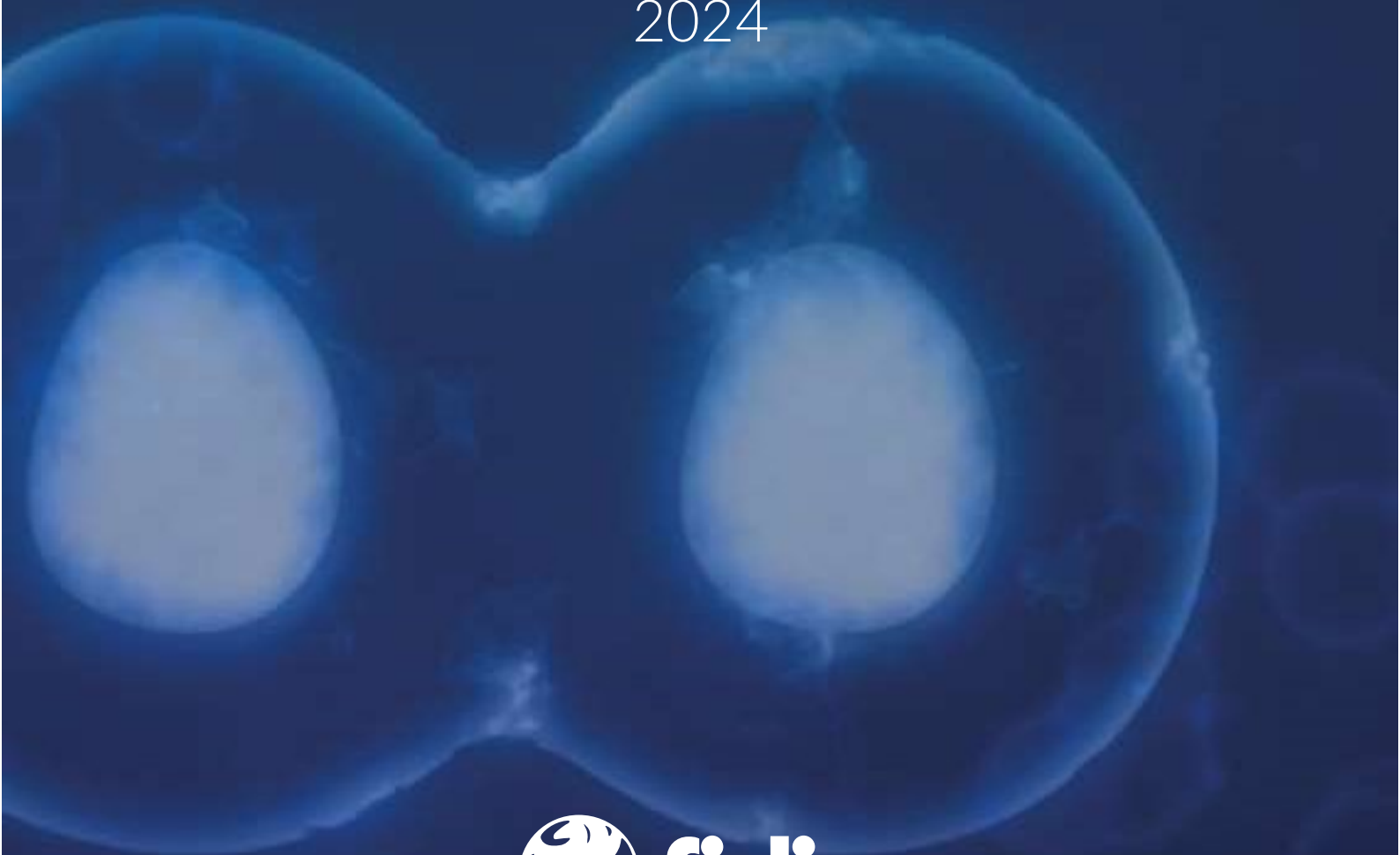
CONSOLIDATED FINANCIAL STATEMENTS

Fidia Farmaceutici S.p.A.
2024

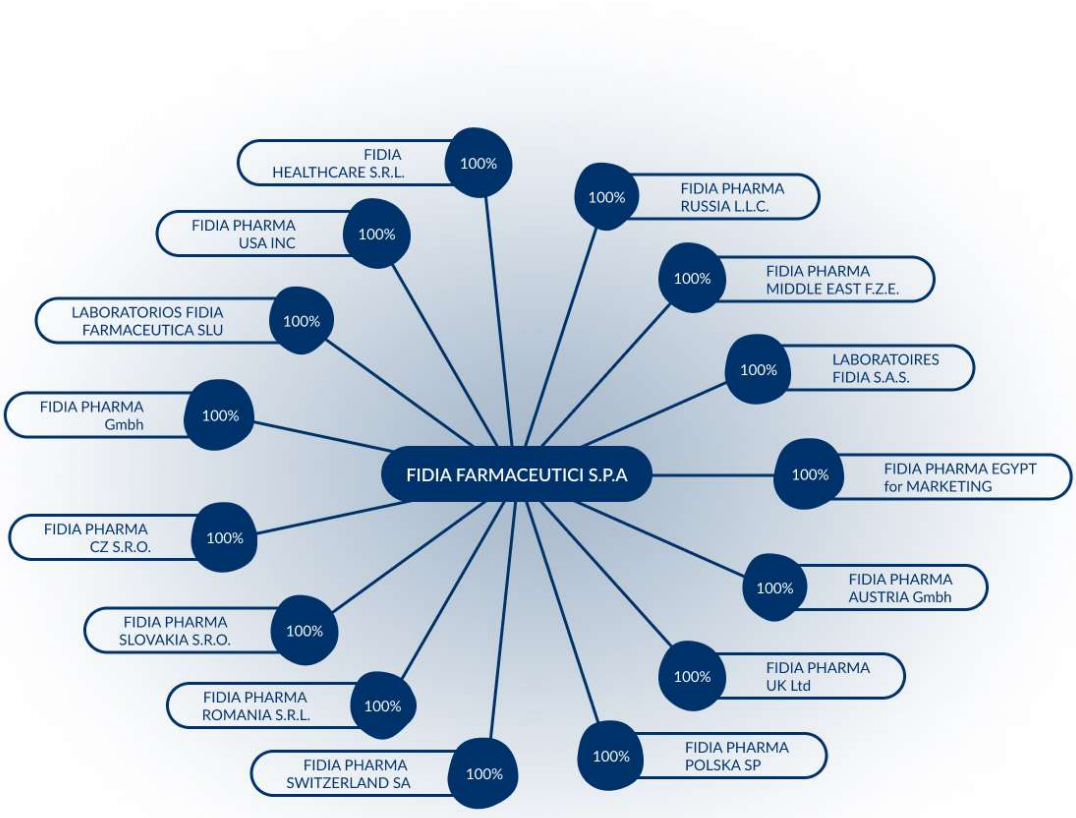


SUMMARY.

REPORT ON OPERATIONS OF THE FINANCIAL STATEMENTS as at 31 December 2024

- **THE GROUP STRUCTURE**

The chart below shows the consolidation scope as at 31.12.2024: the Parent Company Fidia Farmaceutici S.p.A. is 95.3% controlled by P&R Farmaceutici S.p.A.
Fidia Healthcare S.r.l. was included in the scope of consolidation starting from February 2024, whereas the English company, due to its non-operational status, is excluded from consolidation.



