.0%**	**1.2%**	**0.8%**

In particular, for the purpose of the closing of the 2023 financial year, the details related to each related party are reported below:

- Kedrion Holding SpA: the costs related to expenses for services and cooperations;
- Il Ciocco SpA: the costs mainly related to property rentals (Euro 18 thousand), surveillance, maintenance and porterage services (Euro 210 thousand), hospitality services (Euro 25 thousand), utilities (Euro 451 thousand). Payables are from trade in nature and refer to the above-mentioned services;
- Shaner Ciocco Srl: the costs are related for Euro 54 thousand to hotel and representation expenses. The payables are from trade in nature and refer to the above-mentioned services;
- Ancora Srl: the costs related to the rental fees of an office building in Rome for Euro 100 thousand;
- Borgo Ai Conti Srl.: the costs related to the rental fees of an office building in Lucca for Euro 60 thousand;
- Tissuelab Srl: revenues related to the sale of products while costs are related to service expenses for the marketing and distribution of recombinant factor VIII for Euro 428 thousand. The payables and receivables are commercial in nature and refer to them;
- Fondazione Campus Studi del Mediterraneo: the costs relate to training courses for executives and middle managers of Kedrion SpA, consultations, translations and language courses for Euro 210 thousand. The payables are commercial in nature and refer to the services indicated above;
- Il Ciocco Travel Srl: the costs mainly relate to helicopter transportation services for around Euro 476 thousand, transfer services for a total of Euro 136 thousand and luxury taxes for Euro 4 thousand. The payables are commercial in nature and refer to the services indicated above;
- Maggio Re Srl: the costs related to lease payments, for Euro 1.398 million, for the rental of some office buildings;
- Tecno Servizi Srl: costs related to the construction of buildings, maintenance of plants for Euro 87 thousand of which Euro 30 thousand for investments;
- Tecno Immobiliare Srl: costs related to property rentals for Euro 137 thousand; the receivables are related to security deposits;
- VTS Srl: the costs for Euro 2.884 million are related to the costs of approvals and validations, maintenance of the plants and the American plasma collection centers, of which Euro 618 thousand for investments;
- VTS USA Inc: the costs are related to approvals and validations carried out at the American plasma collection centers for Euro 265 thousand;
- Sestant SpA: the payable and receivables refer to the transfer of the IRES debt and tax credits following the closure of the option for the tax consolidation;
- Studio Di Tanno: the costs are related to tax consultancy fees.

The compensation paid to executives with strategic responsibilities, on an annual basis, in fiscal year 2023 amounted to Euro 4.891 million.

6.6.4. REMUNARATION TO THE DIRECTORS, STATUTORY AUDITORS AND THE AUDIT COMPANY (ON AN ANNUAL BASIS)

REMUNERATION TO THE DIRECTORS

Name and Surname	Position	Compensation	Bonus and other compensations	Total compensation
Paolo Marcucci	Chairman of the Board of Directors	390,000		390,000
Paolo Marcucci (1)	President and CEO	14,470		14,470
Ugo Di Francesco (2)	CEO	200,000	265,000	465,000
Federico Latini (3)	Director			-
Ulrike Becker (4)	Director			
Massimiliano Barberis (4)	Director			
Evan Selig (4)	Director			
TOTAL		**604,470**	**265,000**	**869,470**

(1) CEO until January 8th, 2023
(2) in office since December 20, 2022
(3) in office since August 31, 2022
(4) in office since March 27, 2023

REMUNARATION TO THE BOARD OF STATUTORY AUDITORS

Name and Surname	Position	Compensation	Total compensation
Tommaso Di Tanno (1)	Chairman	40,000	40,000
Giuseppe Galeano (1)	Statutory Auditor	30,000	30,000
Stefano Massarotto (1)	Statutory Auditor	30,000	30,000
Tommaso Di Tanno (2)	Chairman	6,873	6,873
Giuseppe Galeano (2)	Statutory Auditor	3,436	3,436
Stefano Massarotto (2)	Statutory Auditor	3,436	3,436
TOTAL		**113,745**	**113,745**

