ANNUAL CONSOLIDATED FINANCIAL REPORT

December 31, 2023

Kepler S.p.A
Annual Consolidated Financial Report as of and for the year ended
December 31, 2023

Biofarma group

REPORT OF OPERATIONS

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01

INTRODUCTION

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

Kepler S.p.A. (following the "Parent Company") is a holding company indirectly controlled by Ardian Buyout Fund VII B SLP through its majority-owned subsidiary Vegeta S.p.A. which was created on February 7, 2022 for the purpose of the Biofarma Group acquisition (following "Biofarma Acquisition") from White Bridge Investments and certain other sellers.

On March 27, 2022 Ardian Buyout Fund VII B SLP, Victoria HD S.r.l. and managers completed the acquisition of Biofarma Group.
The Biofarma Group, which operates in manufacturing and research and development of health supplements, medical devices and cosmetics products, was formed in February 2020 from the aggregation of the Biofarma S.r.l., Nutrilinea S.r.l., Apharm S.r.l. (initially acquired a 70% controlling stake), Pasteur S.r.l. (initially acquired a 75% controlling stake) and International Health Science S.r.l., On April 2022 and May 2022 the minority interests in Pasteur S.r.l. and Apharm S.r.l. have been acquired respectively.

Kepler S.p.A. performed the acquisition through the newco Tauri S.p.A. that was subsequently merged in Biofarma S.r.l. with retrospective accounting and fiscal effects at acquisition date. The acquisition price for 945 million of Euro has been paid partially by equity injections and banks loan.
In connection with the Acquisition, on March 22, 2022, Kepler. S.p.A. entered into (i) the Bridge Facility Agreement, which provides for the 345.0 million of Euro Bridge Facilities (comprising the following virtual tranches: the Bridge Acquisition Tranche, the Bridge Refinancing Tranche and the Bridge General Corporate Purpose Tranche) and (ii) the Revolving Credit Facility Agreement, which provides for the 60.0 million of Euro Revolving Credit Facility.
Then the entity, successfully completed the offering of 345 million of Euro aggregate principal amount of Senior Secured Floating Rate Notes due 2029 (the "Notes"), as part of the overall financing arrangements for the acquisition (the "Acquisition") of all the equity interests in Biofarma S.r.l. by, which was completed on March 22, 2022. The Notes bear interest equal to three-month EURIBOR (with 0% floor) plus 5.75% per annum, reset quarterly, and were issued at an issue price of 96.00% of the nominal amount thereof Application has been successfully made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market thereof.

On August 8, 2022, Kepler S.p.A. signed an ISDA master agreement for an interest rate cap based on a notional amount of 345 million of Euro with an underlying rate based on 3m Euribor, a maturity of 3 years (starting from 15/09/2022), and a strike at 0%, to hedge against the interest rate risk relating to the Notes for a running premium of 152bps.
Thus, the Group capped its EURIBOR exposure to 1.52% for 3 years, which is expected to generate savings in the current rising interest- rate environment.

On September 15, 2022, the Group completed the acquisition of 100% of the shares of Codilab and Laboratoire Pierre Caron (together "Nutraskills"), two French companies specialized in the research and development, manufacture, and packaging of food supplements.

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

That operation on French territory has been settled thank to the constitution of Biofarma France legal entity, which is controlled by 100% by Biofarma S.r.l. and which is structured with idea to become the legal and fiscal vehicle for all Kepler initiative in France. In order to perform the acquisition operation, Biofarma France has received the necessary capital injection from Biofarma S.r.l., mostly financed by the group available financial resources. The Group primarily funded the acquisition of the Nutraskills group through the issuance of approximately 38.5 million of Euro in aggregate principal amount of additional subordinated PIK notes by an indirect parent company of the Parent Company, the proceeds of which were contributed as equity to Kepler S.p.A. and its subsidiaries. The proceeds of which were contributed as equity to the Issuer and its subsidiaries, with an accretive effect on leverage.
With the purpose to simplify the organizational and administrative structure of Kepler Group, during 2023, by two different steps, the Board of Directors approved firstly the merger of IHS S.r.l., Apharm S.r.l., and Pasteur S.r.l. into Biofarma S.r.l. and in a second time the merger of Nutrilinea S.r.l. in Biofarma S.r.l. Both mergers accounting and fiscal effects have been backdated from January 1, 2023. On July 25, 2023, the Group purchased the entire share capital of US Pharma Lab, Inc. and subsidiaries thereof (US Pharma Acquisition) (excluding USA Formulations LLC, 1200 AP Road LLC,1300 Airport Road LLC, Amol Pharmaceuticals and Aspire LLC(A1)). Those are the companies of the US Pharma Acquisition:

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

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

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

The debt issued by Kepler was in the form of:

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

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

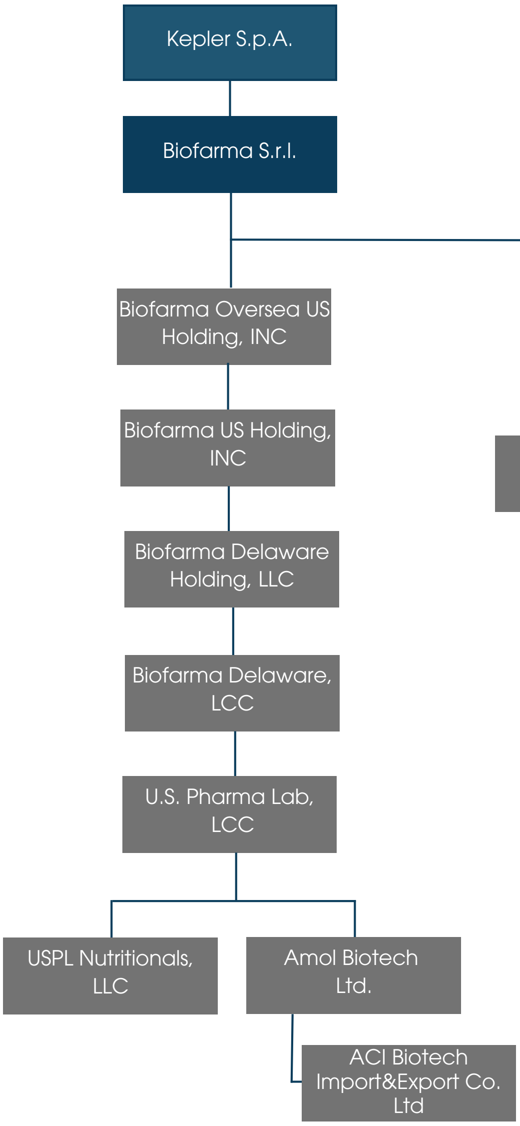
The debt issued by Biofarma's subsidiary Delaware,LLC was in the form of:

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

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

The Parent Company has no revenue-generating activities of its own, and no business operations, material assets, other than the equity interests, and no material indebtedness, other than its outstanding indebtedness and inter-company balances incurred in connection with the Transactions. The Parent Company is currently not expected to engage in any activities other than those related to the Transactions and any other future potential transactions permitted by the Indenture.

The Group structure is listed below:



As of December 31, 2023, the scope of consolidation perimeter of Kepler S.p.A. is set out below:

Company	Control	Percentage Holding	Owned by:
Kepler S.p.A.	Parent Company	100,00%	Denis S.p.A.
Biofarma S.r.l.	Direct	100,00%	Kepler S.p.A.
Biofarma France SAS	Indirect	100,00%	Biofarma S.r.l.
Codilab SAS	Indirect	100,00%	Biofarma France SAS
Laboratoire Pierre Caron SAS	Indirect	100,00%	Biofarma France SAS
Biofarma Overseas US Holding, Inc.	Indirect	100,00%	Biofarma S.r.l.
Biofrma US Holding, Inc.	Indirect	100,00%	Biofarma Oversea US Holding INC
Biofarma Delaware Holding LLC	Indirect	100,00%	Biofrma US Holding INC
Biofarma Delaware LLC	Indirect	100,00%	Biofarma Delaware Holding LLC
U.S. Pharma Lab LLC	Indirect	100,00%	Biofarma Delware LCC
USPL Nutritionals LLC	Indirect	100,00%	U.S. Pharma Lab LCC
Amol Biotech Ltd.	Indirect	100,00%	U.S. Pharma Lab LCC
ACI Biotech Import & Export Co. Ltd	Indirect	100,00%	Amol Biotech Ltd.

MARKET TREND

Health supplements and medical devices

In the world, the pharmaceutical market will exceed the total value of 1.8 trillion of dollars in 2024 with a CAGR (compound annual growth rate) growth of between 3-6% over the next five years.
In Italy the trend consists of an increase from an average pharmaceutical expenditure of 34.4 billion of dollars in the period 2014-18, to an expenditure of 40-44 billion in the five-year period 2019-24.
The arrival of innovative products on the markets and the simultaneous loss of patent protection on certain medicines are the two phenomena that will continue to drive market dynamics in the most developed areas. Key drivers of growth, highlights the Iqvia Report, will continue to be the United States - a 484.9 billion of dollars market - with expected increases of 4-7%, as well as emerging pharmaceutical markets, with growth of 5-8%. In more developed areas, the first five European markets (including Italy) will grow more slowly (+1-4%), compared to 3.8% in the last five years, while the growth of the Japanese market - at 86 billion of dollars in 2018 – it goes from -3 to 0%. A trend partly due to dynamic forecasts in exchange rates that mask a favourable trend for brand products despite an advance in generic products.
With regard to the market in the nutraceutical sector, there is significant growth: in fact, the market for supplements in Italy is growing in 2023 compared to the same period of the previous year, both in traditional channels (pharmacy, parapharmacy and large-scale retail trade), and in direct sales. This is the view that emerges from a joint analysis conducted by Integratori Italia - Unione Italiana Food, the association that represents the sector in Confindustria and Avedisco, the Association for direct sales of consumer services.
Overall, 2023 closed with a positive sign (+5.3%), recording the sale of over 137 million products.

The reference distribution channel continues to be the pharmacy, which alone represents 76.3% of the total value of Italian turnover. Behind it, the parapharmacy, whose value settles at 170.3 million Euro (+1.4%). In third place is the online channel (related only to the e-commerce of pharmacies and parapharmacies, not inclusive, therefore of sales on other platforms, such as, for example, Amazon), which records the highest growth rate compared to the previous year with a turnover of over 162.2 million of Euro (+49.4%). Lastly, the large-scale distribution channel, linked to the corners and shelves of super and hypermarkets, which recorded growth of 12.7%.
In pharmacies and parapharmacies, mineral salts recorded the highest growth rate in the number of products sold, with an increase of 16.1% and 9.4% respectively. It should be noted that the e-commerce of pharmacies and parapharmacies recorded a significant double-digit leap in the sale of supplements to fight insomnia and help mental well-being (+59.2%).

As regards direct sales, according to Avedisco data relating to 19 member companies that distribute food supplements, in the first half of 2023 the sector generated a turnover of 210.9 million of Euro, confirming the growth trend in terms of employment with 335,890 sales representatives. Among the best-selling categories we find: Omega-3 supplements, vitamins, aloe drinks and multivitamins.

HEALTH SUPPLEMENTS AND MEDICAL DEVICES

1.8 TRILLION OF DOLLARS IN 2024
world pharmaceutical market value

+3-6% OVER THE NEXT 5 YEARS
CAGR growth

+4-7% USA MARKET
expected increase pharma market

+1-4% TOP 5 EUROPEAN MARKETS
expected increase pharma market

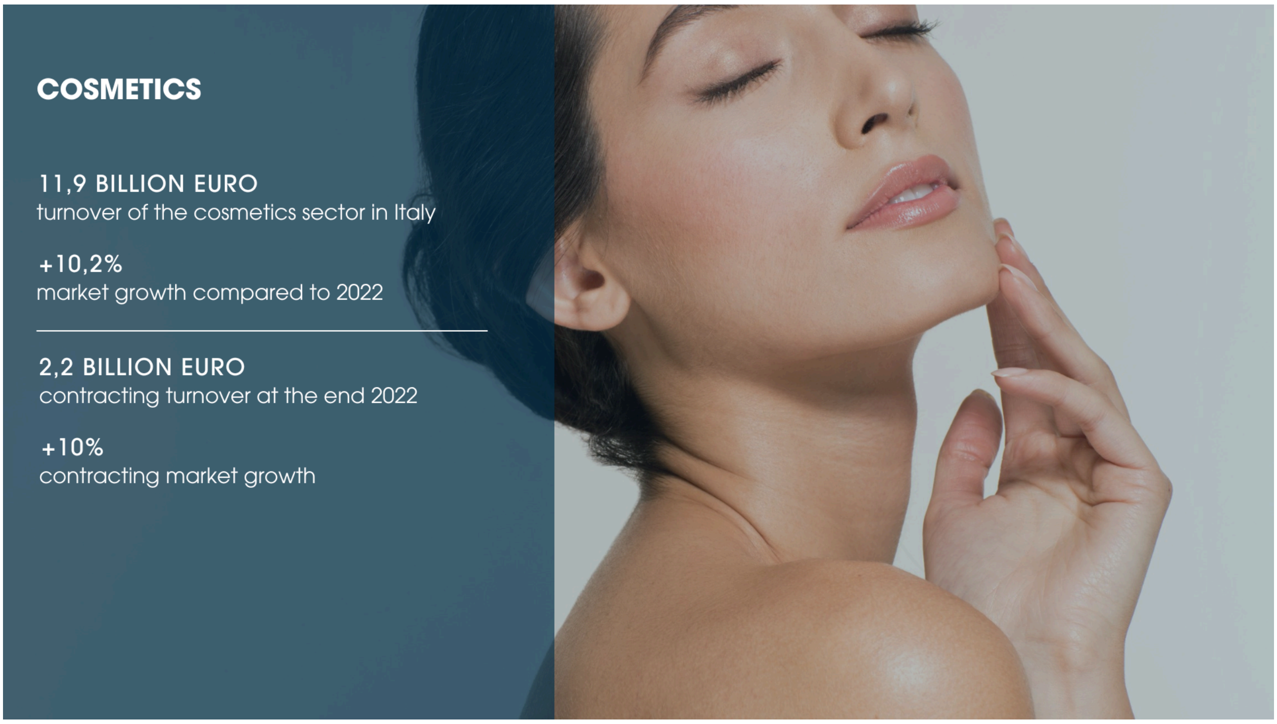
Cosmetics

The total turnover of the cosmetics sector in Italy in 2023 exceeds 11.9 billion of Euro (+10,1% compared to 2022).

After a 2020 seriously affected by the pandemic, significant elements of recovery were seen in both 2021 and 2022: the forecast is in the economic survey presented by the Study Center of Cosmetica Italia, the national association of companies in the sector, which projects in the second half of 2022 the achievement of pre-crisis values.
The recovery of European and international trade and travel on a global scale makes it possible to predict a positive leap in exports by the end of the year 2023: 4.7 billion of (+14%) and a trade balance that will exceed 2 billion. Estimates for the end of 2021 indicate a growth of the domestic market to 10.6 billion of Euro (+8.5%).

The projections for the end of 2023 see the growth of e-commerce (+29.7%), which covers a value of 900 million of Euro, of the pharmacy (+4.0%), which reaches 1.9 billion of Euro and of large-scale distribution (+1.5%), which reaches 4.5 billion of Euro. The professional channels also reacted positively: hairdressing (+14.8%) and beauty (+12.6%) recorded a year-end closure estimate of 520 and 190 million of Euro respectively, partially recovering the forced closures of 2020.
The recovery in 2022 and 2023 also positively affects the recovery of sales in perfumery (+22.1%, for a value of over 1.8 billion of Euro), which is close to the pre-pandemic distribution share. The year-end forecasts of the herbalist channel (+12.7%) lead to a closing value of over 370 million of Euro.

Confirmations also from direct sales (+3.7%) which, in year-end estimates, lead to a closing projection of around 360 million of Euro. Contracting turnover finally rises to pre-pandemic levels, reaching 2.2 billion of Euro (+10%) at the end of 2022, supported by the recovery in foreign demand.



SIGNIFICANT EVENTS THROUGHOUT THE PERIOD

MERGER OF IHS S.R.L.,APHARM S.R.L. AND PASTEUR S.R.L. IN BIOFARMA S.R.L IN JUNE 2023

In Q1-23, the Group continued to focus on the simplification of its legal structure in Italy, which had as a first step the merger of Apharm S.r.l. into Biofarma S.r.l. finalized on 31st of March. With a view of enhancing intragroup efficiencies and unlock cost synergies, on February 6, 2023, the Board of Directors approved the mergers of IHS S.r.l., Apharm S.r.l., and Pasteur S.r.l. in Biofarma S.r.l., with retrospective accounting effects from January 1, 2023. The merge of IHS S.r.l., Apharm S.r.l. and Pasteur S.r.l. in Biofarma S.r.l. has been officially completed on June 15, 2023.

ACQUISITION OF US PHARMA LAB

On July 25, 2023, the Group purchased the entire share capital of US Pharma Lab, Inc. and subsidiaries thereof (US Pharma Acquisition) (excluding USA Formulations LLC, 1200 AP Road LLC,1300 Airport Road LLC, Amol Pharmaceuticals and Aspire LLC). Those are the companies of the US Pharma Acquisition:

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MERGER OF NUTRILINEA S.R.L. IN BIOFARMA S.R.L. IN DECEMBER 2023

In Q4-23, the Group continued to focus on the last simplification step of its legal structure in Italy, with merge of Nutrilinea S.r.l in Biofarma S.r.l. With a view of enhancing intragroup efficiencies and unlock cost synergies, on September 2023 the Board of Directors approved the merge of Nutrilinea S.r.l. in Biofarma S.r.l., with retrospective accounting effects from January 1, 2023. The merge of Nutrilinea S.r.l.in Biofarma S.r.l. has been officially completed on December 31st, 2023.

WAR IN UKRAINE

The Company is not directly exposed with sales to Russia or Ukraine; however, the Company is manufacturing nutraceuticals products for European clients, which deliver these goods to such two markets. The total estimated yearly sales to those markets are equal to €8.2m, which is equal to less than 1,8% of the total company turnover.