- COMPANY BODIES

Board of Directors

Carlo Pizzocaro	Chairman
Francesco Pizzocaro	Director
Claudia Adreani	Director
Giovanni Angela	Director
Paolo Rossi	Director

Board of Statutory Auditors

Mario Canevari	Chairman
Donatello Cecchinato	Standing Auditor
Luisa Savio	Standing Auditor
Daniele De Martini	Alternate Auditor
Riccardo Spadaro	Alternate Auditor

Supervisory Body

Professional Governance Overview S.r.l.	SB Member
Franco Cerritelli	SB Member
Andrea DePaulis	SB Member

Independent Auditors

KPMG S.p.A.

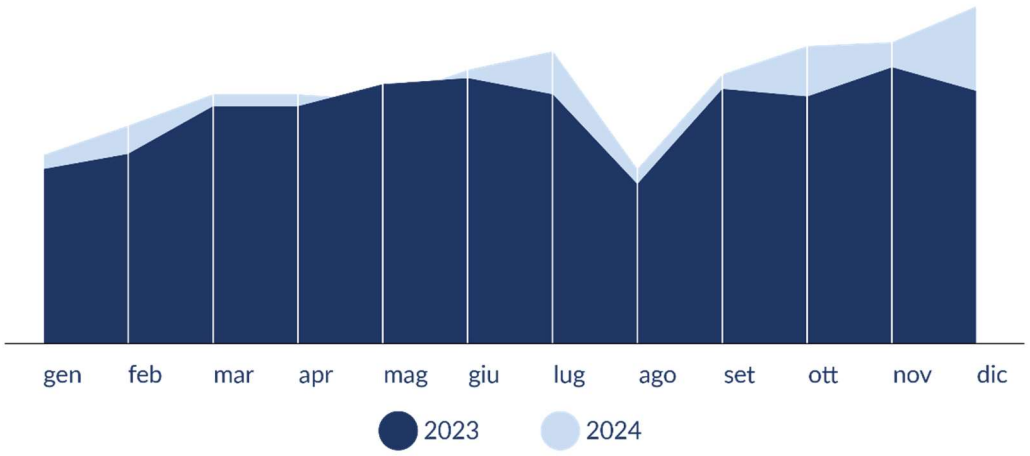
- ## OPERATIONS AND MARKETS

The Parent Company and its subsidiaries manufacture and distribute drugs, vaccines, medical devices and APIs (Active Pharmaceutical Ingredients). Reference should be made to the section of this report entitled "Overview of the Group's operations, financial trend and cash flows" for a discussion of the relevant therapeutic areas.

Fidia boasts a leadership position in the hyaluronic acid (HA) market, with approximately 1,500 patents, about 1,250 of which are focused on the production of hyaluronic acid (HA), developed over more than 60 years of experience to provide various pharmaceutical forms and usage opportunities.
To deliver a full spectrum of therapeutic solutions, HA-based products are supported by a considerable range of products featuring diverse active substances, presenting doctors and patients with an all-encompassing offering of solutions mainly in five therapeutic fields: Joint Care, Skin Care, Eye Care, Specialty Care and Primary Care.

The past financial year was characterised by fluctuating sales, with the first half seeing revenue at levels consistent with the previous year's results, where we worked towards a "destocking" of the intermediate distribution in the Italian market. However, the second half of the year saw a notably positive recovery, particularly in July and from September onwards, as can be appreciated in the following chart:

Turnover Seasonality



The 2024 financial year closes with total revenue exceeding the target of EUR 500 million, showing an increase of 10.1% compared to 2023, achieved despite ongoing international tensions that limit access to significant foreign markets

Sales growth is shown in the following table:

Thousands of Euros	2024	%	2023	%	Change	%
National	260.466	51,1	234.834	50,7	25.633	10,9
International	242.834	47,6	219.365	47,3	23.469	10,7
Total revenues from sales and services	**503.300**	**98,7**	**454.199**	**98,0**	**49.102**	**10,8**
Other revenues	6.820	1,3	9.303	2,0	(2.484)	(26,7)
Total net revenues	**510.120**	**100,0**	**463.502**	**100,0**	**46.618**	**10,1**