(1) in office from August 31, 2022
(2) in office Kevlar until July 14, 2023

REMUNARATION TO THE AUDIT COMPANY AND OTHER GROUP AUDITORS

(Values in thousands of Euros)	2023
Statutory audit of the Parent Company annual accounts	90
Other services	230
Audit of the financial information of the group subsidiaries	938
TOTAL	**1,258**

6.6.5. FINANCIAL RISKS MANAGEMENT

EXCHANGE RATE RISK

The Group operates internationally and is therefore exposed to foreign exchange rate risk arising from the various foreign currencies in which it operates. Exposure to foreign exchange rate risk comes from commercial and financial transactions in a currency other than the reporting currency. The main currencies that generate an exchange rate risk are the US Dollar, the Canadian Dollar, and the Mexican Peso. The sensitivity analysis carried out to assess the Group's exposure to exchange rate risk was conducted assuming a 10% change in the exchange rates listed above compared to the Euro. The following tables show the impact on pre-tax profit due to changes in the value of current assets and liabilities, currency loans such as the Bond and the TLA, keeping all other variables fixed. In addition to current commercial assets and liabilities, financial items, mainly represented by the balances of intra-group financial receivables and payables in a currency other than the reporting currency, were included.

	12/31/2023	
CCY	**FX change %**	**Impact on profit before taxes** (*in thousands of Euros*)
USD	revaluation 10%	(35,666)
	devaluation 10%	35,666
GBP	revaluation 10%	934
	devaluation 10%	(934)
HUF	revaluation 10%	0
	devaluation 10%	(0)
RUB	revaluation 10%	947
	devaluation 10%	(947)
TRY	revaluation 10%	426
	devaluation 10%	(426)
MXN	revaluation 10%	1,458
	devaluation 10%	(1,458)
CAD	revaluation 10%	3,354
	devaluation 10%	(3,354)

INTEREST RATE RISK

The Group has in place a Bond and a TLA for a total of USD 865.0 million at a fixed rate and the availability of an RCF for Euro 175.0 million equivalents at a variable rate, both held by the parent company Kedrion SpA and maturing respectively in September 2029, May 2029 and March 2029.

As of December 31, the Group is covered from the risk of interest rate for 100% of its total long-term exposure. The interest rate risk to which the Group is exposed is therefore currently limited to the use of short-term financing, the rates of which are determined at each use based on market conditions at that specific time.

The Group monitors financial market conditions on interest rates to evaluate opportunities for hedging to further reduce exposure to risk.

LIQUIDITY RISK

The Group manages the liquidity risk through the close control of the elements that make up the operating net working capital and maintains an adequate level of liquid assets and funds obtainable through financing made available by various banking institutions. As of December 31, 2023, the Group has cash and cash equivalents of Euro 156.4 million and available credit lines of Euro 146.1 million, of which Euro 125.0 million related to the RFC line made available by a pool of banks and drawn on December 31, 2023 for Euro 50 million, and Euro 21.1 million of short-term lines.

In order to make the management of cash flows more efficient, avoiding the dispersion of liquidity and minimizing financial charges, the Group has also adopted systems of concentration and centralized management of the liquidity of the main companies of the Group (cash pooling) on the accounts of the parent company Kedrion SpA.

(In thousands of Euros)	**On sight**	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**Total**
Financing and loans	2,450	61,025	71,829	285,039	944,988	1,365,331
Trade payables and other payables	154,404	73,307	74,076	2,165	650	304,602
TOTAL	**156,854**	**134,332**	**145,905**	**287,204**	**945,638**	**1,669,933**

For further details on the maturity profile of medium-long term financing, please refer to note 6.4.17.

CREDIT RISK

The majority of the Group's European receivables are due from hospital companies and other public entities, whose solvency is considered reasonably certain and on which the Group has in fact never detected credit losses, with the exception of the waiver of default interest.

In the same way, receivables due from US customers, given the very short payment terms and the financial solidity demonstrated by the customers themselves, are considered reasonably certain and solvent. The residual receivables are mainly due from foreign customers (Middle East, Asia, Africa and South America) with consolidated relationships and long-term collaborations. Moreover, all credits are constantly monitored by a recently implemented central structure capable of preventing exposures not in line with Group policies, for example unauthorized shipments in the presence of overdue positions or excess business credit granted. The Group considers its credit risk management policies adequate, in relation to the degree of insolvency risk of its own clientele.