WAR IN ISRAEL AND PALESTINA

The Company has a limited direct exposure with direct sales to Israel by manufacturing nutraceutical and cosmetics products for Israeli clients. The total estimated yearly sales to those markets are equal to €1.2m, which is equal to less than 0,3% of the total company turnover. However, there are no pending overdue and no related inventory stock not shipped.

INFLATION

The Company, as further disclosed within this report, is facing progressive decreases in raw-material prices, energy, labor and services costs, in light of an improving macroeconomic environment. Such trend is starting to materialize in first half of 2023, but more visible in third quarter of the year. In parallel, the Company has continued to perform the planned price increases to pass-through the increased costs of 2022, also supported by a constant dialogue with customers. In addition, at December-23, Biofarma reduced the cost increases impact via dedicated mitigation actions, such as operation efficiencies and introduction of new raw-materials and packaging suppliers.

NEW STRATEGIC PROJECTS

As of July 2023, the Company activated three strategic projects related to 1. long term Strategic review, 2. Operational excellence to unlock further margin improvement opportunities and 3. ICT global setup review.

SIGNIFICANT EVENTS OCCURRED AFTER DECEMBER 31, 2023

The Group is entering in a strategy review phase as well as manufacturing and Information and Technology process redesign in order to face international challenges. That process will oblige the Group to reinforce the management and staff composition. As of 11th March 2024, the role of Group CFO has been implemented by the introduction of Mr. Stefano Cavacini.

02

GROUP ACTIVITIES AND OPERATIONS

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

GROUP ACTIVITIES AND OPERATIONS

The Group is the leading global CDMO fully focused on nutraceuticals, and the undisputed leader of the Italian market. The Group is the result of a "buy-and-build" story of complementary businesses that led to the creation of a leading player with a wide portfolio of differentiated products and manufacturing technologies.

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

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

Kepler's differentiated positioning is based on:

- Strong in-house R&D capabilities and a team of c. 53 FTEs working on clinical studies to support products' claims (over 87 patents and 70 trademarks);
- Regulatory know-how with a dedicated team of c. 24 FTEs, supporting clients in registering product dossiers both at local and international level.
- State-of-the-art manufacturing capabilities, with several "pharma-like" manufacturing equipment and quality control systems.

MAIN KPIs

€432.5
YTD-23 LTM Total Revenues*

+12,3%
Total Revenues CAGR '19 YTD-23 LTM*

€101.6m
YTD-23 LTM EBITDA (incl. synergies)** (23.5% margin)

9
Manufacturing plants

~90
FTEs of R&D & Regulatory processes

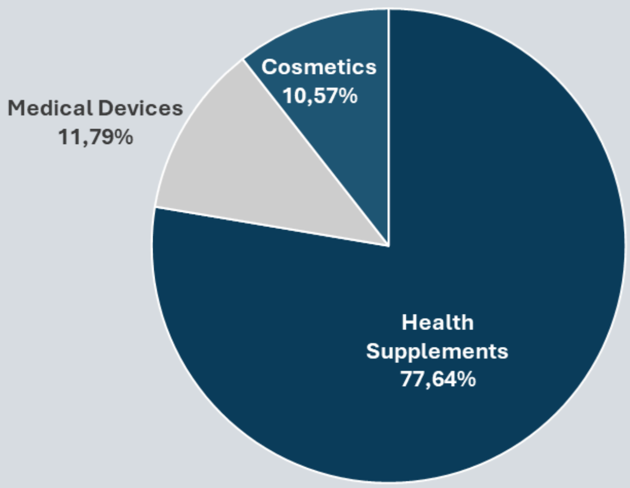
>500
Customers

>75
Countries served

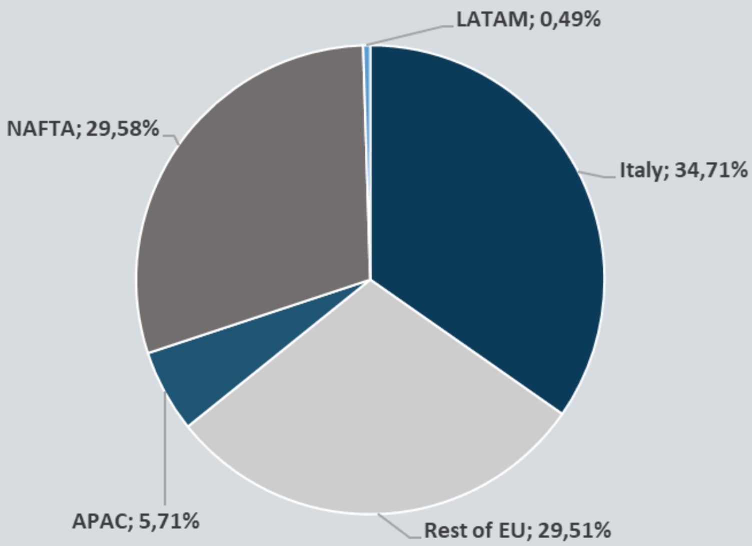
TOTAL REVENUES BREAKDOWN

LTM YTD-23

By Business Unit



By Geography



Kepler operates its business through three business units:

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

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

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

03

ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

KEY FINANCIAL INFORMATION

The following table provides an overview of the Group's key results for the fiscal year ended December 31, 2023. A detailed description of the figures utilized for the analysis and for the discussion is detailed below.

(in thousand of Euro)	**2023**
Revenues and other income	355.423
Pro-Forma Revenues **(1)**	432.450
Pro-Forma EBITDA **(2)**	76.732
Adjusted EBITDA **(3)**	91.536

- (1) Pro-Forma Revenues consider the contribution of each entity for a 12 months period, as if US Pharmalab acquisition had been performed on January 1, 2023.
- (2) Pro Forma EBITDA as net profit before depreciation, amortization and impairment losses, income taxes, finance costs, finance income for which each entity contributes for a 12 months period, as if the US acquisition had been performed on January 1, 2023, without the EBITDA contribution of Kepler S.p.A., US bidco's and Biofarma France S.a.s. (following the "Holdings").
- (3) Adjusted EBITDA as Pro Forma EBITDA minus/plus certain income and costs that management does not consider to be representative of the underlying operations of the business because they either relate to actions taken in relation to transformation projects in connection with certain acquisitions, are not expected to recur within the next two years or are costs associated with business combinations that are expensed as incurred.

(in thousand of Euro)	**Year ended December 31, 2023**
Result for the period	**-42.498**
Depreciation and amortization	56.149
Other Operating cost	10.199
Corporate taxes	-10.478
Financial income	-6.561
Financial expenses	51.999
Accruals to provisions for risks	748
US Acquisition and accounting adjustments **(A)**	14.486
Holdings accounting adjustments **(B)**	2.688
Pro-Forma EBITDA	**76.733**
Non-recurring and certain M&A income and costs **(C)**	11.451
IFRS accounting impact and leasing **(D)**	-550
Other adjustments **(E)**	3.903
Adjusted EBITDA	**91.537**

- A. Kepler acquired US Pharma Lab, Inc on July 25th, 2023. Acquisition and accounting adjustments related Pro-forma EBITDA contribution of the US Pharma Lab, Inc , as if it has been acquired on January 1, 2023. Therefore 14.5 million of Euro are related to the period 1st January to 25th of July 2023.

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

- C. Adjustments related to (i) 6.9 million of Euro of costs incurred in relation to M&A activities, strategy revision oneoff project expenditure and US Pharma Lab, Inc, as well as the legal consulting cost for the termination of a US law dispute. (ii) 3.0 million of Euro of cost for an extraordinary material write off campaign in all manufacturing plants and during the whole year to be compliant with the new Medical Device Regulation (MDR), which oblige the companies in the sector for higher qualitative standards. (iii) 1.2 million of Euro for the ceasing cost with suppliers, in order to terminate the relation. Within that amount, 0.7 million of Euro are related to an extraordinary service cost on the SAP and cloud licenses, which allows the company to become independent from the supplier. (iv) 0.4 million of Euro of cost in Monselice plant as the consequence of the 2022 fire incident. The cost is related to post cleaning and production room refurbishment activities by an external company.

- D. Represent the effect of costs connected with the adoption of IFRS accounting.

- E. Represent other minor adjustments as (i) 3.1 million of Euro of ceasing cost in US, which are related to the personnel cost and external cost, present in 2023 before acquisition, that will cease in 2024, (ii) EBITDA generated by the associated company Cura Beauty Gmbh for 0.6 million of Euro, that shareholders agreed to consider in the Biofarma Group Adjusted EBITDA (iii) layoff costs of some manager for 0.2 million of Euro.

RESULTS OF OPERATIONS

The following table provides an overview of the results of the operation of the Group, as per managerial reporting, for the year ended December 31, 2023 and 2022. Both periods consider the same consolidation perimeter (the Group excluding the Holdings) and a 12 month periods, as if the acquisition has been performed on January 1, 2023. Please consider that managerial reporting figures for the years ended December 31, 2023 and 2022 are unaudited.

YTD (€m)	Dec-23	Dec-22	Δ (%)	Δ
Net Sales	428,5	405,5	*5,7%*	*23,0*
Other Revenues	3,9	4,1	*(4,0%)*	*(0,2)*
Total Revenues	**432,5**	**409,6**	***5,6%***	***22,9***
Raw Material Costs	(213,9)	(201,5)	*6,2%*	*(12,4)*
First Margin	**218,6**	**208,1**	***5,0%***	***10,5***
First Margin (%)	*50,5%*	*50,8%*	*(27bps)*	
Third Party Works Costs	(19,7)	(17,6)	*11,9%*	*(2,1)*
Direct Personnel Costs	(34,5)	(32,5)	*6,3%*	*(2,0)*
Other Direct Production Costs	(18,5)	(20,9)	*(11,6%)*	*2,4*
Transformation Margin	**145,9**	**137,2**	***6,4%***	***8,8***
Transformation Margin (%)	*33,7%*	*33,5%*	*+25bps*	
Indirect Personnel Costs	(16,3)	(15,7)	*4,2%*	*(0,7)*
Maintenance Costs	(5,9)	(6,4)	*(9,2%)*	*0,6*
Logistics and Storage Costs	(5,7)	(5,8)	*(1,5%)*	*0,1*
Other Indirect Production Costs	(2,1)	(3,7)	*(43,8%)*	*1,6*
Second Margin	**116,0**	**105,5**	***9,9%***	***10,4***
Second Margin (%)	*26,8%*	*25,8%*	*+105bps*	
Total SG&A Costs	**(28,1)**	**(25,2)**	***11,4%***	**(2,9)**
% of revenue	*(6,5%)*	*(6,2%)*	*(34bps)*	
EBITDA	**87,8**	**80,3**	***9,4%***	***7,6***
EBITDA Margin (%)	*20,3%*	*19,6%*	*+71bps*	
Adjustments	3,7	3,7	--	-
Adj. EBITDA	**91,5**	**84,0**	***9,0%***	***7,6***
Adj. EBITDA Margin (%)	*21,2%*	*20,5%*	*+66bps*	

During 2023, the Group posted a strong performance with topline growing almost 6% compared to the same period of the previous year. Total Revenues reached 432.5 million of Euro, growing by 5.6% compared to 2022, considering positive contribution of all business lines and geographies, driven by the execution of the defined 3-pillars strategy:

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

First Margin for the 2023 amounted to 218.6 million of Euro, an increase of 5,0% compared to the 2022. Percentagewise, Marginality has decreased by 25 bps versus 2022. Despite the well-managed increase in selling prices (which was able to offset the inflation on purchases of raw material and packaging), the negative sales and product mix have deteriorated the margin percentage level. The raw material price increases of 7.8 million of Euro (at constant volumes) have been offset by Euro 8.0 million prices increase (at constant volumes) thanks to a constant dialogue and long-lasting relationships with customers.

Transformation Margin for the 2023 amounted to 145.9 million of Euro, with marginality equal to 33,7%, which is 25 bps higher than 2022 trend, mainly due to (i) almost stable first margin, (ii) successful manufacturing efficiency plan introduced that allowed to increase manufacturing efficiency and generate savings, despite higher third party support (caused by higher volumes).

Second Margin for the 2023 amounted to 116.0 million of Euro (26.8%) vs. 105.5 million of Euro (25,8%): the improvement is mainly due to the volume increase, the cost passthrough executed and due to the manufacturing cost efficiency initiatives.

Sales, General and Administration costs (SG&A) have increased by 2.5 million of Euro versus 2022 and it is equal to 28.1 million of Euro. The increase versus 2022 in absolute value is caused by 0.6 million of Euro for higher Commercial activities, 1.1 million of Euro for Personnel cost and 0.8 million of Euro for higher research and development expenditure.
EBITDA for the 2023 amounted to 87.8 million of Euro, an increase of approximately 9.4% compared to the previous year. EBITDA Margin is equal to 20.3%, compared to 19.6% of the 2022, mainly related to the passthrough mechanisms and to the economies of scale driven by volume increases.

Adjusted EBITDA for the 2023 amounted to 91.5 million of Euro, an increase of approximately 9.0% compared to the previous year. Adjusted EBITDA Margin is equal to 21.2%, compared to 20.5% of the 2022, mainly related to the passthrough mechanisms and to the economies of scale driven by volume increases.
The Adjustments are equal to 3.7 million of Euro and they are related by 3.1 million of Euro to ceasing cost in US and 0.6 million of Euro related to minority in Cura Beauty Gmbh.

REVENUES BY BUSINESS UNIT

YTD €m	Dec-23	Dec-22	23A vs. 22A	23A vs. 22A
Revenue	**432,5**	**409,6**	**5,6%**	**22,9**
Health Supplements	335,8	318,7	5,4%	17,1
Medical Devices	51,0	46,7	9,2%	4,3
Cosmetics	45,7	44,2	3,4%	1,5

Health Supplements: Total Revenues stood at 335.8 million of Euro, growing by +5,4% compared to the 2022, mainly thanks to new customers wins as well as growth with all existing customers with long-lasting relationships. Within existing customers, there is an important increase of the Tier 2 consumer healthcare clients' volumes.

Medical Devices: Total Revenues stood at 51.0 million of Euro, up by +9.2% compared to the 2022, mainly thanks to the increase in sales of Ziverex (Esoxx family) in Eastern Europe and Enterogermina in Italy.

Cosmetics: Total Revenues amounted to 45.7 million of Euro, +3.4% compared to the 2022, mainly due to an extraordinary performance on solar cream sales. There was also a significant selling effect thanks to the BoV technology products in Northern Europe. In addition, we have reinforced an important customer relationship with a leader player in pedicure treatment.

REVENUES BY REGION

YTD €m	Dec-23A	Dec-22A	23A vs. 22A	23A vs. 22A
Revenue	**432,5**	**409,6**	**5,6%**	**22,9**
Europe	277,7	241,3	15,1%	36,4
Italy	*150,1*	*138,5*	*8,4%*	*11,6*
Rest of Europe	*127,6*	*102,8*	*24,1%*	*24,8*
Asia	24,7	23,2	6,5%	1,5
Nord America	127,9	143,4	-10,8%	-15,5
Latin America	2,1	1,7	25,9%	0,4

EMEA: Total Revenues increased by 15.1% compared to the previous year, mainly on the back of higher revenues coming from Tier 1 and Tier 2 consumer healthcare clients' volumes.
In particular in Italy the total Revenues increased by 8.4% compared to the previous year, thanks to existing customer new orders.

Asia and Pacific (APAC): Total Revenues increased by 6.5% compared to the previous year, mainly due to the Cosmax customer higher orders.

North America (NAFTA): Total Revenues decreased by 10.8% compared to the previous year: despite the US Pharma Lab business registered a limited growth, in Europe there was a relevant VSL3 sales reduction to US.

Latin America (LATAM): Total Revenues increased by 25.9%, however remaining a marginal business for the group for time being.

FINANCIAL POSITION

The following table summarizes the Group's Consolidated Statement of Financial Position as at December 31, 2023, with presentation of the Net invested capital, Equity and Net financial debt.

(In Euro Thousand)	**Year ended December 31, 2023**	**Year ended December 31, 2022**
Intangible assets	1.523.599	1.224.497
Property plant and equipment	130.637	82.770
Investments	384	384
Net working capital	70.722	47.710
Provisions for risks and employee	-2.822	-4.713
Other net assets (liabilities)	-147.917	-119.170
Net Invested Capital	**1.574.604**	**1.231.477**
Total shareholders' equity	1.056.749	913.733
Net financial debt	517.854	317.744
Equity and Net financial debt	**1.574.603**	**1.231.478**

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

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

The Group's net financial debt is 517.9 million of Euro as of December 31, 2023, composed mainly by 537 million of Euro for non current financial liabilities (senior secured notes issued in 2022 and 2023, as well as the financial loan present in France), by 23.4 million of Euro for current financial liabilities (short term commercial debt versus banks and leasing), partially offset by 33.4 million of Euro cash and cash equivalent and 9.1 million of Euro of non current financial assets.

KEY PERFORMANCE INDICATORS (KPI'S)

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

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

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

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

FINANCIAL PERFORMANCE INDICATORS

Financial Performance indicators listed below have been calculated by considering results of operations of the Group from Consolidated Income Statement and Financial Position data as of December 31, 2023 as presented above, while 2022 financial data have been restated for comparison.

Income indicators

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

KPI Mil €	2023	2022 restated
Revenues	355.4	212.7
Operating result	(8.4)	(17.0)
Result (loss) of the period	(42.5)	(27.2)

Economic Indicators

KPI Mil €	2023	2022 restated
ROE - (Return on Equity)	(4.0%)	(3.0%)
ROI - (Return on Investment)	(0.4%)	(1.1%)
ROS - (Return on Sales)	(2.1%)	(8.1%)

Return on Equity in the Group is referred to the ratio loss for the period (-42.5 million of Euro) on Total Equity (1.057 million of Euro), in deterioration versus last year. The performance is negative due to high transaction costs, interest rates and depreciation that bring the result to negative.

Return on Investment in the Group is the ratio between Operating result (-7.5 million of Euro) and Net Invested Capital (1,574 million of Euro) and it is impacted by the negative operating result affected by the high level of depreciation and amortization of intangible assets arose from purchase price allocation and high transaction costs.