Italian market

Overall, 2024 witnessed a slight growth in the Italian pharmaceutical market according to IQUVIA data, showing a 1.9% increase driven by ethical products performance which averaged a 4% rise, whereas a slight decrease in the self-medication drug segment was noted.
One of the factors limiting market growth is the current financial situation, which has lowered purchasing power for medicines fully paid by citizens and has negatively impacted stock levels in the supply chain. In this market context, Fidia has managed to devise effective strategies to develop a growth trend surpassing the market by +11% (+21.1% according to IQUVIA data[1]). In particular, a strong boost to the results came from the contribution of new portfolios, especially in the eye care field where the exclusive distribution of products for glaucoma was launched and it was possible to acquire ownership of the sales of Contacta branded products.

International markets

The Group maintained its successful expansion into international markets by leveraging coverage through its direct subsidiaries and collaborating with a well-established network of distributors. Owing to this extensive reach in international markets, the performance of existing products saw an improvement (+10.7% compared to 2023), new products were launched successfully, and acquisition transactions were finalised to strengthen portfolio and territorial synergies. The noteworthy aspect was the performance of the US subsidiary which, after struggling with changes in reimbursement conditions in 2023, was able to discover effective solutions that allowed it to realise a 15% increase in growth. The performance of Europe (+19%) and MENA (+14%) was also very positive, as discussed in more detail below.

In 2024, the project to transform the organisational model and key operational processes continued, adjusting the company to the significantly increasing sales dimension through enhanced exploitation of the product portfolio, more efficient use of investments, and a direct presence in key pharmaceutical markets.
Key initiatives include a digital transformation project, engaging all overseas branches in building a global CRM platform, updating the Demand process, and boosting management teams through the inclusion of high-potential profiles and capitalising on existing talents at Fidia.

• KEY EVENTS

Corporate events

In February 2024, the parent company, Fidia Farmaceutici S.p.A., acquired full ownership of an Italian company based in Rome which operates in the distribution of contact lenses, eye drops, food supplements, and other products. The company, now called Fidia Healthcare S.r.l., operates beyond the pharmacy channel, extending into the GDO and online channels. In 2023, it achieved a market share of approximately 70% nationally for the sale of disposable contact lenses (8 million units sold) and 35% for lens solutions (according to Iqvia data).
The investment encompasses market-leading brands like Contacta® and Correct®, currently offering an extensive range of products, including daily contact lens lines for myopia, maintenance solutions, a line of natural eye drops, and a broad selection of glasses (for presbyopia, sunglasses, and bright light screen protection). These products are complemented by a range of supplements for psycho-physical well-being and the citronella and jellyfish repellent range, Respingo.
Another transaction concluded in early 2024 involved a new commercial agreement with the multinational Novartis, a leader in the development of innovative drugs, for the distribution starting as early as March 2024 of 6 ophthalmic medicinal products for the treatment of glaucoma.
The sales concession, besides enriching Fidia Farmaceutici S.p.A.'s national drug roster for major eye conditions, fortifies the collaboration with Novartis within the ophthalmology sector, following a 2019 agreement to market key products for local treatment of ocular inflammations and infections.
Furthermore, the exclusive distribution agreement with the same multinational for the Tobral and Tobradex brands in the Italian market, set to expire in September 2024, has been extended.

Through these transactions, along with the deal in the Polish market of 2023, the Fidia Group consolidates in one of the key therapeutic sectors of its portfolio, ophthalmology, striving to expand its market share both domestically and internationally.

[1] IQVIA measures sales in the pharmacy channel

In May and July, two new medium to long-term loans were secured, respectively, with a leading credit institution and Cassa Depositi e Prestiti. The total disbursed amounts equalled EUR 80 million, and the disbursement conditions are further detailed in the relevant sections of the Explanatory Notes.
In September, the Parent Company's Board of Directors authorised the subscription of a new bond issue with a major US pension institution, drawing on the available credit facility line of USD 150 million established earlier in March 2023. The new disbursement, which adds to the initial issue for an amount of EUR 50 million, thus bringing the line utilization to a total amount of EUR 70 million, was taken out to finance the M&A transaction as referenced in the following paragraph. For the drawdown conditions of the loan, please refer to the details provided in the dedicated paragraphs of the Explanatory Notes.