The following table shows the detail of trade receivables related to the fiscal year ended December 31, 2023:

Trade receivables		
(values in thousands of Euros)	**Fiscal year ended December 31, 2023**	
Gross trade receivables	147,346	105%
Provision for bad debts	(7,016)	(5%)
Trade receivables	**140,330**	**100%**
Current	96,105	68%
Expired within 60	23,532	17%
Expired 61-120 days	10,564	8%
Expired 121-180 days	3,498	2%
Expired 181-240 days	1,698	1%
Expired 241-360 days	3,371	2%
Expired over 365 days	1,562	1%
Net trade receivables	**140,330**	**100%**

CAPITAL MANAGEMENT POLICY

The primary objective of the Group's capital management is to ensure that adequate levels of capital indicators are maintained to support the business. The Group manages the capital structure and adjusts this based on changes in economic conditions. To maintain or adjust the capital structure, the Group may revise the dividends paid to shareholders, repay the capital or issue new shares.

The Group verifies its own capital through a debt/capital ratio, i.e., by comparing the net debt to the total capital plus the net financial position.

The gearing ratio at December 31, 2023, calculated as the ratio between the net financial debt and the net equity, is 51% (2022: 48%). The slight change is due to a contained increase in net financial debt against a slight reduction in net equity.

FINANCIAL ASSETS AND LIABILITIES

As a completion of the information on financial risks, a reconciliation between classes of financial assets and liabilities and the types of financial assets and liabilities identified based on the requirements of IFRS 7 is reported below:

At December 31, 2023 *(in thousands of Euros)*	**Financial Assets at Amortized Cost**	**Financial Liabilities at Amortized Cost**	**Derivatives**	**Total**	**Note**
Cash and cash equivalents	(156,379)			**(156,379)**	6.4.15
Receivables	(140,330)			**(140,330)**	6.4.10
Other financial assets	(10,242)			**(10,242)**	6.4.6.-6.4.14
Bank borrowings		64,086		**64,086**	6.4.17
Bondholders liability		670,902		**670,902**	6.4.17
IFRS16 lease liabilities		170,847		**170,847**	6.4.17
Payables due to financial leasing companies		3,745		**3,745**	6.4.17
Trade payables	235,484			**235,484**	6.4.23
Other financial liabilities		119,373		**119,373**	6.4.17

At December 31, 2022 *(In thousands of Euros)*	**Financial Assets at Amortized Cost**	**Financial Liabilities at Amortized Cost**	**Derivatives**	**Total**	**Note**
Cash and cash equivalents	(162,649)			**(162,649)**	6.4.15.
Receivables	(156,555)			**(156,555)**	6.4.10.
Other financial assets	(13,723)		(88)	**(13,811)**	6.4.6.-6.4.14
Bank borrowings		784,143		**784,143**	6.4.17.
Bondholders liability		141,028		**141,028**	6.4.17.
IFRS16 lease liabilities		4,945		**4,945**	6.4.17.
Payables due to financial leasing companies	208,881			**208,881**	6.4.23.
Other financial liabilities		67,242	7,630	**74,872**	6.4.17.

* Figures indicate the paragraphs within the explanatory note where the financial assets and liabilities are detailed.

FAIR VALUE HIERARCHY

IFRS 13 identifies a hierarchy of valuation techniques based on three levels:

- Level 1: the data used in the valuations are represented by quoted prices on markets where identical assets and liabilities are traded;
- Level 2: the data used in the valuations, other than the quoted prices of Level 1, are observable for the asset or financial liability, both directly (prices) and indirectly (derived from prices);
- Level 3: "unobservable data" in the case where observable data are not available and, therefore, there is modest or non-existent market activity for the assets and liabilities under valuation.

In this regard, it should be noted that, in choosing the valuation techniques to be used, the Group adheres to the following hierarchy:

- use of prices detected in markets (albeit not active) of identical instruments (*Recent Transactions*) or similar (*Comparable Approach*);
- use of valuation techniques mainly based on observable market parameters;
- use of valuation techniques mainly based on unobservable market parameters.

The Group has no derivative instruments in place as of December 31, 2023. Regarding the bond loan amounting to USD 790 million nominal, the Group carries out the evaluation at amortized cost for an amount equal to Euro 670.9 million as of December 31, 2023.