Return on Sales in Kepler is the ratio between Operating result (-7.5 million of Euro) and Revenues (355.4 million of Euro) it is impacted by the negative operating result affected by the high level of depreciation and amortization of intangible assets arose from purchase price allocation and high transaction costs.

Solidity indicators

The analysis of capital strength has the purpose of studying the Group's ability to maintain financial equilibrium in the medium to long term.
This ability depends on:
- methods of financing medium-long term loans.
- composition of funding sources.

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

KPI Mil €	31.12.2023	31.12.2022 restated
Primary margin of structure (Equity-Total Assets)	(-820)	(583)
Primary structure quotient (Equity /Total Assets)	56.3%	61.0%
Secondary margin of structure ((Equity+Non current liability)- Total Assets)	(134.7)	(108.1)
Secondary margin quotient ((Equity+Non current liability)/Total Assets)	92.8%	92.8%

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

KPI Mil €	31.12.2023	31.12.2022 restated
Total debt ratio (Current+Non-Current Liabilities)/Equity	0.78	0.64
Financial debt ratio (Net Financial Position/Equity)	0.50	0.35

Both indicators, less than 1, show that the Group has a relevant Equity level and therefore is solid.

Liquidity indicators

In 2023 the Group also confirmed a satisfactory level of solvency or liquidity: the Group's ability to pursue short-term financial equilibrium was maintained, i.e to meet expected short-term outflows (current liabilities) with existing liquidity (immediate cash) and expected short-term income (deferred cash).
Considering that the recovery time of loans must be "logically" related to the recovery time of sources, the indicators considered useful to highlight this correlation are the following:

- Availability Margin: Current Asset less Current Liability
- Availability Quotient: Current Asset / Current Liability

KPI Mil €	31.12.2023	31.12.2022 restated
Availability Margin (Current Asset- Current Liability)	71.6	60.0
Availability Quotient (Current Asset/Current Liability)	1.53	1.56

Both indicators are positive, and the availability quotient is above 1, which means that the Group is able to cover short term liabilities using the current asset: no tension on liquidity.

The managerial reporting includes also the following KPI's:

- i) Pro Forma Adjusted EBITDA, which is composed of Adjusted EBITDA incremented by twenty-four months synergies.
    - (1) Adjusted EBITDA is equal to 91.5 million of Euro.
    - (2) Twenty-four months synergies are equal to 10.1 million of Euro. The future synergies are out of the audit perimeter as not measurable in the IFRS framework. However, Kepler's management consider extracting in two years (2024 and 2025) 10.1 million of Euro of synergies (4 million of Euro in US and 6.1 million in Europe).

Finally, the KPI Pro Forma Adjusted EBITDA is equal to 101.6 million of Euro (Adjusted EBITDA 91.5 millions of Euro plus 10.1 million Euro of synergies). The synergies included in the calculation are related to the operational activities defined and planned for 2024 and 2025 and they refer in Europe to:

- (3) Procurement synergies for 3.2 million of Euro,
- (4) Manufacturing optimization and Insourcing projects for 1.9 million of Euro,
- (5) Organization optimization for 1.0 million of Euro.

In US the synergies are 4 million of Euro and they refer to (i) procurement cost optimization thanks to the Chinese facility; (ii) manufacturing synergies.

- ii) Pro Forma Adjusted Net Financial Position, which is composed by the Net Financial Position of 517.9 million of Euro, from which:
    - (a) we exclude the impact of 4.6 million of Euro Intercompany loan by Tatooine srl;
    - (b) we add back (ii) the amount of amortized costs included for 33.9 million of Euro,
    - (c) Finally, we exclude also the temporary 0.7 million of Euro for Non-current financial liabilities versus Shareholders.

Net Financial Position on Pro Forma Adjusted EBITDA attest to 546.4 million of Euro.

- iii) Therefore, the index Net Financial Position on Pro Forma Adjusted EBITDA ratio results as following: Proforma Adjusted Net Financial Position (546.4,0 million of Euro) versus Pro Forma Adjusted EBITDA (101.6 million of Euro), is equal to 5.4x.

Non-Financial Performance Indicators

Non-financial result indicators are measures of a quantitative, but not monetary, nature, which have the objective of analyzing management performance in more detail by monitoring the factors that influence economic and financial results. The main advantage of these indicators compared to the financial ones is represented by their ability to signal the trends of the economic-financial results, also and above all in a long-term perspective.

Contrary to what happens for financial indicators, for which there are certain parameters commonly accepted by the market, it should be noted that for non-financial indicators there are no applicable standards and precise rules for choosing them; they were therefore chosen with reference to the characteristics of the company and the type of business.

The following Non-financial indicators are presented in this report:

- turnover development indicators (variously classified, according to sector/business); and efficiency (or productivity);
- indicators of critical management processes, the level of which is monitored with effectiveness indicators (for example: number of new products launched on the market, if the product innovation process is critical).

Turnover new products and markets	51,501,737
Time to market new products (including R&D)	365 days
Advertising costs on turnover	0.3%
Research and development expenses on turnover	0.5%
Costs for quality on turnover	0.6%

FINANCIAL RISK MANAGEMENT

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

MARKET RISK

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

INTEREST RATE RISK

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

As refers to the Private Notes issued in July 2023 and composed of:
- €80,854,470 Senior Secured Floating Rate Notes due 2029
- $22,127,660 Senior Secured Floating Rate Notes due 2029
- $110,638,300 Senior Secured Floating Rate Notes due 2029

They bear interest equal to the applicable EURIBOR or Term SOFR (with 0%floor) plus 6.50% per annum, subject to certain margin adjustments.
The above mentioned Private Notes, are not hedged against the interest rate risk and that situation expose the company to the interest rate risk.

(in thousands of Euro)		**At December 31, 2023**
	Negative Fair Value	**Positive Fair Value**
Commodity Derivatives		
Interest Rate Derivatives		7.692
Currency Derivatives		
Total		**7.692**

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

(in thousands of Euro)	Year ended December 31, 2023			
	USD		RMB	
	-10%	10%	-10%	10%
Non-current financial assets	160	-131	-	-
Trade receivables	1.647	-1.348	62	-51
Other current assets	129	-105	14	-11
Cash and cash equivalents	1.030	-843	45	-37
Non-current financial liabilities	12.390	-10.137	-	-
Current financial liabilities	822	-672	-	-
Trade payables	692	-566	67	-55
Other current liabilities	519	-425	20	-16
Total	**17.390**	**-14.228**	**207**	**-169**

PRICE RISK

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

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

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

VOLATILITY AND AVAILABILITY OF RAW MATERIALS

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

FOREIGN EXCHANGE RISK

The Group predominantly conducts its operations in Euros, however, subsequent to recent acquisitions, the operational landscape now includes transactions denominated in US dollars (USD) and Chinese Renminbi (RMB) even if with very limited number of transactions. To mitigate the adverse effects of currency exchange rate volatility, the Group employs various organizational instruments One strategy involves maintaining a diversified portfolio of suppliers and customers across different regions. By conducting business with entities in various geographical locations, the Group can offset potential losses in one currency with gains in another, thus reducing overall exposure to exchange rate volatility.
Additionally, fostering strong relationships with banks and financial institutions in various regions can provide the Group with access to expert advice and tailored solutions for managing currency risk. Collaborating with these partners enables the Group to stay abreast of market trends and leverage their expertise in implementing effective risk management strategies. Through a combination of these organizational measures and financial instruments, the Group aims to enhance its resilience to currency risk and safeguard its financial performance in a dynamic global marketplace.

CREDIT RISK

The credit risk essentially coincides with the amount of trade receivables recognized at the reporting dates.
The top 10 clients represent about 43% of the total receivables and, to mitigate the credit concentration risk the Group has defined the following strategies:
- Activation of pro-soluto factoring with all top ten customers by involving the primary Italian banks;
- Implementation of strict credit collection policies based on weekly dunning letters, weekly credit collection calls with customers with outstanding balances;
- Block of sales order production and shipments in case of missing outstanding balances settlement within maximum 30 days

All the same, procedures are in place to ensure that the sales of products and services are conducted with customers that have shown to be reliable in the past.
For trade receivables and contract assets, the Group uses a simplified approach to calculate expected losses; the Group monitors changes in credit risk using a simplified approach based on brackets of shared credit risk characteristics and past-due days. Therefore, the Group discloses the full amount of expected credit losses at each reporting date. The Group has defined a provision matrix based on historical experience, adjusted for forward-looking information about specific types of debtors and their economic environment, as a tool for determining expected credit losses.

The group manufacture highly customized products and thanks to its differentiated technology which are difficult to replace by our competitors. That competitive advantage in combination with our credit management policy help us to minimize any relevant market threat. The following table sets forth an aging analysis of the trade receivables at December 31, 2023, stating separately the provision for doubtful debts:

	At December 31, 2023						
	Expiring	Expired				Provision for doubtful debts	Total
(in thousands of Euros)		0-30	31-60	61-90	more than 90		
Trade receivables	62.087	5.002	1.634	90	3.556	-1.187	71.182

LIQUIDITY RISK

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

	At December 31, 2023				
(in thousands of Euros)	On Demand	Within 1 year	In 1 to 5 years	Due after 5 years	Total recognized
Interest rate derivatives – net balance					-
Currency derivatives – net balance	-	-	-	-	-
Leasing liabilities		3.817	13.335	8.985	26.137
Other financing		19.554	1.715	-	21.269
Senior Secured notes				512.977	512.977
Trade payables	12.992	65.689	-	-	78.681
Total	**12.992**	**89.059**	**15.050**	**521.962**	**639.064**

The value of the liability for the 2023 Senior Secured notes contracts are based on a nominal amount of 546.193 thousand of Euro that is offset by 33.216 thousands of Euro of amortized cost.

EQUITY RISK

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

	(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
A	Cash	33.412	24.278
B	Cash equivalents	-	-
D	**Liquidity (A+B+C)**	33.412	24.278
E	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	19.554	7.779
F	Current portion of non-current financial debt	3.817	1.219
G	**Current financial indebtedness (E+F)**	23.370	8.998
H	**Net current financial indebtedness (G-D)**	-10.042	-15.280
I	Non-current financial assets	9.116	14.935
J	**Total Non-current financial assets (I)**	9.116	14.935
K	Non-current financial debt (excluding current portion and debt instruments)	24.035	18.360
L	Debt instruments	512.977	329.600
M	Non-current trade and other payables	-	-
N	**Non-current financial indebtedness (K+L+M-J)**	527.896	333.025
O	**Total financial indebtedness (H+N)**	517.855	317.745
	Net operating invested capital	1.056.750	913.733
	Gear ratio	49,01%	34,77%

The non-current financial assets are mainly related to the value of the Hedge Derivate of 7.692 thousand of Euro. The current financial liability includes 19.554 thousand of Euro of cash advanced by the banks in front of invoice; 3.817 thousand of Euro are related to short term lease liabilities. The non-current financial debt equal to 24.035 thousand of Euro related to long term loan in French entities and leasing long term debt. The debt instrument is related to the Senior Secure Notes.

INVESTMENTS

Total Investment, without considering the Acquisition in US, in 2023 was equal to 23.1 million of Euro and they refer for 5.7 million of Euro to intangible investments and 17.4 million of Euro to tangibles. More precisely, the investments are related to:

- Investments in Manufacturing: mainly related to the extension of Gallarate and Mereto plants, as well as the investments for new machines and lines (Bassina, to mixers in Mereto, two new Sachet machines and others).
- R&D investments, which were mainly related to several R&D projects in with premium and strategic clients.
- ICT investments, which were mainly related to investments in SAP new modules, Manufacturing Enterpirse System (MES) and ICT infrastructure.
- Maintenance investments related to Gallarate and Mereto plants to maintain the production continuity.

PERSONNEL

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

Kepler structured five strategy pillars in people management:

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

RESEARCH AND DEVELOPMENT

Last year, the constant effort to anticipate market evolution led us to start a multi-year research project: this is the possibility of launching the project called "ANALYSIS, STUDY OF PRODUCTS AND PROCESSES IN THE NUTRACEUTICAL AND MEDICAL DEVICES WORLD".

In the Health supplement segment, projects related to oncology, solution for diabetic prevention and golden age wellness were the main innovation drivers in 2023.

In Cosmetic Business and Medical devices business lines, the management has been focused on potential usage of specific raw materials in our products, as well as on the additional customer penetration by new formulas related to foot, hair and skin care protection.

The financing of the entire operation currently takes place thanks to forms of self-financing, supported in 2023 by the contribution for the tax credit on Research and Development.

EXPECTED MACROECONOMIC TRENDS AND FORESEEABLE EVOLUTION OF MANAGEMENT

After the household consumption recovery in second half of 2023, the first quarter of 2024 is expected to open with further, even if modest, growth in European Union, which will also benefit in the coming months from the positive trend in net foreign demand.
According to the financial estimates, it is precisely the net foreign demand, together with investments, that will represent the engine of UE growth in the coming years. The investment component will mainly be supported by public investments and by the resources of the European Program for Recovery and Resilience, which in turn can also act as an incentive for private investments, stimulating their growth. Household consumption, on the other hand, will still remain substantially stable, with modest growth also in 2024.
In this context, Nomura investment bank report, forecasts indicate real Gross Domestic Production (GDP) growth of 1.3% in 2024 in UE, while it is estimated that the inflation rate will go from 6.7% in 2023 to 3.1% in 2024.
According to these estimates, and to a scenario of great uncertainty, the resources of the PNRR will therefore represent the real engine of the growth of European GDP also in 2024, in a context of high interest rates that discourage private consumption and investment.
Despite limited growth expected in nutraceutical sector for 2024 (based on Iqvia forecast for 2024, the volume growth is expected to be +2,7% in volume versus 2023 and +4% versus 2023 in value), Kepler has recorded the 5% portfolio collection growth in Q1 2024 versus Q1 2023..
The company purchases are growing due to the volume however Q1 2024 continue to show signs of raw material and utility price decreases, as well as combined by lower difficulties on raw material delivery times. All those trends drive to an important margin increase.
That company strategy is based on high-specialty product increase, constant innovation in formulas and delivery formats.
The company is active on the market to search manufacturing player acquisition opportunities on global scale, in order to combine the organic with non-organic business growth product Lines and careful opening towards internationalization (new markets to be conquered and/or implemented).

3 new projects executions are in progress in 2024 and they are focused on the following three streams: i) strategic review, ii) operational excellence to unlock further margin improvement opportunities, and iii) review of the global ICT setup with tier-1 external professional advisors.

Furthermore, the Group sets itself directly non-financial objectives such as strengthening of the Integrated Information System through the SAP project;

- Improvement of the Working Capital Management Process; Greater integration between the individual companies of the Biofarma Group, both from an organizational point of view and from that of production insourcing

As consequence of all above mentioned company actions, the Group is focus in 2024 on delivering further Revenue growth, by leveraging all sales actions activated during 2023 and by execution of commercial synergies thanks to the US acquisition.
Further, the company is going to reinforce the procurement and operational efficiencies in all plants in order to meet relevant EBITDA growth.
The Group, thanks to the EBITDA growth and working capital improvement actions, is focus on further deleveraging process.

EARNING PER SHARE

(in thousand of Euro)	**Year ended December, 31 2023**
Result of the period attributable to owners of the Parent	(-42.498)
Weighted average of shares (in thousand)	3.211.186
Basic earnings per share (in Euro)	(13.23) Euro
Diluted earnings per share (in Euro)	(13.23) Euro

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In Euro Thousand)	Notes	31.12.23	Restated 31.12.2022
Goodwill	6	987.538	780.906
Intangible assets	6	536.062	443.591
Property plant and equipment	7	130.637	82.770
Investments	8	384	756
Non-current financial assets	9	9.116	14.935
Deferred tax assets	10	6.408	6.352
Total non-current assets		**1.670.145**	**1.328.938**
Inventories	11	78.221	63.034
Trade receivables	12	71.182	56.855
Current income tax receivables	13	17.500	19.331
Other current assets	14	6.015	4.557
Cash and cash equivalents	15	33.412	24.279
Total current assets		**206.330**	**168.056**
Total assets		**1.876.475**	**1.496.993**
Share capital	16	3.000	3.000
Other reserves	16	1.132.464	946.950
Retained earnings (losses)	16	-78.715	-36.217
Total shareholders' equity		**1.056.750**	**913.733**
Non-controlling interest		-	-
Non-controlling interest (Current result of the period)		-	-
Total equity		**1.056.750**	**913.733**
Non-current financial liabilities	17	537.012	347.960
Employee benefits	18	2.612	2.256
Provisions for risks and charges	19	210	2.457
Deferred tax liabilities	20	145.148	122.518
Total non-current liabilities		**684.982**	**475.191**
Current financial liabilities	17	23.370	8.998
Trade payables	21	78.681	72.179
Current tax liabilities	22	1.615	3.671
Other current liabilities	23	31.077	23.221
Total current liabilities	-	**134.744**	**108.069**
Total liabilities	-	**819.726**	**583.261**
Total equity and liabilities	-	**1.876.475**	**1.496.994**