New business acquisition

During the reporting year, the activities related to the transfer of products acquired in 2021 from third parties continued. The initiatives aimed to bring some of the production in-house and were designed to raise the profit margin on the sale of fully processed finished goods.
During 2024, technology transfer projects for some of these products in the topical department were concluded, while transfers of some formulations in the oral solids department at the Fidia Abano site are still ongoing; for injectable products as well, third-party supplier validations are in progress, and it is planned that most of the transfers will be completed during 2025 and 2026.
In the financial statements as at 31 December 2024, EUR 5.7 million are recognised under intangible assets in progress, and EUR 0.7 million are recorded under tangible assets.
During the reporting year, a significant asset purchase deal was finalized with a major international pharmaceutical group for the acquisition of production and marketing rights of a range of gynaecological products distributed in over 34 countries. The geographical areas most covered by sales are represented by the MENA countries (particularly Egypt, Turkey, and Saudi Arabia), Asia (particularly the Philippines), and Europe. The acquisition fits into the Group's strategy of geographical expansion and enables Fidia to strengthen its presence in regions where it already operates its own commercial structures, or, in certain cases, it forms the basis for the incorporation of new subsidiaries to directly engage in areas that were previously delegated to distribution.
The acquisition was financed not only with their own funds, but also with the bond loan financing mentioned above, as well as with the establishment of a bilateral agreement with Cassa Depositi e Prestiti.

Evolution of major research projects

Pre-clinical and clinical activities for the renewal of medical devices in accordance with the new EU regulation (MDR) have continued.
Within the Joint Care area, a new treatment for osteoarthritis has finished the “early development” phase, advancing to pre-clinical development. Concurrently, the clinical development of a new HA-based product for the US market has been accomplished with the conclusion of a Pivotal study and its subsequent submission to the FDA.
Developments continued in the Oncofid-P projects for the treatment of bladder cancer, the Collagenase project for the treatment of Dupuytren's contracture and Peyronie's disease, and the HyCar project for the treatment of rheumatoid arthritis and osteoarthritis. With reference to the Oncofid project, which is already in advanced phase 3, EUR 13.8 million have been capitalised under intangible assets in progress.

Patent Box ruling

The renewal of the ruling for the 2020-2024 five-year period for intangible assets subject to the facilitation as per L. 190 23/12/2014 has not yet been finalised with the regional revenue agency with which the contradictory phases are underway. Pending finalisation of the agreement, it was not possible to estimate the tax benefit, which, therefore, has not yet been budgeted.

Decree-Law No. 146 of 21 October 2021, converted, with amendments, by law No. 215 of 17 December 2021, as subsequently amended by Law No. 234 of 30 December 2021, introduced an optional tax regime (hereinafter referred to as the “new patent box”) for business income holders that provides for a super-deduction, for IRES and IRAP purposes, equal to 110% of the research and development costs incurred in relation to software protected by copyright, industrial patents, designs and models used directly or indirectly in the performance of their business activities. The Provision of the Director of the Revenue Agency of 15 February 2022 subsequently defined the implementing provisions and the ways for exercising the option (ref. Circular AdE 5/E/2023). This option is valid for five years and is irrevocable and renewable.

During the financial year, a reporting activity was initiated in compliance with the legal provisions relating to the new patent box, which resulted in a recovery of the higher taxes paid during the 2023 financial the year in the amount of EUR 650 thousand accounted for in contingent assets in the income statement.