6.6.6. SHARE-BASED PAYMENTS

The Board of Directors of the parent company Kedrion Holding SpA, on 29 September 2023, approved the share incentive plan for the Management of 5 years with vesting date starting from the date of issuance of the shares (October 3, 2023). With reference to the accounting treatment applied by the Group, see note 6.3.8.

6.6.7. COMMITMENTS AND RISKS

These include sureties, guarantees, and third-party assets at the Group. For the year ended December 31, 2023 and December 31, 2022, they are summarized as follows:

	Year ended December 31	
(In thousands of Euros)	**2023**	**2022**
Risks	**790,518**	**516,364**
- Guarantees	783,777	512,001
- Sureties	6,741	4,363
Third party assets held in the Group premises	29,435	9,228
TOTAL	**819,953**	**525,592**

RISKS

The shares issued by the direct subsidiary Kedrion Biopharma Inc., and by the indirect subsidiaries Kedplasma LLC and Bio Production Laboratory Ltd., have been granted to a bank pool as a guarantee for the credit lines obtained.
This commitment relates to the Bond for a nominal amount of USD 790,000,000, to the TLA for a nominal amount of USD 75,000,000, and to the RCF for a nominal amount of 175,000,000.
The amount of the guarantee summarized in the table above refers to the carrying amount of the investments in these subsidiaries in the statutory financial statements of the Parent Company.

In addition to the abovementioned, as of December 31, 2023, the risks mainly consist of guarantees provided for participation in public tenders for an amount equal to Euro 29,978 thousand, other insurance guarantees provided in favor of Public Bodies for Euro 4,657 thousand. The signature guarantees are issued in support of foreign commercial activity, mainly for supply contracts and lease contracts.

THIRD PARTY ASSETS HELD BY THE GROUP

They refer entirely to third-party goods held within the Group, mainly related to the processing of Italian plasma carried out by the subsidiary Kedrion SpA on behalf of the Regions.

COMMITMENTS

No significant commitments are observed for the Group, except for ongoing investment contracts related to existing projects and maintenance and improvements on the Group's plants.

6.6.8. DIVIDEND POLICY

No distributions have been made in recent years and no intra-group profit distributions are currently planned from subsidiaries to the parent company Kedrion SpA, except for those related to the subsidiaries Kedrion Mexicana S.A. de C.V. and Kedrion Betaphar Biyofarmasötik İlaç Sanayi ve Ticaret Anonim Şirketi, where there non-controlling interests relationships exists and where distributions are limited to the profits of the year.

6.6.9. SUBSEQUENT EVENTS

In line with the corporate integration and simplification program, on January 1, 2024, the intra-group transfer of the company BPL GmbH (Germany) from BPL Ltd (UK) to Kedrion Biopharma GmbH (Germany) was completed. The transfer is functional to the subsequent merger by incorporation of the company BPL GmbH into the German subsidiary Kedrion Biopharma GmbH, expected by the end of 2024.

During the month of February 2024, the FDA authority allowed the third party EBSI to restart releasing the product by authorizing changes to the plant and quality systems which, in the coming months, will allow the product Ryplazim to be reintroduced into the market. In parallel, the project activities for transferring the technology and the production process currently carried out at EBSI to the Bolognana site are in progress.

There are no other subsequent events of significance and/or that have had an impact on the 2023 financial statement.

6.6.10. INFORMATION PURSUANT TO LAW 124/2017

The following table highlights the public contributions received by the Parent Company during 2023:

Recipient Entity	Granting Entity	Amount Collected	Date of collection	Reason
Kedrion S.p.A Tax Code 01779530466	Ministry of Enterprises and Made in Italy	2,275,264	08/10/2023	Project KIG10
Kedrion S.p.A Tax Code 01779530466	Ministry of Enterprises and Made in Italy	512,796	04/11/2023	Project Factor V

Castelvecchio Pascoli, March 21, 2024

For the Board of Directors
The CEO
Ugo Di Francesco

Kedrion Group
Headquarters in: Località Ai Conti – 55051 BARGA (LU) – fraction
Castelvecchio Pascoli
Share Capital 60,453,901.00 Euro fully paid up