CONSOLIDATED INCOME STATEMENT

(In Euro Thousand)	Notes	2023	Period from February 7, 2022 to December 31, 2022 restated
Revenues	24	350.405	206.986
Other income	25	5.018	5.758
Raw materials and COGs	26	-180.305	-109.977
Service costs	27	-60.899	-35.048
Personnel costs	28	-54.662	-25.999
Other operating costs	29	-10.199	-21.738
Net write-downs of financial assets	-	-	-
Accruals to provisions for risks	30	-748	-937
Depreciation and amortization	31	-56.149	-36.078
Operating result	-	**-7.538**	**-17.034**
Financial income	32	6.561	10.172
Financial expenses	32	-51.999	-30.199
Result before tax	-	**-52.976**	**-37.061**
Corporate taxes	33	10.478	9.903
Result for the period	-	**-42.498**	**-27.157**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In Euro Thousand)	2023	Period from February 7, 2022 to December 31, 2022 restated
Result for the period	**-41.601**	**-26.869**
Actuarial (losses)/gains on post-employment benefit obligation	434	709
Actuarial losses/(gains) on post-employment benefit obligation - tax effect	-121	-170
Items that will not be reclassified to the income statement	**313**	**539**
Exchange differences on translating foreign operations	226	
Cash Flow Hedge	-7.130	14.822
Cash Flow Hedge - tax effect	1.711	-3.557
Other items that may be reclassified to the income statement	**-4.880**	**11.265**
Total comprehensive income for the period	**-46.168**	**-15.065**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	2023	Restated Period from February 7, 2022 to December 31, 2022
Profit/(loss)	-42.498	-27.157
Adjustment for:		
Corporate Income taxes	-10.478	-9.803
Depreciation of property, plant and equipment	14.918	8.139
Amortization of intangible assets	41.231	27.551
(Releases from)/charges to risk provisions	748	457
Charges to provision for doubtful debts	-	480
Net financial costs/(income)	45.438	20.027
Cash flow from operating activities before movements in working capital and income taxes	**49.359**	**19.695**
Change in trade receivables	1.682	-4.668
Change in trade payables	-13.649	-9.542
Change in inventories	6.247	-7.284
Use of provisions for risks	-2.995	-206
Use of provisions for personnel	659	523
Change in other assets / liabilities	-9.367	4.639
Change in Deferred Taxes	2.815	5.516
Cash generated by operations before income taxes paid	**34.751**	**8.673**
Income taxes paid	-4.483	-5.179
Net cash generated by operating activities	**30.268**	**3.494**
Investments in intangible assets	-5.712	-6.444
Investments in property, plant and equipment	-17.359	-48.194
Acquisition of Biofarma Group	-	-945.794
Acquisition of minority Apharm	-	-18.410
Acquisition of Nustraskills	-	-58.486
Acquisition of minority Pasteur	-	-16.019
Acquisition of USPharma	-307.543	-
Net cash acquired	13.407	22.736
Net cash generated by/(used in) investing activities	**-317.207**	**-1.070.611**
Capital injection for Biofarma Group acquisition	-	874.623
Capital injection for Nutraskills Group acquisition	-	57.974
Capital injection for UsPharma Acquisition	189.883	-
Other movements	-4.236	-578
Finance costs paid	-45.095	-15.399
Increase in securities/notes for acquisition Biofarma Group	-	345.000
Increase in long-term loans for acquisition US	194.881	-
Increase in long-term loans	4.600	13.000
Repayment of securities/notes	-43.961	-183.225
Net cash generated by/(used in) financing activities	**296.072**	**1.091.395**
Net increase/(decrease) in cash and cash equivalents for the period	**9.133**	**24.279**
Cash and cash equivalents at the beginning of the period	24.279	-
Cash and cash equivalents at the end of the period	**33.412**	**24.279**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium reserve	Other reserves	Foreign currency translation reserve	Reserve for hedging operations of expected cash flows	Retained earnings	Total shareholders' equity	Non-controlling interest	Total equity
Balance at February 7, 2022	-	-	-			-	-	-	-
Business combination (Biofarma acquisition)	3.000	834.123	43.587			-9.060	**871.650**		**871.650**
Business combination (Nutraskilss acquisition)			57.795				**57.795**		**57.795**
Other movements			-359				**-359**		**-359**
Actuarial gains/(losses)			539				**539**		**539**
Cash Flow Hedge net of thax effect					11.265		**11.265**		**11.265**
Net result of the period	-	-				-27.157	**-27.157**		**-27.157**
Total comprehensive income for the period							**-15.065**		
Balance at December 31, 2022 restated	**3.000**	**834.123**	**101.562**	**-**	**11.265**	**-36.217**	**913.733**	**-**	**913.733**
Business combination (US acquisition)			189.883				**189.883**		**189.883**
Expensed related to share based payments			297				**297**		**297**
Other movements			215				**215**		**215**
Exchange difference rate				225			**225**		**225**
Actuarial gains/(losses)			313				**313**		**313**
Cash Flow Hedge net of thax effect					-5.419		**-5.419**		**-5.419**
Net result of the period	-					-42.498	**-42.498**		**-42.498**
Total comprehensive income for the period							**-46.168**		
Balance at December 31, 2023	**3.000**	**834.123**	**292.270**	**225**	**5.846**	**-78.715**	**1.056.750**	**-**	**1.056.750**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

Kepler S.p.A. (following the "Parent Company") is a holding company indirectly controlled by Ardian Buyout Fund VII B SLP through its wholly-owned subsidiary Vegeta S.p.A. which was created on February 7, 2022 for the purpose of the Biofarma Group acquisition (following "Biofarma Acquisition") from White Bridge Investments and certain other sellers.

On March 27, 2022 Ardian Buyout Fund VII B SLP, Victoria HD S.r.l. and managers completed the acquisition of Biofarma Group.
The Biofarma Group, which operates in manufacturing and research and development of health supplements, medical devices and cosmetics products, was formed in February 2020 from the aggregation of the Biofarma S.r.l., Nutrilinea S.r.l., Apharm S.r.l. (initially acquired a 70% controlling stake), Pasteur S.r.l. (initially acquired a 75% controlling stake) and International Health Science S.r.l. On April 2022 and May 2022 the minority interests in Pasteur S.r.l. and Apharm S.r.l. have been acquired respectively.

Kepler S.p.A. performed the acquisition through the newco Tauri S.p.A. that was subsequently merged in Biofarma S.r.l. with retrospective accounting and fiscal effects at acquisition date. The acquisition price for 945 million of Euro has been paid partially by equity injections and banks loan.
In connection with the Acquisition, on March 22, 2022, Kepler. S.p.A. entered into (i) the Bridge Facility Agreement, which provides for the 345.0 million of Euro Bridge Facilities (comprising the following virtual tranches: the Bridge Acquisition Tranche, the Bridge Refinancing Tranche and the Bridge General Corporate Purpose Tranche) and (ii) the Revolving Credit Facility Agreement, which provides for the 60.0 million of Euro Revolving Credit Facility.
Then the entity, successfully completed the offering of 345 Million of Euro aggregate principal amount of Senior Secured Floating Rate Notes due 2029 (the "Notes"), as part of the overall financing arrangements for the acquisition (the "Acquisition") of all the equity interests in Biofarma S.r.l. by, which was completed on March 22, 2022. The Notes bear interest equal to three-month EURIBOR (with 0% floor) plus 5.75% per annum, reset quarterly, and were issued at an issue price of 96.00% of the nominal amount thereof Application has been successfully made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market thereof.
On August 8, 2022, Kepler S.p.A. signed an ISDA master agreement for an interest rate cap based on a notional amount of 345 million of Euro with an underlying rate based on 3m Euribor, a maturity of 3 years (starting from 15/09/2022), and a strike at 0%, to hedge against the interest rate risk relating to the Notes for a running premium of 152bps.
Thus, the Group capped its EURIBOR exposure to 1.52% for 3 years, which is expected to generate savings in the current rising interest- rate environment.

On September 15, 2022, the Group completed the acquisition of 100% of the shares of Codilab and Laboratoire Pierre Caron (together "Nutraskills"), two French companies specialized in the research and development, manufacture, and packaging of food supplements.

More precisely, Codilab is a Contract Manufacturing Organization specialist of dry-form food supplements (in particular tablets, capsules, powders) and Laboratoire Pierre Caron is a Contract Development Organization focused on the formulation and packaging (mostly pill jars) of food supplements for third parties.
That operation on French territory has been settled thank to the constitution of Biofarma France legal entity, which is controlled by 100% by Biofarma S.r.l. and which is structured with idea to become the legal and fiscal vehicle for all Kepler initiative in France. In order to perform the acquisition operation, Biofarma France has received the necessary capital injection from Biofarma S.r.l., mostly financed by the group available financial resources. The Group primarily funded the acquisition of the Nutraskills group through the issuance of approximately 38.5 million of Euro in aggregate principal amount of additional subordinated PIK notes by an indirect parent company of the Parent Company, the proceeds of which were contributed as equity to Kepler S.p.A. and its subsidiaries. The proceeds of which were contributed as equity to the Issuer and its subsidiaries, with an accretive effect on leverage.

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

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

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

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

- €80.854.470 Senior Secured Floating Rate Notes due 2029
- $22.127.660 Senior Secured Floating Rate Notes due 2029

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

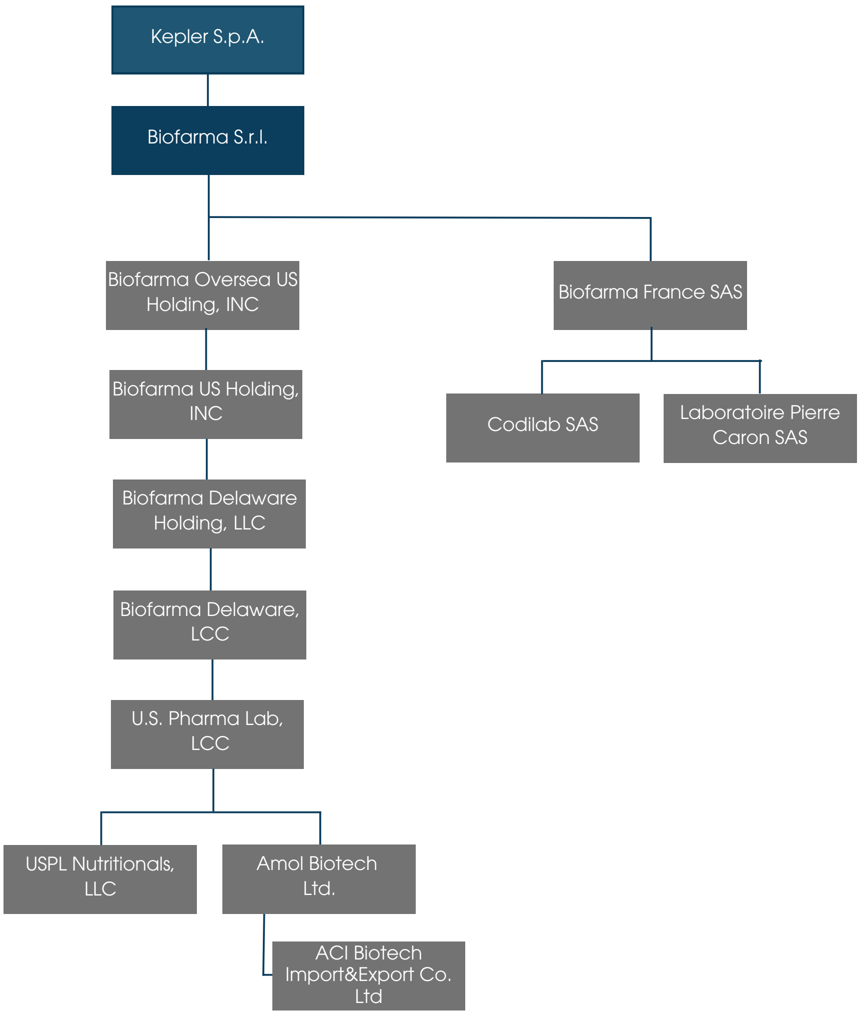
The debt issued by Biofarma's subsidiary Delaware,LLC was in the form of:

- $110.638.300 Senior Secured Floating Rate Notes due 2029

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

The Parent Company has no revenue-generating activities of its own, and no business operations, material assets, other than the equity interests, and no material indebtedness, other than its outstanding indebtedness and inter-company balances incurred in connection with the Transactions. The Parent Company is currently not expected to engage in any activities other than those related to the Transactions and any other future potential transactions permitted by the Indenture.

The Group structure is listed below:



As of December 31, 2023, the scope of consolidation perimeter of Kepler S.p.A. is set out below:

Company	Control	Percentage Holding	Owned by:
Kepler S.p.A.	Parent Company	100,00%	Denis S.p.A.
Biofarma S.r.l.	Direct	100,00%	Kepler S.p.A.
Biofarma France SAS	Indirect	100,00%	Biofarma S.r.l.
Codilab SAS	Indirect	100,00%	Biofarma France SAS
Laboratoire Pierre Caron SAS	Indirect	100,00%	Biofarma France SAS
Biofarma Overseas US Holding, Inc.	Indirect	100,00%	Biofarma S.r.l.
Biofrma US Holding, Inc.	Indirect	100,00%	Biofarma Oversea US Holding INC
Biofarma Delaware Holding LLC	Indirect	100,00%	Biofrma US Holding INC
Biofarma Delaware LLC	Indirect	100,00%	Biofarma Delaware Holding LLC
U.S. Pharma Lab LLC	Indirect	100,00%	Biofarma Delware LCC
USPL Nutritionals LLC	Indirect	100,00%	U.S. Pharma Lab LCC
Amol Biotech Ltd.	Indirect	100,00%	U.S. Pharma Lab LCC
ACI Biotech Import & Export Co. Ltd	Indirect	100,00%	Amol Biotech Ltd.

1.GENERAL INFORMATION

Kepler S.p.A. is a leading Global CDMO fully focused on nutraceuticals, and the undisputed leader of the Italian market. The Company is the result of a "buy-and-build" story of complementary businesses that led to the creation of a leading player with a wide portfolio of differentiated products and manufacturing technologies.

The Company positions itself as large Pharmaceutical Companies' ("PharmaCos") and Consumer Health Clients' ("CHCs") partner-of-choice for co-development projects thanks to:

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

The Company's differentiated positioning is based on:

- Strong in-house R&D capabilities and a team of c. 53 FTEs working on clinical studies to support products' claims (over 87 patents and 70 trademarks);
- Regulatory know-how with a dedicated team of c. 24 FTEs, supporting clients in registering product dossiers both at local and international level;
- State-of-the-art manufacturing capabilities, with several "pharma-like" manufacturing equipment and quality control systems.

Kepler S.p.A. operates the business through three business units:

- Health Supplements. Through our Health Supplements business unit, we develop and manufacture health-enhancing products that primarily enable the maintenance of good health and support or enhance prevention treatments individually or in combination with pharmaceutical products, including for chronic diseases. While the purchase of Health Supplements does not require a formal doctor's prescription in most of our geographies, the initial purchase of health supplements by end consumers is usually driven by doctors' recommendations.
- Medical Devices. Through our Medical Devices business unit, we develop and manufacture products that achieve their therapeutic effect through a physical (e.g., aerosol) or mechanical (e.g., a protective layer in the stomach) action to prevent and treat diseases. Medical devices are closer to pharmaceuticals (compared to health supplements) due to the specific regulatory framework they need to comply with at a national and European level. Similar to health supplements, medical devices are typically recommended by doctors and sold to end-customers through pharmacies.
- Cosmetics. Through our Cosmetics business unit, we primarily develop and manufacture premium skin care products, such as anti-ageing creams, sun care and hair care products. Our strategic focus in this business unit is represented by "cosmeceuticals," consisting of cosmetic products that are purported to have therapeutic action. Our Cosmetics business unit includes certain differentiated innovative technologies, such as the Bag on Valve ("BOV") technology.

2. SUMMARY OF ACCOUNTING STANDARDS

Provided below are the main accounting standards and principles applied in the preparation of the Group's consolidated financial reports.

2.1 Basis of preparation

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

Considering that the Group has been constituted in 2022, the comparative income statement position report the figures from February 7, 2022 (the constitution date) and December 31, 2022.

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

A description of how the Group manages financial risk, including both liquidity and equity risk, is provided in Note 3 regarding the management of financial risks.
The Consolidated Financial Statements are presented in Euro, the currency used in the economies in which the Group primarily operates; the figures are rounded off to the thousands, except where stated otherwise. The rounding off could cause discrepancies in the tables between the total amounts and the sums presented.
Below is a description of the financial statements and related classification criteria adopted by the Group as envisaged in IAS 1 – Presentation of Financial Statements:
•The consolidated statement of financial position has been prepared by classifying assets and liabilities as either current or non-current;
•The consolidated income statement has been prepared by classifying operating costs by their nature;
•The consolidated statement of comprehensive income includes both the net profit for the period as shown in the consolidated income statement and the other changes in equity resulting from transactions not entered into with shareholders of the Company;
•The consolidated statement of cash flows has been prepared by showing the cash flows resulting from operations by way of the "indirect approach".

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

In 2023 the Company completed the provisional valuation for Nutraskills companies as better disclose in note 6. Therefore, the 2022 comparative information have been adjusted retrospectively to increase the fair value of the items of customer relationship and know-how and related deferred taxes at the acquisition date by Euro 21.612 thousand and Euro 5.583 thousand, offset by a decrease to goodwill of Euro 16.317 and an increase in depreciation expense of Euro 388 thousand and a decrease in corporate taxes of Euro 100 thousand. The table below shows the reconciliation between the 2022 and the restated 2022 values.

(In Euro Thousand)	31.12.22	DIFFERENCES (NUTRASKILLS PPA ALLOCATION)	RESTATED 31.12.2022
Goodwill	797.223	-16.317	780.906
Intangible assets	421.979	21.612	443.591
Property plant and equipment	82.770		82.770
Investments	384		384
Non-current financial assets	14.935		14.935
Deferred tax assets	6.352		6.352
Total non-current assets	**1.323.643**		**1.328.938**
Inventories	63.034		63.034
Trade receivables	56.855		56.855
Current income tax receivables	19.331		19.331
Other current assets	4.557		4.557
Cash and cash equivalents	24.279		24.279
Total current assets	**168.056**		**168.056**
Total assets	**1.491.699**		**1.496.994**
Share capital	3.000		3.000
Other reserves	946.950		946.950
Retained earnings (losses)	-35.929	-288	-36.217
Total shareholders' equity	**914.021**		**913.733**
Non-controlling interest	-		-
Non-controlling interest (Current result of the period)	-		-
Total equity	**914.021**		**913.733**
Non-current financial liabilities	347.960		347.960
Employee benefits	2.256		2.256
Provisions for risks and charges	2.457		2.457
Deferred tax liabilities	116.935	5.583	122.518
Other non-current liabilities	-		-
Total non-current liabilities	**469.608**		**475.191**
Current financial liabilities	8.998		8.998
Trade payables	72.179		72.179
Current tax liabilities	3.671		3.671
Other current liabilities	23.221		23.221
Total current liabilities	**108.069**		**108.069**
Total liabilities	**577.678**		**583.261**
Total equity and liabilities	**1.491.699**		**1.496.994**

(In Euro Thousand)	2022	DIFFERENCES	RESTATED 2022
Revenues	206.986		206.986
Other income	5.758		5.758
Raw materials and COGs	-109.977		-109.977
Service costs	-35.048		-35.048
Personnel costs	-25.999		-25.999
Other operating costs	-21.738		-21.738
Net write-downs of financial assets	-		-
Accruals to provisions for risks	-937		-937
Depreciation and amortization	-35.690	-388	-36.078
Operating result	**-16.646**		**-17.034**
Financial income	10.172		10.172
Financial expenses	-30.199		-30.199
Result before tax	**-36.673**		**-37.061**
Corporate taxes	9.803	100	9.903
Result for the period	**-26.869**	**-288**	**-27.157**

2.2 Basis and method of consolidation

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

CONSOLIDATED COMPANIES

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

- the assets and liabilities, income and expenses are consolidated line by line, with non-controlling interests allocated their share of equity and net profits as shown separately in the statement of changes in equity, consolidated income statement, and consolidated statement of comprehensive income;
- business combinations which, during the period under review, result in acquiring control over an entity are recognized using the acquisition method under IFRS 3. The acquisition cost is the fair value, at the control transfer date, of assets acquired, liabilities assumed, and equity instruments issued. Transaction costs are recognized through profit or loss on the date on which the related services are provided. The assets, liabilities and contingent liabilities acquired are recognized at their fair value at the acquisition date.