Introduction of medical device payback regulations

The payback on medical devices was introduced by Art. 9-ter of the D.L. of 19 June 2015 No.78 converted into Law 125/2015. During 2022, the implementing decrees were issued with the publication, in the O.J. on 15/09/2022, of the decree of the Ministry of Health and the Mef certifying the exceeding of the expenditure ceiling for medical devices for the years 2015-2018. Following this decree, the regions issued the relevant measures with which the supplier companies were notified of the amounts to be paid for the expenditure overruns, for the years 2015-2018. The Parent Company challenged the measure, on the basis of an initiative coordinated by several companies in the sector, by appealing to the Regional Administrative Court (TAR) of Lazio.
With Decree Law 34/2023, the government introduced a 52% discount on the 2015-2018 overrun costs for companies, on condition that they waive litigation; moreover, the request to exclude VAT from the allowance calculation was approved.
With various decrees, moreover, the government extended the deadlines for "facilitated" payments until 30 November 2023 (DL 1321/2023); on 24 November 2023, the Lazio Regional Administrative Court issued an order referring the constitutional legitimacy issues of the payback legislation to the Constitutional Court.
On 22 July 2024, the Constitutional Court, through rulings no. 139 and 140, upheld the payback mechanism, citing the proportionality of the solidarity contribution for all participating companies, which were granted a 52% discount (period 2015-2018), and that all companies were aware since 2015 that the agreed sale price could incur a payback obligation.
From a procedural perspective, at this stage, judgments will resume before the Administrative Regional Court (early 2025), which can subsequently be appealed to the Council of State (early 2026). Unless there is an appeal to the European Court of Justice, which can be initiated by the Administrative Regional Court or the Council of State for preliminary questions on the compatibility of payback regulations with EU standards; alternatively, the only remedy is to hope for a political solution to change the payback provisions.
In light of the above, the Parent Company has decided to suspend the payment of the contribution to the Regions pending further developments. The potential risk is reflected in the financial statement and is provisioned for in a risks fund amounting to EUR 1.3 million; please refer to the notes to the financial statement for more details.

Operating activities

The Parent Company, Fidia Farmaceutici S.p.A., with registered office in Abano Terme (PD), carries out its operations at 5 operating facilities: Abano Terme (PD) - Via Ponte della Fabbrica 3/A, Noto (SR) - Contrada Pizzuta, Paderno Dugnano (MI) - Via Ampere 19/21 and Monte Giberto (FM) - Via del Lavoro, 2/4, Milan - Via Vegezio 17 representative office.

The Abano Terme (PD) plant covers an area of 215,000 m^2 and produces both APIs (mainly hyaluronic acid) and finished products in various pharmaceutical forms (injectable and sterile lyophilised, solid oral, topical, etc.). In particular, the following are produced: vials, small bottles and pre-filled syringes, multi-dose and single-dose eye drops, topical products (creams, gels, ointments, and wet gauze), oral solids (tablets and capsules), active pharmaceutical ingredients (APIs) obtained from tissues and by fermentation. The site has also been producing lyophilised vaccines for third parties for years. During the financial year, the following were achieved:

- beginning of the installation operations for the new trigeneration system, investments in enhancing the workplace and acquisition of equipment concerning health and safety;
- AIFA authorisation of the new topical unit for the manufacturing of Flubason and Dermatop, anti-inflammatory products containing corticosteroids, with the consequent start of commercial production in Q4 2024;
- consolidation of the production of all pharmaceutical forms, with some significant additions relating to the production of vaccine vials;
- completion of validation batches to support the initiation of the authorisation process with AIFA for the Vaccine production unit in isolator technology;
- commissioning of a new filling line for syringes and vials dedicated to high-viscosity liquids, ensuring products that meet the market's quality standards more effectively, particularly in the field of high-viscosity aesthetic and osteoarticular medicine.

Paderno Dugnano plant

The Paderno Dugnano (MI) facility, with an area of 7,500 m², produces oral and cutaneous drug delivery systems (impregnated matrices, medicated patches, oral dissolvable films).
The site also features lines for the impregnation/primary packaging of gauzes, for liquid dispensing (solutions, foams and sprays), and for topical use products (creams, cosmetic ointments, patches and plasters).
The facility is authorised by AIFA and holds the GMP certification; the quality system is also certified under ISO 9001, ISO 22716 and ISO 13485. The facility is also authorised for the production of food supplements in solid form.
During the financial year, the following were achieved:

- increased production of the main pharmaceutical forms of medicated plasters (medicinal products), disinfectant gauzes (medical devices), creams and ointments (cosmetics);
- installation of an additional production line for primary and secondary packaging of medicated plasters to support the existing one;
- commencement of works for the preparation of production premises for the introduction of the complete line for the manufacture of lip balm sticks for cosmetic use.

Noto plant

The plant includes a production plant and a research laboratory covering an area of 6,000 m².
The facility specialises in studying the production processes of new enzymes, proteins and polysaccharides by fermentation or through biotechnological processes, using non-pathogenic strains.
The site has been authorised by AIFA since 2013 for the production of active pharmaceutical ingredients, with the latest AIFA inspection carried out on 27-29 March 2023.

During the financial year, the following were achieved:

- completion of the qualifications and process validations for the new department dedicated to bulk lyophilisation of the active pharmaceutical ingredient collagenase, followed by the submission and receipt of AIFA authorisation, as per API decree - **141/2024 of 19/07/2024**;
- acquisition of an adjoining historical building (1600 sqm with an attached agricultural land area of 27,500 sqm) which will be renovated to accommodate offices, meeting rooms, and laboratories, thus freeing up space for the establishment of new production departments.

Monte Giberto plant

The plant in Monte Giberto (FM) produces medical devices (sterile gauze for periocular cleansing) and performs primary and secondary packaging of food supplements (tablets and soft capsules).
The building has a capacity of 1,800 pallets, where drugs, medical devices and food supplements are stored for later distribution.
The plant is authorised for the wholesale distribution of medicinal products for human use, pursuant to Articles 100 and 108 of Legislative Decree No. 219/2006 and subsequent amendments and supplements.

During the financial year, the following were achieved:

- receipt and authorisation to produce, in a new area, the soaking solution for the product Iridium Bulk;
- in-house execution of analytical and microbiological control activities within the new laboratories;
- beginning of validation activities for the insourcing of a new intraocular medical device;
- introduction of new work schedules.

- OVERVIEW OF FINANCIAL OPERATIONS AND PERFORMANCE OF THE GROUP

Consolidated net revenues

Consolidated net revenues came to EUR 510,120 thousand in 2024, a growth of some 10.1% over 2023.
Net revenues include revenues from the sale of products and services for EUR 503,300 thousand and other revenues for EUR 6,820 thousand mainly referring to miscellaneous income, indemnities and tax credits.
Revenues from products and services broken down by geographical macro-area are shown below:

Consolidated revenues by geographical area

Thousands of Euros	2024	%	2023	%	Change	%
ITALY	260.466	51,8	234.834	51,7	25.633	10,9
EUROPE	120.438	23,9	106.024	23,3	14.413	13,6
MENA	24.604	4,9	21.632	4,8	2.972	13,7
USA	62.269	12,4	54.342	12,0	7.927	14,6
RoW	35.523	7,1	37.367	8,2	(1.843)	(4,9)
Total revenues from sales and services	**503.300**	**100,0**	**454.199**	**100,0**	**49.102**	**10,8**

Growth at prevailing exchange rates was negatively impacted by currency fluctuations, primarily concerning the Ruble and the CZK (resulting in a negative impact of EUR 715 thousand). Excluding this effect, overall revenue growth would have stood at 10.2%.
All key geographical areas exhibited substantial growth, with Europe leading the way, thanks to turnover from the acquisition of new products during the year and the expansion of the existing portfolio in markets like Spain and Romania. In contrast, Germany saw a decline in sales due to uncontrolled parallel import phenomena, along with the Czech Republic and Slovakia following the termination of distribution agreements for non-lucrative third-party products.
In the USA, growth was driven by the sales of the historic Joint Care products and the performance of PRP (regenerative therapeutic area).