The difference between the acquisition cost and the fair value of the assets and liabilities acquired is recognized, if positive, among intangible assets as goodwill or, if negative and after verifying the proper measurement of the fair value of the assets and liabilities acquired and their acquisition cost, through profit or loss. If the fair value of the identifiable assets and liabilities acquired can be determined only provisionally, the business combination is recognized using the provisional values. Any adjustments resulting from the measurement process are recognized within twelve months from the acquisition date, and the comparative figures are remeasured;

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

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

(ii) Associates

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

- the carrying value of these investments is aligned with the equity held and adjusted, as necessary, in application of the EU-IFRS; this includes the recognition of the greater value attributed to the assets and liabilities and any goodwill established at the time of acquisition;
- profit or loss attributable to owners of the parent company is recognized from the date on which significant influence began until the date on which it ceases; if realized losses of a company measured at equity should result in negative equity, the carrying value of the investment is eliminated, and any excess attributable to the owners of the parent is recognized in a specific reserve if the parent has undertaken to meet the associate's legal or other constructive obligations;

changes in equity for companies measured at equity that are not related to net profits are recognized as a direct adjustment to equity reserves;
- significant unrealized profits and losses generated on transactions between the Company, its subsidiaries and equity-accounted associates are eliminated based on the value of the equity interest that the Group owns in the associate; unrealized losses are eliminated, apart from cases in which such losses represent an impairment loss.

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

Company	Control	Percentage Holding	Owned by:
Kepler S.p.A.	Parent Company	100,00%	Denis S.p.A.
Biofarma S.r.l.	Direct	100,00%	Kepler S.p.A.
Biofarma France SAS	Indirect	100,00%	Biofarma S.r.l.
Codilab SAS	Indirect	100,00%	Biofarma France SAS
Laboratoire Pierre Caron SAS	Indirect	100,00%	Biofarma France SAS
Biofarma Overseas US Holding, Inc.	Indirect	100,00%	Biofarma S.r.l.
Biofarma US Holding, Inc.	Indirect	100,00%	Biofarma Oversea US Holding INC
Biofarma Delaware Holding LLC	Indirect	100,00%	Biofarma US Holding INC
Biofarma Delaware LLC	Indirect	100,00%	Biofarma Delaware Holding LLC
U.S. Pharma Lab LLC	Indirect	100,00%	Biofarma Delware LCC
USPL Nutritionals LLC	Indirect	100,00%	U.S. Pharma Lab LCC
Amol Biotech Ltd.	Indirect	100,00%	U.S. Pharma Lab LCC
ACI Biotech Import & Export Co. Ltd	Indirect	100,00%	Amol Biotech Ltd.
Cura Beauty Gmbh	Indirect	45,00%	Biofarma S.r.l.

TRANSLATION OF FOREIGN CURRENCY BALANCES

The financial statements of subsidiaries and associates are prepared using the currency of the primary economy in which they operate (i.e. the "functional currency"). The rules for translating financial statements expressed in a currency other than the Euro are as follows:
- assets and liabilities are translated using the exchange rates in effect at the end of the reporting period;
- income and expenses are translated at the average exchange rate for the reporting period;
- the translation reserve shown in the statement of comprehensive income includes both the exchange rate differences generated by the translation of balances at a different rate from that of the closing date and those generated by the translation of opening equity balances at a different rate from that of the reporting date;
- the goodwill and fair-value adjustments relating to the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and translated at the end-of-period exchange rate.

The companies in the consolidation perimeter at December 31, 2023 whose functional currency differs from the Euro are Biofarma Overseas US Holding, Inc. (USD), Biofarma US Holding, Inc. (USD), Biofarma Delaware Holding LLC (USD), Biofarma Delaware LLC (USD), Amol Biotech Ltd. (RMB), ACI Biotech Import & Export Co. Ltd (RMB), U.S. Pharma Lab LLC (USD) and USPL Nutritionals LLC (SD).

The exchange rates used to translate the financial statements of companies with a different functional currency from the Euro are reported in the following table:

Currency	At July 25, 2023	Average for 5 months ended December 31, 2023	At December 31, 2023
USD	1,1052	1,0772	1,105
RMB	7,8808	7,8059	7,8808

TRANSLATION OF FOREIGN CURRENCY ITEMS

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

2.3 Accounting policies

Property, plant and equipment

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

Expenditure incurred for routine and/or cyclical maintenance and repairs is fully recognized directly in the income statement of the period in which they are incurred.

Costs related to the expansion, modernization, or improvement of structural components of owned assets are capitalized when such components meet the requirements for separate classification as assets or part of an asset in application of the component approach, which establishes that each component subject to separate determination of its useful life and related value must be treated individually.

Depreciation is recognized monthly on a straight-line basis based on rates that enable the asset to be fully depreciated by the end of its useful life.

The useful lives estimated by the Group for the main categories of fixed assets are reflected in the following depreciation rates:

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

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

LEASES

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

RIGHT-OF-USE ASSET

The Group recognizes the right-of-use assets at the commencement date of the lease (the date on which the underlying asset is available for use). The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, adjusted by any remeasurements of lease liabilities. The cost of the right-of-use asset comprises the amount of lease liability recognized, the initial direct costs incurred, and any lease payments made at or before the commencement date, less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of the useful life of the underlying asset or, if earlier, to the end of the lease term.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

The right-of-use assets are subject to impairment testing. More information is provided in the section on impairment testing.

LEASE LIABILITY

At the lease's commencement date, the Group measures the lease liability at the present value of the lease payments not paid at that date. The lease payments due include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. The lease payments also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option and the payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are recognized as costs in the period in which the event or condition that generated the payment occurs.

In calculating the present value of the lease payments due, the Group uses the incremental borrowing rate at the commencement date if the implicit interest rate cannot be determined easily. After the commencement date, the lease liability is increased to reflect interest on the lease liability and reduced to reflect the lease payments made. Moreover, the carrying amount of the lease liability is remeasured to reflect any lease modifications or revised contractual terms for payment modifications; it is also remeasured to reflect any changes in the assessment of whether the option to purchase the underlying asset is reasonably certain to be exercised or modifications in future payments deriving from a change in the index or rate used to determine such payments.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

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

INTANGIBLE ASSETS

Intangible assets are identifiable, non-monetary items without physical substance, which generate future economic benefits. Goodwill is included when acquired for valuable consideration. Intangible assets are recognized at purchase and/or production cost including any directly attributable expenses incurred to prepare the asset for use and net of accumulated amortization and any impairment losses. Any interest expense accrued during and for the development of intangible assets is considered part of the purchase cost.

Amortization begins when the asset is available for use and is recognized systematically in relation to the remaining useful life of the asset.

Intangible assets with a finite useful life are amortized on a straight-line basis over their useful life, i.e. the estimated period in which such assets will be used by the Group. Intangible assets with a finite useful life are tested for impairment in order to determine whether those assets have suffered a loss in value (impairment loss) whenever there is any indication thereof.

Intangible assets with an indefinite useful life are not depreciated, but they are tested for impairment at least annually). The impairment test is described in the section on "impairment losses".

When part or all of a previously acquired business is sold, and goodwill had emerged on the acquisition, the corresponding residual value of goodwill is taken into account in determining the capital gain or capital loss on the sale.

(a) Industrial patents and intellectual property rights

Patents and intellectual property rights are amortized on a straight-line basis over their useful life.

(b) Concessions, licenses and trademarks

Concessions, licenses and trademarks are amortized on a straight-line basis over their respective term except for the brands, emerging when accounting for the acquisitions, which are measured using the royalty method and are not amortized because they have indefinite useful lives but are tested annually for impairment.

Costs for software licenses, including expenses incurred in order to make the software ready for use, are amortized on a straight-line basis over a period of 3 years.

Costs related to software maintenance are expensed as incurred.

(c) Customer relationships

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

(d) Research and development costs
Research costs are expensed as incurred, whereas development costs are recognized as intangible assets when all the following conditions are met:

- the project is clearly identified and the related costs can be reliably identified and measured;
- the technical feasibility of the project has been demonstrated;
- the intention to complete the project and to sell the intangible assets generated has been demonstrated;
- a potential market exists or, in the event of internal use, the utility of the intangible asset to produce the intangibles generated by the project has been demonstrated;
- the technical and financial resources needed to complete the project are available.

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

Business combination

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

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

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

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.
The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

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

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

Impairment of property, plant, equipment and intangible assets

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

If any such indication exists, the recoverable value of the asset is estimated, and any impairment loss compared to the current carrying value is recognized in the income statement. The recoverable value of an asset is its fair value less any costs to sell or its value in use (i.e. the present value of estimated future cash flows generated by the asset), whichever is greater. To determine value in use, the present value of expected future cash flows is calculated using a pre-tax discount rate that reflects the current market values of the cost of money based on the investment period and the risks specific to the asset.

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

Trade receivables and other financial assets

Trade receivables and other financial assets are initially recognized at fair value and subsequently at amortized cost in accordance with the effective interest rate approach, net of any write-downs. Trade receivables and other financial assets are included among current assets, excluding those contractually due after twelve months from the reporting date, in which case they are classified as non-current assets.
Impairment losses on receivables are recognized when there is objective evidence that the Group will not be able to collect the amount from the counterparty based on the related agreement's terms.
Objective evidence includes events such as:

- significant financial difficulty of the Parent Company or debtor;
- pending legal disputes with the debtor concerning the receivables;
- likelihood that the debtor will declare bankruptcy or will initiate other such financial restructuring procedures.

The amount of the write-down is measured as the difference between the carrying value of the asset and the present value of the future cash flows and is recognized in the income statement under “other costs”. Uncollected receivables are eliminated from the statement of financial position and recognized in a provision for doubtful debts. If the reasons for a previous write-down should cease to exist in future periods, the value of the asset is reinstated at the value of its amortized cost without the write-down.
Financial assets are written off when the right to receive cash flows from them ceases or is transferred, or when the Group has substantially transferred all risks, rewards and control associated with the financial instrument to a third party.

Derivatives and hedge accounting

The Group uses derivatives to hedge against risks of variability in:

- interest rates with respect to the note issuance through Interest Rate Swaps;

The use of derivatives is regulated by the Group’s policies approved by the management bodies, which lay down precise written procedures on the use of derivatives in keeping with the Group’s risk management strategies.

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

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

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

Derivatives qualified as trading instruments

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

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

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

Inventories

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

Cash and cash equivalents

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

Trade payables and other liabilities

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

Financial liabilities

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

Employee Benefits

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

Pension funds

The companies of the Group have both defined-contribution and defined-benefit plans.

The defined-contribution plans are managed by external fund managers in relation to which there are no legal or other obligations to pay further contributions if the fund should have insufficient assets to meet the obligations toward employees. For those defined-contribution plans, the Group gives voluntary or contractually set contributions to both public and private pension funds. The contributions are recognized as costs of personnel on an accruals basis. Advance contributions are recognized as an asset to be reimbursed or used to offset any future payments due.

A defined-benefit plan is one that cannot be classified as a defined-contribution plan. In defined-benefit plans, the amount of the benefit to be paid to the employee is quantifiable solely upon termination of employment and is tied to one or more factors, such as age, seniority, and salary level. As such, the obligations of a defined-benefit plan are determined by an independent actuary using the projected unit credit method. The present value of a defined-benefit plan is determined by discounting the future cash flows at an interest rate that is equal to that of high-quality corporate bonds issued in the currency in which the liability is to be settled and which considers the term of the related pension plan. Actuarial gains or losses resulting from these adjustments are shown in the statement of comprehensive income as a component of such income. The Group manages solely one defined-benefit plan, which is the fund for employee severance indemnities (or "TFR"). This fund, which is a form of deferred remuneration, is mandatory for Italian companies in accordance with Article 2120 of the Italian Civil Code and is correlated to the length of employment and the salary received throughout the period of service. On January 1, 2007, Italian law no. 296 of December 27, 2006 ("2007 Financial Law"), and subsequent law decrees and regulations introduced significant changes as to how this fund is to be handled, including the right for employees to choose whether their benefit is accumulated in a supplemental pension fund or in the "treasury fund" managed by INPS. As a result, the obligation toward INPS and the contributions to supplementary pension funds have, in accordance with IAS 19 – Employee Benefits, become defined-contribution plans, whereas the amounts contributed to the TFR fund as at January 1, 2007 maintain their status as defined-benefit plans.

Provisions for risks and charges

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

Recognition of revenues

- Sales revenues

The group revenues are composed of Finish product related to health supplements, medical devices and cosmetic products.
Sales revenues are recognized when the control over the good is transferred to the customer, which normally coincides with the sending or delivery of the good and receipt of it by the customer. The good has been transferred when the customer obtains control over it, i.e., when the customer has the capacity to make decisions about the use of the asset and to obtain benefits from it.
Within this framework, sales revenues and the costs for purchasing goods are measured at the fair value of the consideration received or due, considering any returns, rebates, sales discounts and quantity premiums.
The Group grants discounts to some customers when the product quantities they purchase during the period exceed the threshold established in the contract. Only when the threshold is exceeded, the discount is granted and accounted for as a reduction of the revenues.
In accordance with IFRS 15, the Group checks whether there are any contractual terms that represent separate performance obligations to which the transaction price must be allocated (such as guarantees), and effects deriving from the presence of variable consideration, significant financing components or non-monetary exchanges that must be paid to the customer.

- Other income

The Group revenue is also formed by services sales such as laboratories analysis, primary and secondary graphical services and clinical studies. Other income revenues are recognized once the service is fully performed and accepted by the customer and the service life cycle is usually within 30 days.

- Interest income

Interest income is recognized in the consolidated income statement based on the effective rate of return. It refers primarily to interest earned on bank accounts.

Government grants

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

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

Recognition of expenses

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

Income taxes

Current income taxes are calculated based on the taxable income for the period at the tax rates in effect on the reporting date.
Deferred taxes are calculated for differences emerging between the tax base of an asset or liability and its related carrying value, with the exception of goodwill and differences related to investments in subsidiaries when the timing of such differences is subject to control by the Group and it is probable that they will not be recovered in a reasonably foreseeable time frame. Deferred tax assets, including those concerning accumulated tax losses, for the portion not offset by deferred tax liabilities, are recognized to the extent to which it is probable that there will be sufficient future taxable earnings to recover the deferred taxes. Deferred tax assets and liabilities are measured based on the tax rates expected to apply in the period in which the differences will be realized or settled.

Current and deferred taxes are recognized in the income statement under "income taxes", excluding those related to items shown in the consolidated statement of comprehensive income other than net profits and items recognized directly in equity. In the latter cases, deferred taxes are recognized under "income taxes related to other comprehensive income" in the consolidated statement of comprehensive income and directly in equity. Income taxes are offset when they are assessed by the same fiscal authority, there is a legal right to such offsetting, and the net balance is expected to be settled.
Other taxes unrelated to income, such as indirect taxes and other duties, are included with "other costs".

Earnings per share

- Earnings per share – basic

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

- Earnings per share – diluted

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

2.4. Recently issued accounting standards

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17): The Group has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policy holders' options and guarantees. The group does not have any contracts that meet the definition of an insurance contract under IFRS 17.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements Disclosure of Accounting Policies: The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term `significant accounting policies 'with `material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The Group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates. The Group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

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

At the date of authorization of these financial statements, the group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

1. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
2. Amendments to IAS 1 Classification of Liabilities as Current or Non-current
3. Amendments to IAS 1 Non-current Liabilities with Covenants
4. Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements
5. Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the group in future periods, except if indicated below.

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods should such transactions arise.
- Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current. The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early. The directors of the Group anticipate that the application of these amendments will not have an impact on the Group's consolidated financial statements in future periods.
- Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants. The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period.

This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants. The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early. The directors of the Group anticipate that the application of these amendments will not have an impact on the group's consolidated financial statements in future periods.

- Amendment to IFRS 16 Leases - Lease Liability in a Sale and Leaseback. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate. As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements. The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:
  - The terms and conditions of the arrangements
  - The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements

- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements. The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:
  - The terms and conditions of the arrangements
  - The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
  - The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
  - Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
  - Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

3. FINANCIAL RISK MANAGEMENT

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

3.1 Market risk

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

INTEREST RATE RISK

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

(in thousands of Euro)		**At December 31, 2023**
	Negative Fair Value	**Positive Fair Value**
Commodity Derivatives		
Interest Rate Derivatives		7.692
Currency Derivatives		
Total		**7.692**

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

(in thousands of Euro)	Year ended December 31, 2023			
	USD		RMB	
	-10%	10%	-10%	10%
Non-current financial assets	160	-131	-	-
Trade receivables	1.647	-1.348	62	-51
Other current assets	129	-105	14	-11
Cash and cash equivalents	1.030	-843	45	-37
Non-current financial liabilities	12.390	-10.137	-	-
Current financial liabilities	822	-672	-	-
Trade payables	692	-566	67	-55
Other current liabilities	519	-425	20	-16
Total	**17.390**	**-14.228**	**207**	**-169**

PRICE RISK

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

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

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

VOLATILITY AND AVAILABILITY OF RAW MATERIALS

The Group is exposed also to raw material volatility an availability and the risk mitigation measures have been described also on the Price risk chapter. In addition to that, the Group continuously search the alternative local backup supplies in case on delivery term extensions practiced by the primary supplier.

Finally, the Company R&D and Regulatory departments, in collaboration with Purchasing, research and implement engineering innovation by activation of new and alternative raw materials that can replace the current supply primary sources.

FOREIGN EXCHANGE RISK

The Group predominantly conducts its operations in Euros, however, subsequent to recent acquisitions, the operational landscape now includes transactions denominated in US dollars (USD) and Chinese Renminbi (RMB) even if with very limited number of transactions. To mitigate the adverse effects of currency exchange rate volatility, the Group employs various organizational instruments One strategy involves maintaining a diversified portfolio of suppliers and customers across different regions.

By conducting business with entities in various geographical locations, the Group can offset potential losses in one currency with gains in another, thus reducing overall exposure to exchange rate volatility.
Additionally, fostering strong relationships with banks and financial institutions in various regions can provide the Group with access to expert advice and tailored solutions for managing currency risk. Collaborating with these partners enables the Group to stay abreast of market trends and leverage their expertise in implementing effective risk management strategies. Through a combination of these organizational measures and financial instruments, the Group aims to enhance its resilience to currency risk and safeguard its financial performance in a dynamic global marketplace.

3.2 Credit risk

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

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

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

	At December 31, 2023						
	Expiring	Expired				Provision for doubtful debts	Total
(in thousands of Euros)		0-30	31-60	61-90	more than 90		
Trade receivables	62.087	5.002	1.634	90	3.556	-1.187	71.182

3.3 Liquidity risk

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

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

					At December 31, 2023
(in thousands of Euros)	On Demand	Within 1 year	In 1 to 5 years	Due after 5 years	Total recognized
Leasing liabilities		3.817	13.335	8.985	26.137
Other financing		19.554	1.715	0	21.269
Senior Secured notes				512.977	512.977
Trade payables	12.992	65.689	-	-	78.681
Total	**12.992**	**89.059**	**15.050**	**521.962**	**639.064**

The value of the liability for the 2023 Senior Secured notes contracts are based on a nominal amount of 546.193 thousands of Euro that is offset by 33.216 thousands of Euro of amortized cost.

3.4 Equity risk

The Group's equity risk management objective is to maintain the going concern status to assure returns to shareholders and benefits to other stakeholders. The Group also aims to maintain an optimal capital structure to reduce debt cost.

Net invested capital is calculated as the sum of equity attributable to the shareholders and net financial debt.

Below is the breakdown of the Group's net financial debt at December 31, 2023, determined in accordance with Committee of European Securities Regulators (CESR) Recommendation n. 05/054b, Paragraph 127, for implementation of EC Regulation n. 809/2004, and the gearing ratios at December 31, 2023:

	(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
A	Cash	33.412	24.278
B	Cash equivalents	-	-
D	**Liquidity (A+B+C)**	33.412	24.278
E	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	19.554	7.779
F	Current portion of non-current financial debt	3.817	1.219
G	**Current financial indebtedness (E+F)**	**23.370**	**8.998**
H	**Net current financial indebtedness (G-D)**	**-10.042**	**-15.280**
I	Non-current financial assets	9.116	14.935
J	**Total Non-current financial assets (I)**	9.116	14.935
K	Non-current financial debt (excluding current portion and debt instruments)	24.035	18.360
L	Debt instruments	512.977	329.600
M	Non-current trade and other payables	-	-
N	**Non-current financial indebtedness (K+L+M-J)**	**527.896**	**333.025**
O	**Total financial indebtedness (H+N)**	**517.855**	**317.745**
	Net operating invested capital	1.056.684	913.733
	Gear ratio	**49,01%**	**34,77%**

The non-current financial assets are mainly related to the value of the Hedge Derivate of 7.692 thousands of Euro. The current financial liability includes 19.554 thousands of Euro of cash advanced by the banks in front of invoice; 3.817 thousands of Euro are related to short term lease liabilities. The non-current financial debt equal to 24.035 thousands of Euro related to long term loan in French entities and leasing long term debt. The debt instrument are related to the Senior Secure Notes.

3.5 Financial assets and financial liabilities by category

The following table presents the financial assets and liabilities aggregated by category with their fair values stated.

(in thousands of Euro)	At December 31, 2023	
	Fair value through profit or loss	Amortized Cost
Non-current financial assets	7.692	1.424
Non-current financial liabilities		537.012
Current financial liabilities		23.370

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

4. USE OF ESTIMATES AND ASSUMPTIONS

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

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

(c) Goodwill and fixed assets
Goodwill and fixed assets recognized in the Consolidated Financial Statements are tested for impairment by calculating the value in use of the cash generating units ("CGU") to which goodwill has been allocated. Using different methods for the different business segments, the Group conducted testing in which goodwill was allocated to a group of CGU that benefit from the synergies of the specific business combination (in accordance with IAS 36, paragraph 80).
The CGU has been identified, consistently with the Group's organizational and business structure, as uniform combinations able to generate cash flows independently from the continuing use of the assets allocated to them; the structures were grouped together at a regional level to identify the benefits deriving from the synergies.
Value in use was measured as the present value of the estimated future cash flows for each CGU in its current condition, excluding estimated future cash flows that could derive from future restructuring plans or other structural changes.
The Discounted Cash Flow (DCF) model was used, which requires future cash flows to be discounted with a risk-adjusted discount rate.
More information on the methodology used is reported in Note 7.
The business plan prepared by the Group's management based on projections of the 2023 financial performance prepared by the subsidiaries' management and approved by the Group's management, used for the impairment testing, is based on variables controllable by the Group's management and theoretical changes in exogenous variables not directly controllable or manageable by the Group's management.

If the main estimates and assumptions used to prepare the business plans should change, the value in use and the calculation of the recoverable value of the assets could change. Therefore, the Group is not able to assure that the assets disclosed in the financial statements at December 31, 2023 will not suffer an impairment loss in the future.

5. SEGMENT REPORTING

The criteria used to identify Segments are consistent with the way in which the Group is managed. The division into Segments for reporting purposes corresponds to the structure of the reports periodically examined by the key management who is considered the chief operating decision maker.
The Group's operations are split into three business lines and more precisely Health Supplements, Medical Devices and Cosmetics
The Group's management evaluates the performance of these Segments, using the following as indicators, determined on the basis of the managerial reporting:

- revenues, on the basis of where the products are sold, not where the billing company's head office is located;
- EBITDA as net profit before depreciation, amortization and impairment losses, income taxes, finance costs, finance income;
- Operating result for the period;
- Investments in tangible and intangible assets.

Managerial P&L		*Transaction cost*	*One offs*	*Managerial P&L Adjusted*	*Health Supplements*	*Medical Devices*	*Cosmetics*
Revenues	355.908			355.908	259.208	51.000	45.700
Raw Material	-179.866		3.013	-176.853	-133.397	-24.582	-18.874
Firs Margin	**176.042**	**0**	**3.013**	**179.055**	**125.811**	**26.418**	**26.826**
First Margin %	**49%**			**50%**	**49%**	**52%**	**59%**
Service cost on Trasformation Margin	-36.771			-36.771	-27.696	-4.786	-4.289
Direct Personnel cost	-28.500			-28.500	-15.390	-1.130	-11.980
Transformation Margin	**110.771**	**0**	**3.013**	**113.784**	**82.725**	**20.502**	**10.557**
Transformation Margin %	**31%**			**32%**	**32%**	**40%**	**23%**
Personnel cost and services on SG&A	-25.119	6.771	648	-17.700	-13.643	-2.898	-1.159
Other operating items	-24.118			-24.118	-18.273	-2.601	-3.245
EBITDA	**61.533**	**6.771**	**3.661**	**71.965**	**50.809**	**15.003**	**6.153**
EBITDA%	**17%**			**20%**	**20%**	**29%**	**13%**
Depreciation	-56.149			-56.149	-40.031	-13.292	-2.826
Operating result	**5.384**	**6.771**	**3.661**	**15.816**	**10.778**	**1.711**	**3.326**

Transaction costs are the costs related to change of control costs and costs for the structured financing.
One-offs are referred to ceasing cost occurred in 2023 as well as to other non-recurring cost linked to the business segments. The one offs cost linked to raw materials are mainly related to extraordinary disposal of packaging and ingredients.

Below is the breakdown by Segment of the investments in tangible and intangible assets per business segment:

(in thousands of Euro)	**Year ended December 31, 2023**
Investments in intangible assets	5.121
Health Supplements	4.521
Medical Devices	240
Cosmetics	360
Investments in tangible assets	22.141
Health Supplements	15.481
Medical Devices	2.664
Cosmetics	3.996
Total	**27.262**

Revenues are broken down below by geographical area:

(in milions of Euro)	**Year ended December 31, 2023**
Italy	145,5
Rest of Europe	123,7
Rest of World	81,2
Total	**350,4**

6. INTANGIBLE ASSETS

The changes in this item are detailed below:

(in thousands of Euros)	**Development costs**	**Patent and intellectual property rights**	**Concessions, licenses and trademarks**	**Other intangible assets**	**Customer Relationship**	**Know-How**	**Goodwill**	**Work in progress and advances**	**Total**
Balance at February 7, 2022									
Business Combination (Biofarma Group)	527	28.793	15	6.567	325.577	77.104	751.011	3.895	1.193.489
Business Combination (Nutraskills)			167		19.500	2.500	29.895		52.062
Investments	1.318	495		3.822				1.243	6.878
Depreciation	-331	-2.683	-14	-2.461	-16.604	-5.845	-	-	-27.939
Reclassifications	-	-	-	421			-	-421	-
Other changes	-	7	0	-			-	-	7
Balance at December 31, 2022 Restated	**1.514**	**26.612**	**168**	**8.349**	**328.473**	**73.759**	**780.906**	**4.717**	**1.224.497**
Business Combination US Pharma	-	-	-	232	91.567	36.193	206.632	-	334.623
Investments	476	733	43	637	-	-	-	3.233	5.121
Depreciation	-579	-3.194	-57	-3.010	-24.923	-9.468	-	-	-41.231
Exchange rate difference	-	-	-	1	-	-	-	-	1
Reclassifications	193	602	-17	63	-	-	-	-256	585
Other changes	-	-	-	2	-	-	-	-	2
Balance at December 31, 2023	**1.604**	**24.753**	**137**	**6.274**	**395.117**	**100.483**	**987.537**	**7.694**	**1.523.599**

The Development Costs are composed of 1.604 thousand of Euro for development regulatory and quality department projects related to premium customers. The increase of the period mainly refers new investments in developing biochemical project related to implementation of health supplements for the signed product launching in 2024 and 2025.

Patent and intellectual property rights equal to 24.753 thousands of Euro mainly includes patent arose by purchase price allocations. The increase is linked to new intellectual property related to the increase of the business and the production focus.

Other intangible assets of 6.274 thousand of Euro includes various long term intellectual activity for new biochemical laboratories development in science project for the signed product lunching in 2024 and 2025.The increase of the period mainly refers new investments in developing biochemical project related to implementation of health supplements in new generation probiotic as well as for the diabetes prevention.

Customer Relationship of 395.117 thousand of Euro are entirely formed from the result of the purchase price allocation on the different client cluster Health Supplements, Medical devices and Cosmetics.
Know how are related for 100.483 thousand of Euro arose from purchase price allocation on different plants expertise, in particular for Biofarma and U.S. entities.
Work in progress of 7.694 thousand of Euro are mostly related to biochemical formulas development projects in R&D and in regulatory affairs. The residual part is mainly related to partial implementation of new administrative and manufacturing solution software.
Goodwill, equal to 987.537 thousand of Euro increased only due to the residual value of the purchase price allocation for U.S. entities.

During fiscal year 2023, the allocation of goodwill related to the Biofarma and Nutraskills acquisition occurred in the previous year among the Group's CGU, provisionally determined in 2022, has been completed; furthermore has been also defined and allocated the goodwill arose from US Pharma Lab acquisition. Specifically, goodwill from Nutraskills and US Pharma Lab has been fully allocated to the Health Supplements CGU.

The goodwill allocated is set forth below by CGU:

(in thousands of Euro)	Year ended December 31. 2023	
Cash Generating Unit (CGU)		
Health Supplements	646.548	66%
Cosmetics	89378	9%
Medical Devices	250.422	25%
Total	**986.347**	**100%**

Impairment testing

As required by IAS 36, the Group tested the carrying amounts of the tangible and intangible assets recognized in its Consolidated Financial Statements at December 31, 2023 with respect to their recoverable amounts. Goodwill is tested for impairment at least annually, even when no indications of impairment losses are present.
In accordance with IAS 36, the Group identified the CGU representing the smallest identifiable group of assets able to generate largely independent cash inflows within the Consolidated Financial Statements. CGU were identified by considering the organizational structure, the type of business and the methods with which control is exercised over the operation of the CGU.
The CGU identified by the Group to monitor goodwill coincide with the aforementioned business in which the Group. The CGU in which goodwill is recognized/allocated, on which the impairment testing was based, are as follows:

- Health Supplements
- Cosmetics
- Medical Devices

The assets were tested for impairment by comparing the carrying amount attributed to the CGU, including goodwill, with its recoverable amount (value in use). The value in use is the present value of the estimated future cash flows to be derived from continuing use of the assets referring to the cash generating units and the terminal value allocated to them.
In conducting the impairment test, the Kepler Group used the most recent forecasts and projections of each CGU as included in the business plan approved by the Board of Direction as of 22 April 2024 (as described in the section on "estimates and assumptions"), presuming that the assumptions and targets would be met. In preparing its projections, management made assumptions based on past experience and expectations about the developments in the business segments in which the Group operates.
The terminal value was calculated by using a growth (G) rate in line with the average inflation expected in the long term (2029) for the main countries where the CGU operates. The main assumptions underlying the calculation of WACC applied for the CGU's are reported below:

Valuation date	31.12.2023	
	Health supplements	Medical Devices / Cosmetics
Market premium risk	5.50%	5.50%
Beta unlevered	0.81	0.81
Beta levered	0.95	0.96
Additional risk premium	1.24%	1.24%
Saggio risk free	4.29%	4.24%
Cost of own capital	10.78%	10.74%
Target debt ratio	24.51%	24.51%
Terminal growth rate (g)	2.00%	2.00%
WACC	**9.89%**	**9.87%**

No impairment loss emerged from the impairment test, which was approved by the Board of Directors on April 22, 2024.

Since the recoverable amount is determined based on estimates, the Group cannot assure that goodwill will not suffer impairment loss in future periods.
The operating cash flow estimate was taken from the 2024-2029 Business Plan. The estimated cash flows are based on the Directors' assumptions, which are cohesive with the Group's strategy in each business and market where it operates, and they depend on exogenous variables beyond management's control, such as the performance of currency exchange and interest rates, the infrastructural investments of the countries where the Group operates, and macro-policy or social factors having a local or global impact. In accordance with IAS 36, such exogenous variables were estimated on the basis of information known when the business plans were drawn up and examined, and consider the effects of the unstable macro-economic environment (such as war in Ukraine and Israel-Palestine), which can bring to uncertain business development in the nutraceutical sector. However the impairment plan has been based on actual 2023 conditions where we are facing a deflation trend, the pricing decrease of commodities, energy and logistics.

In addition, the Group performed a sensitivity analysis using deteriorated variables of the impairment test, WACC and G rate. The discount rate was raised by 1.0%, and the g rate of the terminal value was reduced by 0.5%. Health Supplements CGU would suffer impairment in the event of a 0.5% worsening of the WACC and 0.25% worsening of the G rate, Medical Devices CGU in the event of a 1.0% worsening of the WACC and 0.25% worsening of the G rate, Cosmetics CGU in the event of a 0.5% worsening of the WACC and without considering worsening of the G rate. The post-tax WACC of indifference, i.e. the discount rate that reduces the headroom to zero for each CGU, is reported in the following table:

CGU	Post-tax WACC of indifference
Health Supplements	10,5%
Cosmetics	10,3%
Medical Devices	10,9%

Allocation of goodwill from business acquisitions

As noted, in July 2023 Kepler S.p.A. through is subsidiary Biofarma Delaware LLC completed the acquisitions of 100% of US Pharma Lab Inc. and its subsidiaries: USPL Nutritionals LLC, Amol Biotech Ltd and ACI Biotech Import & Export. These are presented as business combinations in accordance with IFRS 3 – "Business Combinations".
With respect to the acquisition of US Pharma Acquisition, the purchase price allocation was determined with the assistance of independent advisor in order to identify the fair value of the assets acquired, liabilities assumed and goodwill. The excess of the purchase price over the fair value of the net assets and liabilities acquired was recognized as intangible assets and for the residual portion as goodwill as detailed in the table below. The methodology used is the full goodwill method.
In the same way, with respect to the acquisition of Nutraskills, the purchase price that was provisionally and totally recognized in 2022 as goodwill, in 2023, by the support of advisors, has been allocated partially as intangible asset and for the resisual amount as goodwill.
The intangible assets identified are:

- Customer Relationships
- Know-how

Customer relationship exists between an entity and its customer if (a) the entity has information about the customers and has regular contact with the customers and (b) the customers have the ability to make direct contact with the entity. Customer relationships can meet the contractual-legal criterion if an entity has a practice of establishing contracts with its customers, regardless the presence of a contract as of the acquisition date. However, customer relationships more commonly arise through means other than contracts, such as through regular contacts by sales or service representatives that contribute to create a certain level of customer fidelity.

The know-how acquired refers to technical, organizational and process information related to development of products for third parties, that trade them under proprietary trademarks. The development of a certain product does not only refer to the chemical composition but also to the raw materials' sourcing and selection, to the industrial production stage until the post-production packaging stage. The developed know-how is constantly updated and stored internally in reports as to maintain a competitive and technical advantage over the offered products. As a result, the afore-mentioned output and effort has a tangible effect on the operating profit of the Group. Therefore, the know-how allows the Company to maintain a competitive and technical advantage over the offered products.
The Company's know-how can be summarized as follows: development of recipes for products across all the Business Units to be sold to third parties, included raw materials' sourcing and selection; contract-based production and packaging of products for third parties; internal organization in terms of personnel, procedure and resources.

The fair value measurement of the assets and liabilities acquired (excluding the deferred tax assets and liabilities, employee benefits and non-current assets held for sale, recognized in accordance with the applicable accounting standards) and the price paid are set forth below:

(in thousands of Euro)	2022 Restated Nutraskills	2023 US Pharma Lab
Price paid for the acquisition (A)	53.539	307.545
Book value of net assets acquired (B)	7.327	7.649
Pre-existing Goodwill (C)	-	-
Goodwill before allocation (A-B+C)	46.212	299.896
Customer relationship	19.500	91.567
Know how	2.500	36.193
Deferred Taxes	-5.683	-34.495
Total PPA Allocation	**16.317**	**93.265**
Residual Goodwill	**29.895**	**206.631**

7. PROPERTY, PLANT AND EQUIPMENT

(in thousands of Euros)	Land and buildings	Plant and machinery	Equipment	Other fixed assets	Work in progress and advances	Rights of use	Total
Balance at February 7, 2022							
Business Combination (Biofarma Group)	45.746	20.872	1.251	1.550	2.039	4.898	76.356
Business Combination (Nutraskills)	611	1.850	-	104	337	286	3.188
Investments	2.561	3.969	615	288	3.967	292	11.692
Disposals	-	-115	-1	-5	-	-	-121
Depreciation	-768	-5.390	-665	-405	-	-911	-8.139
Reclassifications	27	182	-	-	-209	-	-
Other changes	-	2	-	-	-	-208	-206
Balance at December 31, 2022 Restated	**48.177**	**21.370**	**1.200**	**1.532**	**6.134**	**4.357**	**82.770**
Business Combination US Pharma	8.068	14.377	-	1.354	449	17.185	41.433
Investments	1.980	5.099	960	508	4.830	8.764	22.141
Disposals	-	-	-	-1	-4	-	-5
Depreciation	-3.348	-7.770	-922	-753	-68	-2.056	-14.918
Exchange rate difference	19	25	-	6	0	31	81
Reclassifications	3.819	3.057	78	101	-7.642	-	-586
Other changes	-7	-2	-	-1	-	-270	-280
Balance at December 31, 2023	**58.708**	**36.156**	**1.316**	**2.747**	**3.699**	**28.012**	**130.637**

Land and buildings for 58.708 thousand of Euro are composed of: 42.999 thousand of Euro for Mereto plant facility and land, 4.240 thousand of Euro for Gallarate industrial plant, 2.551 thousand of Euro facility and lands in Monselice, 7.650 thousand of Euro for land and plant in US and China and 1.260 thousand of Euro for Franch manufactory facilities. The investments of the period are represented by the expansion of Gallarate facility as well as further improvements in all Group's sites.
Plant and machinery equal to 36.156 thousands of Euro refer to production lines and industrial machinery in all the Groups plants. In 2023 the Group acquired mixing machines, and new packaging machines in order to fulfill the increasing customers demand.
The equipment's for 1.316 thousand of Euro, are related to tools and assets for laboratory and R&D.
Other fixed asset of 2.747 include mainly furniture, ICT hardware, machinery and company vehicles.

Work in progress is related to not yet completed investments in production lines and facilities. The increase of the period is mainly related to new packaging machines and ICT hardware, as well as advance payments to the suppliers for the facility extension linked to new premium customer production area not yet finalized.
The right of use of 28.012 thousand of Euro are entirely related the application of IFRS 16 and is described in the next paragraph.

The following table presents the changes in the right-of-use asset in leases at the respective reporting dates:

(in thousands of Euros)	Right of use Land and buildings	Right of use Plant and machinery	Right of use Other fixed assets	Total
Balance at February 7, 2022				
Business Combination (Biofarma Group)	3.801	404	693	4.898
Business Combination (Nutraskills)	228	-	58	286
Investments	-	112	180	292
Depreciation	-525	-218	-168	-911
Other changes	-	-	-208	-208
Balance at December 31, 2022 Restated	**3.504**	**298**	**555**	**4.357**
Business combination US Pharma	17.055	-	130	17.185
Investments	7.755	342	667	8.764
Depreciation	-1.667	-265	-96	-2.028
Exchange rate difference	3	-	0	3
Other changes	-2	-	-267	-269
Balance at December 31, 2023	**26.648**	**375**	**988**	**28.012**

The right of use is classified in different category considering the type of leasing contracts analyzed.
The main category is related to land and buildings 26.648 thousands of Euro that are mostly linked to residual portion of the facility U.S. entities plant not owned by the Group. The increase of 7.755 thousands of Euro are mostly linked to the building of Gallarate plant.

8. INVESTMENTS

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

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Associates	372	372
Other companies	12	12
Total Investments	384	384

9. NON CURRENT FINANCIAL ASSETS

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Non current financial assets	7.692	14.822
Security Deposit	1.424	113
Total non current financial assets	**9.116**	**14.935**

At December 31, 2023 non-current financial assets amount to 9.116 thousands of Euro and refers of 7.692 thousands of Euro to the fair value change recognized directly in "Reserve for hedging operations of expected cash flows" netted of the effects of deferred tax liabilities.
The balance derives from the fair value measurement of Interest rate swap (IRS) stipulated by the Group to manage interest rate risk on part of the notes issued.
The ISDA master agreement for an interest rate cap based on a notional amount of Euro 345.000 thousand with an underlying rate based on 3m Euribor, a maturity of 3 years (starting from 15/09/2022), and a strike at 0%, to hedge against the interest rate risk relating to the Notes for a running premium of 152bps. Thus, the Group capped its EURIBOR exposure to 1.52% for 3 years, which is expected to generate savings in the current rising interest- rate environment.
The remaining 2.256 thousand of Euro are related to the Security Deposit for operating assets of the US subsidiaries.

10. DEFERRED TAX ASSETS

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Deferred tax asset	6.408	6.352
Total	**6.408**	**6.352**

The composition of this balance is shown below:

(in thousands of Euros)	Balance at January 1, 2023	Effect on Income Statement	Effect on statement of comprehensive income	December 31 2023
Actualization of employee benefits	-32	-11	31	-12
Tax losses	5.846			5.846
Difference in tax treatment	279	-94		184
Provisions for inventories obsolescence	259	130		390
Financial instruments - Derivate	0			0
Total deferred tax assets	**6.352**	**25**	**31**	**6.408**

The final value of 6.408 thousands of Euro is mainly related to the tax losses accumulated in 2022 position (5.846 thousands of Euro). The company management has evaluated the tax recovery in the future years and therefore the deferred asset has been accounted. The Group has promoted an advance ruling to the Tax Authority about the deductibility of some transaction costs related to the merger between Tauri S.p.A. and Biofarma S.r.l. occurred in 2022. As the Tax Authority has not accepted yet the Group request, there are no changes included in the financial statement.

11. INVENTORIES

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Raw materials	59.207	45.901
Work in progress and semi-finished goods	9.746	8.858
Finished products	9.215	7.810
Advances	53	465
Total	78.221	63.034

(in thousands of Euros)	Raw materials	Work in progress and semi-finished goods	Finished products	Advances	Total
Balance at February 7, 2022					
Business Combination (Biofarma Group)	35.209	5.789	5.413	105	46.516
Business Combination (Nutraskills)	4.409	906	417	-	5.732
Variation	6.283	2.163	1.980	360	10.786
Balance at December 31, 2022 Restated	**45.901**	**8.858**	**7.810**	**465**	**63.034**
Business Combination US Pharma	15.713	4.341	1.381	-	21.434
Charge	-	-	24	-	24
Use	-2.407	-3.453	-	-412	-6.271
Balance at December 31, 2023	**59.207**	**9.746**	**9.215**	**53**	**78.221**

The inventory in 2023 has been increased by 15.187 thousand of Euro; the increase is due to the business combination 21.434 thousand of Euro for US Pharma Acquisition which has been partially offset for 4.393 thousand of Euro in US and China; the remaining decrease of 1.854 thousand of Euro is related to stock reduction activities in Europe.

Inventories are shown net of the provision for inventory obsolescence as detailed below:

(in thousands of Euros)	Provision for inventories obsolescence
Balance at February 7, 2022	
Business Combination (Biofarma Group)	1.084
Business Combination (Nutraskills)	36
Charge	806
Use	-19
Balance at December 31, 2022 Restated	**1.907**
Business Combination US Pharma	807
Charge	954
Use	-207
Balance at December 31, 2023	**3.462**

No inventories were put up as collateral to guarantee loans received by the Group. The provision for obsolescence has been increased to follow the business growth.

12. TRADE RECEIVABLES

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Gross trade receivables	72.369	58.209
Provision for doubtful debts	1.187	1.354
Net trade receivables	**71.182**	**56.855**

At December 31, 2023 trade receivables amount to 71.182 thousands of Euro, which represent an increase of 14.327 thousands of Euro almost completely due to the acquisition of US entities (14.303 thousands of Euro). The remaining growth is limited, despite business volume growth, thanks to receivable days reduction as well as factoring activities.
The majority of credits are settled within 90 days and there are no mentionable credit risks. Thanks to a proactive credit management and highly customized products, that are difficult to replace with other suppliers, provide us a strong negotiation power in relation to credit collection versus our clients.
Write-downs are made based on careful analysis of past due accounts, customers in financial difficulties and clients with whom legal action has been initiated, in addition to estimated expected losses on receivables.
The doubtful debt provision reflects management's estimate based on the expected losses by the Group, based on past experience for similar receivables, current and historic amounts overdue, losses incurred, receipts, careful monitoring of the credit quality and projections on economic and market conditions, with the information known at the reporting date.

The table below presents the changes in the provision for doubtful debts:

(in thousands of Euros)	Provision for doubtful debts
Balance at January 1, 2023	**1.354**
Business Combination US Pharma	-
Charge	538
Use	-705
Balance at December 31, 2023	**1.187**

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

13. CURRENT INCOME TAX RECEIVABLES

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Tax Credits	17.500	19.331
Total	**17.500**	**19.331**

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
VAT receivables	8.272	11.601
R&D receivables	3.212	3.775
TAX receivables	4.322	3.653
Other governement receivables	1.694	302
Total	**17.500**	**19.331**

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

14. OTHER CURRENT ASSETS

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

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Other assets-gross	6.015	4.557
Provision for other doubtful debts	-	-
Total	**6.015**	**4.557**

The item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
- Sundry receivables	3.970	2.500
- Prepaid expenses and accrued income	2.032	1.251
- Security deposits	5	801
- Due from social security entities	-	2
- Due from employees	8	3
Total other assets	**6.015**	**4.557**

The sundry receivables mainly include bank credit for pro-soluto factoring not yet settled by the bank due to credit limit.
The prepaid expenses are primarily related to the advance payment for material supply and business related expenses. The increase of 62% is mainly related to the Group strategy to obtain the purchase price reduction using the financial advance payment to suppliers.
The 2022 security deposit was referred to cautioned deposit to the utilities provider, completely released during the first semester 2023 not required anymore as the energy price volatility is stabilized.

15. CASH AND CASH EQUIVALENTS

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Cash and cash equivalent	33.412	24.279
Total	**33.412**	**24.279**

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Bank deposits	33.409	24.276
Checks outstanding	0	-
Cash and cash equivalents on hand	3	4
Total	**33.412**	**24.279**

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

16. SHAREHOLDER'S EQUITY

The equity of the Group at December 31, 2023 is set forth below:

	At December 31, 2023	At December 31, 2022
Share capital	3.000	3.000
Share premium reserve	834.123	834.123
Other reserves	292.270	101.562
Foreign currency translation reserve	225	-
Reserve for hedging operations of expected cash flows	5.846	11.265
Retained earnings	-78.715	-36.217
Total shareholders' equity	1.056.750	913.733
Non-controlling interest	-	-
Total equity	**1.056.750**	**913.733**

The share capital subscribed to and paid-in amount to 3.000thousands of Euro.

The share premium reserve amount to Euro 834.123 thousands of Euro and represent the value of the capital contribution made by the shareholders in connection with the constitution Kepler S.p.A..

The reserve for hedging operations of expected cash flows amount to 5.846 thousands of Euro and refers to changes in the fair value of IRS derivatives.

The other reserves amount to 292.270 thousands of Euro, which increase is mainly refer to additional capital injections to perform US Pharma Acquisition. The amount includes also the actuarial reserve for 1.154 thousands of Euro.

The foreign currency translation reserve is related to the translation to Euro from the currencies of US dollars (USD) and Chinese Renminbi (RMB) of the new entities that joined the Group in 2023 due to US Pharma Acquisition.

17. CURRENT AND NON CURRENT FINANCIAL LIABILITIES

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Current financial liabilities	23.370	8.998
Non-current financial liabilities	537.012	347.960
Financial liabilities	**560.382**	**356.958**

This item is detailed below:

	At December 31, 2023							
	Interest Rate	Current portion	Portion with due after 12 months					Total
(in thousands of Euros)			2025	2026	2027	2028	Afterward	
Current financial debt	Variable	19.554						19.554
Non Current financial debt	Variable	-	735	420	343	217	512.977	514.692
Lease liability	Variable	3.817	2.843	3.278	3.407	3.808	8.985	26.137
Total		**23.370**	**3.578**	**3.697**	**3.750**	**4.025**	**521.962**	**560.382**

The current financial liabilities are composed for:

- 1.871 thousand of Euro for reverse factoring agreements;
- 7.964 thousands of Euro relates bank overdraft and bank advance;
- 5.319 thousands of Euro for the current portion referred for 919 thousand of Euro to French entities bank loans;
- 4.400 thousand of Euro to a new financial intercompany loan with Tatooine Spa that is Kepler Spa indirect Parent Company.

The non current financial liabilities are equal to 513.692 thousand of Euro and are related to the long term French entities bank loans and to Senior Secured Notes.
The first Senior Secured Floating Rate Notes was issued on 20th May 2022 for a total amount of 345.000.000 thousands of Euro. The maturity date is 15th May 2029. The interest rate (spread 5,75%) is based on 3m Euribor, a maturity of 3 years (starting from 15/09/2022), and a strike at 0% and capped to 1,52% for 3 years, as detailed above in Note 3. The total amount of the amortizing costs as of December 31, 2023 is 12.984 thousands of Euro. The overall value of the non current position has decreased due to the reimbursement of 13.000 thousand of Euro of the RCF. The RCF contract is still active, and the company has the possibility to utilize this financing as needed. ...
The USPL Acquisition was financed through a combination of equity and debt in the form of Euro 80.854.470 Senior Secured Floating Rate Notes due 2029 and USD 22.127.660 Senior Secured Floating Rate Notes due 2029 issued by Kepler S.p.A. and Euro 110.638.300 Senior Secured Floating Rate Notes due 2029 issued by Biofarma's subsidiary Biofarma Delaware, LLC and together with the Kepler Private Notes, that were, in each case, privately placed with certain institutional investors. The Private Notes mature on May 15, 2029, bear interest equal to the applicable EURIBOR or Term SOFR (with 0%floor) plus 6.50% per annum, subject to certain margin adjustments, were issued under a new indenture having terms substantially aligned with the terms of the indenture governing Kepler S.p.A.'s existing Senior Secured Floating Rate Notes due 2029.

None of the facilities are subjected to financial covenants testing.

However, the facilities of 2023 are covered by the following pledges:

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

- Assignment of intercompany credits claimed by Kepler S.p.A. as guarantee against Biofarma S.r.l. by virtue of a deed of assignment of credits under guarantee signed on April 8, 2022 between, inter alios, Kepler S.p.A. and BNP Paribas as security agent (as confirmed and extended from time to time);

The remaining portion of non-current liabilities is related to long term loans for French Entities used for supporting the business investments with an average interest of 1,88%.

Lease liability refers to IFRS16 application on rents of which 3.817 thousands of Euro relate to the current portion. The remaining 22.320 thousands of Euro are due after twelve months.

18. EMPLOYEE BENEFITS

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Employee Benefits	2.612	2.256
Total	**2.612**	**2.256**

The changes in this item are presented below:

(in thousands of Euros)	Employee benefits
Balance at January 1, 2023	**2.256**
Finance costs	497
Actuarial gains/(losses)	-412
Use	-238
Charge	509
Balance at December 31, 2023	**2.612**

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

	December 31, 2023	December 31, 2022
Economic assumptions		
Inflation rate	2,00%	2,30%
Discount rate	3,17%	3,77%
"TFR" (provision for severance indemnities) rate of increase	3,00%	3,23%
Demographic assumptions		
Probability of resignations/dismissals	7%	7%
Probability of advance payouts	5%	5%

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

It should be noted that:

- the annual discount rate used to determine the present value of the obligation was deduced, in line with par. 83 of IAS 19, by the Iboxx Corporate AA index with duration 10+ recorded at the valuation date. To this end, the return with a duration comparable to the duration of the group of workers being valued was chosen;
- the annual rate of increase of the severance indemnity as provided for by art. 2120 of the Civil Code, is equal to 75% of inflation plus 1.5 percentage points.

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

These Actuarial Gains/Losses are divided into three types:

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

19. PROVISIONS FOR RISKS AND CHARGES

This item is detailed below:

	At December 31,	
(in thousands of Euros)	**2023**	**2022 Restated**
Provisions for risks	210	2.457
Total	**210**	**2.457**

The changes in this item are presented below:

(in thousands of Euros)	Provision for litigation risks	Other provisions	Total
Balance at January 1, 2023	**-**	**2.457**	**2.457**
Charge	210	-	210
Use		-1.065	-1.065
Release		-1.392	-1.392
Balance at December 31, 2023	**210**	**-**	**210**

In 2023 the Group decreased by 2.457 thousand of Euro the provision for risk. More precisely the uses relate to:

- risk with Tax Authority for 2.000 thousand of Euro
- risk for extraordinary energy costs charges for 457 thousand of Euro

In 2023 the Group concluded the negotiation with tax authority by reaching a transaction agreement of 608 thousand of Euro which has been completely settled. By consequences the 2022 accrued provision has been released also for the remaining part of 1.392 thousand of Euro. The accrued provision of 457 thousand Euro to a potential price adjustment for energy supply costs has been used due to an agreement with energy provider for which no additional costs will be applied. For the charges the Group is considering a probable quality claim which is under evaluation.

20. DEFERRED TAX LIABILITIES

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Deferred tax liabilities	145.148	122.518
Total	**145.148**	**122.518**

The composition of this balance is shown below:

(in thousands of Euros)	Balance at January 1, 2023 Restated	Business combination US Pharma	Effect on Income Statement	Effect on statement of comprehensive income	December 31 2023
Provisions for risks					-
Customer relationship (purchase price allocation)	91.253	24.723	-6.909		109.067
Patent (purchase price allocation)	7.167		-637		6.530
Know-how (purchase price allocation)	20.528	9.772	-2.623		27.677
Inventory (purchase price allocation)	-				-
Derivatives	3.557			-1.711	1.846
Foreign exchange and other differences	-				-
Other differences in tax treatment	13		16		29
Total deferred tax liabilities	**122.518**	**34.495**	**-10.153**	**-1.711**	**145.148**

The main impact derives from intangible and tangible assets identified by purchase price allocation exercise.
The amount includes for 1.846 thousand of Euro the tax impact on the IRS derivate.

21. TRADE PAYABLES

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Trade payables	78.681	72.179
Total	**78.681**	**72.179**

The trade payables equal to 78.681 thousands of Euro refers for 51.361 thousands of Euro to the raw material supplies, 23.385 thousands of Euro for packaging material and consumables and remaining 3.935 thousands of Euro for other services. The increase is related to the business growth and to the effect of the US and China companies acquisition for 15.318 thousands of Euro.

22. CURRENT TAX LIABILITIES

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Current tax liabilities	1.614	3.671
Total	**1.614**	**3.671**

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
VAT liabilities	401	56
TAX liabilities	-	1.886
Employee Tax	875	1.132
Other	338	598
Total	**1.614**	**3.671**

The current tax liabilities are related mainly to VAT debts to be settle within 12 months and to tax duties referred to direct employees and external consultants.

23. OTHER CURRENT LIABILITIES

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Other liabilities	31.077	23.221
Total	**31.077**	**23.221**

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Due to employees	10.099	5.537
Accrued expenses and deferred income	4.956	1.937
Social security	2.757	1.998
Withholding taxes	2	7
Sundry payables	10.045	12.053
Due to supplementary pension fund	320	227
Advances	2.839	1.203
Due to Directors and Statutory Auditors	57	259
Sundry tax liabilities	1	-
Other liabilities	**31.077**	**23.221**

Employees and social security costs, equal to 12.856 thousand of Euro, are mainly related to salaries for December 2023 settle on 10th of January 2024 and social duties and funds. This increase is related to US and China companies acquisition effect for 2.660 thousands of Euro and the remaining part refers to higher Group complexity and number of employees

Accrued expenses are mainly linked to interest expenses related to financial liabilities and bank overdraft.

Sundry payables of 10.045 thousand of Euro are linked mainly to 10.000 thousands of Euro related to an earn out for the former Nutraskills Group owner, that will be defined in June.

The advances received from customers are related to anticipated settlement for finished products to be manufactured to confirm the order and engage formally the Group manufactory activity.

NOTES TO THE INCOME STATEMENT

The income statement for the fiscal year 2023 encompasses a twelve-month period, with notable distinctions due to changes in both period and scope from last year data.
The 2023 financial data reflect contributions from US and Chinese companies from July 25, 2023 to year end.
On the other hand 2022 comparative figures period pertains solely the figures from February 7, 2022 (the constitution date) and December 31, 2022 for italian subsidiaries and the contribution of french subsidiaries of last three months of 2022. Therefore, comparing the two years income statements requires consideration of both changes in the time period and changes in the perimeter (due to the inclusion of newly acquired companies in 2022 and 2023).

24. REVENUES

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Revenues	350.405	206.986
Total	**350.405**	**206.986**

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Revenues from sales of product	351.449	207.735
Awards for customers	-1.500	-982
Other sales revenues	457	233
Total	**350.405**	**206.986**

Revenues are related to the Group's core business for manufactured goods related to Health supplements, Cosmetic products and Medical devices. A detailed analysis is included in the Segment reporting section.

25. OTHER INCOME

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Other income	5.018	5.758
Total	**5.018**	**5.758**

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Other revenues	1.060	4.427
Grants for operating expenses	1.503	988
Other revenues and operating income	2.455	343
Total	**5.018**	**5.758**

The other income is mainly composed of services for the following activities: laboratory and R&D analysis recharge, graphical service recharges, material testing, recharge of transportation service as well as the environmental cost transferred to the customers.
The grants for operating expenses increase are linked to the development of new product and technologies in the Italian entity.
The decrease of 3.367 thousand of Euro of the other revenues is referred for 3.648 thousand of Euro to an income in 2022 partially offset by the US and China companies acquisition effect and higher sales of services for R&D and laboratory analysis effect.
The other revenues and operating income increased thanks to an insurance reimbursement linked to the Plant of Monselice.

26. RAW MATERIALS AND COSTS OF GOODS

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Raw materials and costs of goods	180.305	109.977
Total	**180.305**	**109.977**

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Raw materials purchases	166.895	113.104
Purchases of ancillary materials and consumables	7.663	7.659
Change in raw material inventories	5.747	-10.786
Total	**180.305**	**109.977**

A very positive sales growth trend generates the level of raw material purchases equal to 180.305 thousand of Euro, mainly related to ingredients, packaging as well as semifinished products. The high level of production volume boost the ancillary material and consumables purchases, which are critical to be secured to avoid any manufacturing disruption. The company has conducted an aggressive stock reduction approach, decreasing the inventory level, in order to optimize the purchasing of raw materials and packaging.

27. SERVICE COSTS

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Service Costs	60.899	35.048
Total	**60.899**	**35.048**

The detailed services costs split is listed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Outsource production	20.151	13.176
Consultants & Lawyers	6.753	3.082
Utilities	4.288	2.712
Logistics	5.138	2.705
Maintenance	3.774	2.239
Transportation	2.893	1.905
Laboratory cost	2.462	1.398
Administrative cost	2.528	1.369
Cleaning	1.957	1.329
Directors and Auditors	2.555	1.244
Waste disposal	819	644
Environmental expenses	832	640
Travel	739	561
Insurance	1.581	535
ICT Expenses	1.409	513
Fairs	646	475
Telephone	234	178
Marketing	96	160
Training and Learning	241	104
Other	1.803	78
Total	**60.899**	**35.048**

Service costs are mainly composed by outsourced production, related to the manufacturing of one or more production phases.
The consulting and lawyer services, equal to 6.753 thousand of Euro, refers: for 1.400 thousand of Euro to legal cost related to US legal practice, for 300 thousand of Euro to rating agency costs, for 600 thousand of Euro to higher R&D costs for new nutraceutical projects, for 400 thousand of Euro to consultant costs for quality integrated system and 300 thousand of Euro to other costs.
Logistic costs equal to 5.138 thousand of Euro are related to externalized handling and warehouse services. The increase driven by the business is mainly related to 1.070 thousand of Euro referred to higher usage of external warehouses.
Utilities, equal to 4.288 thousand of Euro, are related to electricity and natural gas costs. During the year there has been a mixed effect of major consumption, in line with the business growth, and reduction on the service prices.
Maintenance costs and cleaning, equal to 5.731 thousand of Euro, are both related to activity on production lines and on the facilities. Those costs increased in order to keep the high standard of quality and in order to support the increase of the business.
Transport costs of 2.893 thousand of Euro are related to both inbound and outbound material flows.

Laboratory costs equal to 2.462 thousand of Euro are linked to external analysis performed on the products.
The directors and Auditors costs equal to 2.555 thousand of Euro include charges from supervisory board, directors' compensation and auditors' fee.
The company is also increasing the insurance coverage, expanding it to more advanced insurance products and it is equal to 1.581 thousand of Euro.
The ICT costs, equal to 1.409 thousand of Euro, are mainly related to software maintenance and development and are linked to the new group needs and to the new worldwide vision.
The other costs equal to 1.803 thousand of Euro are mainly related to: payroll provider service costs (equal to 246 thousand of Euro), travel agency service costs (equal to 100 thousand of Euro), new short term rental contracts linked to housing for the Group managers (equal to 275 thousand of Euro) and other short term rental contracts and minor services (equal to 620 thousand of Euro) .

28. PERSONNEL COSTS

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Personnel Costs	54.662	25.999
Total	**54.662**	**25.999**

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Wage and salaries	40.007	14.675
Social security contributions	9.689	8.179
Accrual for defined contribution and defined benefit plans	2.332	2.141
Other personnel costs	2.634	1.004
Total	**54.662**	**25.999**

The personnel costs of 54.662 thousand of Euro are mainly composed by the total wages, salaries and social security of 49.696 thousand of Euro. The accrual are linked to welfare and benefits plans. The other personnel costs includes the cost linked to the "Manager Incentive Plan" ("MIP") provided by the indirect parent company Vegeta S.p.A. whose objective is to incentivize and retain the beneficiaries, as subjects who play a key role in achieving the Group's objectives, thus allowing an alignment between the remuneration of the beneficiaries and the increase in value and return on the investment of the shareholders.
The plan provides for the assignment of a certain category of Tatooine S.p.A. shares (direct subsidiary of Vegeta and indirect parent company of the Company) by some managers of Biofarma S.r.l.; the latter give managers the right to receive a preferential return, subject to a four-year vesting period. For some managers, the purchase of these shares was completed through the taking out of a loan with the indirect parent company Tatooine at an interest rate of 2% per year. This plan resulted in the recording of a cost equal to 298 thousand Euro.

The major changes driven by the business of the personal costs of 28.663 is mainly linked to the increase of the Group complexity and number of employees, the increase of the Manager Incentive Plan ("MIP") and the increase of the inflation on labor.

The Group's employee headcount numbers at the reporting date are shown below:

	Year ended December 31, 2023	Year ended December 31, 2022
Management	23	14
White-collar employees	414	340
Blue-collar employees	653	520
Total	**1.090**	**874**

29. OTHER OPERATING COSTS

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Other operating costs	10.199	21.738
Total	**10.199**	**21.738**

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Transaction costs	6.771	20.264
Indirect taxes	381	556
Membership dues	65	63
Other costs	2.981	856
Total	**10.199**	**21.738**

In the 2023 those costs were lower and they are linked to the acquisition of US Pharma.
The other costs of 2.981 thousand of Euro are linked to administrative costs, general operation costs, some personnel compensation and few other items. Those costs are related for 1.857 thousand of Euro to external activities and to medical devices' new European regulation testing.

30. ACCRUAL TO PROVISIONS FOR RISKS

The total cost is equal to 748 thousand of Euro and it is composed of 538 thousand of Euro for credit risk and 210 thousand of Euro for a quality claim under valuation.

31. DEPRECIATION AND AMORTIZATION

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Depreciation and amortization	56.149	36.078
Total	**56.149**	**36.078**

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Depreciation of property, plant and equipment	14.918	8.139
Amortization of intangible assets	41.231	27.939
Total	**56.149**	**36.078**

The depreciation of property, plant and equipment is related to the operational machinery used in manufacturing and resulting from previous years investments, as well as the right of use of US and Italian entities ' land and buildings in application of the general requirements in IFRS 16.

The depreciation of intangible assets is mainly referred to patent, know-how and customer relationship arisen in the purchase price allocation process. The differences between the two periods are related to different perimeter and higher depreciation level consequent to higher investment in previous period. The depreciation rate have been aligned in all new entities in 2023 following the Group percentage described before.

32. FINANCIAL INCOME AND EXPENSES

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Financial income and expenses	45.438	-20.027
Total	**45.438**	**-20.027**

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Interest income	5.776	10.001
Dividends	158	90
Other financial income	628	81
Total financial income	**6.561**	**10.172**
Bond Interest	42.045	13.398
Other finance costs	3.781	13.751
Amortized Interest	3.422	1.489
IFRS 16 Effect on Interest	1.287	715
Bank interest expense	468	320
Interest costs on employee benefits	497	301
factoring Interest	304	183
Foreign exchange losses	196	38
Interest expense on leases	0	3
Total finance costs	**51.999**	**30.199**
Total	**-45.438**	**-20.027**

The interest income of 6.561 thousand of Euro is mostly related to 5.776 thousand of Euro for positive hedge effect on the bridge loan of 345.000 thousand of Euro. The interest income has been generated as the difference between the variable contract loan rate and the hedge rate of 7,27%.
The dividends are the income received by Biofarma S.r.l. from Cura Beauty GmbH and the other financial income are almost entirely related to positive exchange rate fluctuation.
The other finance costs have decreased significantly from last year figures (9.970 thousand of Euro) as the 2022 figures included 7.880 thousand of Euros of up-front Fee related to the bridge loan, 4.968 thousand of Euro take-off costs on the bridge loan and 446 thousand of Euro for hedging interest. In 2023 figures equal to 3.781 thousand of Euro are included 1.950 thousand of Euro for a not executed option fee on exchange rate regarding US Pharma Lab acquisition and other minors.
As opposite, the main financial costs are represented by interest expenses on the Senior Secured Notes as explained in previous chapters.
In conclusion, there are 1.287 thousand of Euro of IFRS 16 effect on interests, which have increased compared to last year due to the lager perimeter.

33. CORPORATE TAXES

This item is detailed below:

(in thousands of Euros)	At December 31, 2023	At December 31, 2022 Restated
Current taxes	-139	813.122
Deferred taxes	-10.273	-922.231
Total	-10.411	-109.109

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

(in thousands of Euros)	Year ended December 31 2023
Profit before tax	-52.976
Theoretical tax rate	24%
Theoretical income taxes	-12.714
Not-deductible depreciation on PPA	8.825
Non-deductible interests expenses	1.482
Other increases	1.328
IRAP allocated by Italian companies	479
Tax effects of foreign subsidiaries and other	600
Interim period effect	
Effective income taxes	0

During the 2023 the following entities:

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

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

34. EARNINGS PER SHARE

(in thousands of Euro)	**Year ended December 31 2023**
Net loss attributable to owners of the Parent	-442.498
Weighted average of shares (in thousand)	3.211.186
Basic earnings per share (in Euro)	(13,23) Euro
Diluted earnings per share (in Euro)	(13,23) Euro

35. CONTINGENT LIABILITIES

Various legal and tax proceedings originating over time in the normal course of the Group's business operations are pending. According to management, none of these proceedings are likely to result in significant liabilities for which provisions do not already exist in the Consolidated Financial Statements.

36. COMMITMENTS

No Commitments to purchase property, plant and equipment and no other commitment.

37. RELATED-PARTY TRANSACTIONS

The following tables set forth the transactions and balances of the Group with related parties for the years ended December 31, 2023.

Statement of Financial Position balances and Income Statement transactions

(in thousands of Euros)	At December 31, 2023					
	Assets			Liabilities		
	Financial receivables	Trade receivables	Tax receivables	Tax liabilities	Commercial payables	Financial payables
CURA BEAUTY GMBH	-	1.858	-	-	6	-
AGROTECH SRL	-	-	-	-	11	-
MONTEFARMACO OTC SPA	-	673	-	-	55	-
NAMED SRL	-	411	-	-	-	-
SPECCHIASOL SRL	-	-	-	-	-	-
GIELLEPI SPA	-	696	-	-	2.184	-
FARMA-DERMA SRL	-	1	-	-	-	-
USA Formulations LLC	-	15	-	-	-	-
Amol Pharmaceuticals Privated Limited	-	-	-	-	1.035	-
Total	**-**	**3.653**	**-**	**-**	**3.290**	**-**

Income Statement transactions

(in thousands of Euros)	At December 31, 2023				
	Income			Expenses	
	Sales revenues	Other revenues	Interest income	Costs for Raw Materials &Services	Interest expense
MONTEFARMACO OTC SPA	8.813	184	-	93	-
CURA BEAUTY GMBH	8.477	41	-	7	-
GIELLEPI SPA	1.020	3	-	5.188	-
NAMED SRL	2.167	21	-	-	-
FARMA-DERMA SRL	305	-	-	50	-
SPECCHIASOL SRL	-	-	-	13	-
AGROTECH SRL	-	-	-	11	-
USA Formulations LLC	62	-	-	-	-
Amol Pharmaceuticals Privated Limited	-	-	-	1.595	-
	20.843	**249**	**-**	**6.957**	**-**
As a % of F/S item	6%	5%		11%	

DESCRIPTION OF THE GROUP'S RELATED PARTIES

CURA BEAUTY GMBH

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

GIELLEPI S.P.A.

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

MONTEFARMACO S.P.A.

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

NAMED S.R.L.

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

FARMA-DERMA S.R.L.

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

SPECCHIASOL S.R.L.

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

AGROTECH S.R.L.

The transations are related to some spot consumables not related to the core business.

USA FORMULATIONS LLC

Tra transactions are mostly related to management fees received on Account of Shared Service of few employees for US companies.

AMOL PHARMACEUTICALS PRIVATED LIMITED

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

38. KEY MANAGEMENT PERSONNEL COMPENSATION

The following positions are considered to comprise the Group's key management personnel: i) Group Chief Executive Officer; ii) General Manager US; iii) Chief Operations Officer; iv) Group Chief Procurement Officer; v) Group Chief Human Resources Officer vi) Group Chief Financial Officer; vii) Group Sales Director; viii) Group M&A Director; ix) Group General Counsel;
The gross compensation paid to the key management personnel totaled 5.196 thousand of Euro.

39. SUBSEQUENT EVENTS

The illustration of the situation of the company refers to the significant events that occurred after the close of the financial year up to today's date.
The Group is entering in a strategy review phase as well as manufacturing and Information and Technology process redesign in order to face international challenges. That process will oblige the Group to reinforce the management and staff composition. As of 11th March 2024 the role of Group CFO has been implemented by the introduction of Mr. Stefano Cavacini.

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