Net revenues by therapeutic area are set out below:

Consolidated revenues by therapeutic area

Thousands of Euros	2024	%	2023	%	Change	%
JOINT CARE	162.066	32,2	163.797	36,1	(1.731)	(1,1)
EYE CARE	121.009	24,0	93.052	20,5	27.957	30,0
SKIN CARE	63.315	12,6	62.107	13,7	1.207	1,9
PRIMARY CARE	54.085	10,7	54.928	12,1	(843)	(1,5)
OTHER	61.565	12,2	44.640	9,8	16.925	37,9
CMO & API	39.565	7,9	34.250	7,5	5.315	15,5
FEES / COMPENSATIONS	1.695	0,3	1.425	0,3	270	18,9
Total revenues from sales and services	**503.300**	**100,0**	**454.199**	**100,0**	**49.102**	**10,8**

Nearly all therapeutic areas are seeing strong double-digit growth, with significant contributions from the Eye Care and Specialty Care areas, thanks to the acquisition of new portfolios, and from the Aesthetic Care sector as a result of marketing initiatives in countries like Italy and Spain. The regenerative line's growth has been noteworthy, buoyed by robust promotional efforts in markets such as Italy, the EU, and the USA.
Sales of Joint Care fell short compared to last year, with underwhelming performance in Italy and Germany attributed to ongoing uncontrolled parallel trade activities, counterbalancing the strong results in markets such as the United States. Moreover, the divestment of non-strategic third-party businesses in the Czech Republic and Slovakia also affected the performance.

Key consolidated income statement figures

Thousands of Euros	2024	%	2023	%	Change	%
Net revenues	510.120	100,0	463.502	100,0	46.618	10,1
Cost of goods	(200.087)	(39,2)	(176.751)	(38,1)	(23.336)	13,2
Industrial Margin	**310.033**	**60,8**	**286.751**	**61,9**	**23.282**	**8,1**
Commercial	(150.063)	(29,4)	(141.225)	(30,5)	(8.838)	6,3
R&D	(29.285)	(5,7)	(26.208)	(5,7)	(3.077)	11,7
G&A	(63.039)	(12,4)	(54.879)	(11,8)	(8.160)	14,9
Others	1.340	0,3	1.983	0,4	(643)	(32,4)
Operative costs	**(241.047)**	**(47,3)**	**(220.329)**	**(47,5)**	**(20.718)**	**9,4**
Ebit	**68.986**	**13,5**	**66.422**	**14,3**	**2.564**	**3,9**
Net financial income (charges)	(5.299)	(1,0)	(4.350)	(0,9)	(949)	21,8
Ebt	**63.687**	**12,5**	**62.072**	**13,4**	**1.615**	**2,6**
Tax	(21.571)	(4,2)	(16.836)	(3,6)	(4.735)	28,1
Net profit for the year	**42.117**	**8,3**	**45.236**	**9,8**	**(3.120)**	**(6,9)**
Amortisation and depreciation and write-off	(28.527)	(5,6)	(23.991)	(5,2)	(4.536)	18,9
EBITDA	**97.513**	**19,1**	**90.413**	**19,5**	**7.100**	**7,9**

Breakdown of operating and employee costs

Thousands of Euros	2024	%	2023	%	Change	%
Personnel expenses	(121.740)	(23,9)	(112.772)	(24,3)	(8.968)	8,0
Operating costs	(115.511)	(22,6)	(107.861)	(23,3)	(7.650)	7,1
Variable sales costs	(24.784)	(4,9)	(21.117)	(4,6)	(3.667)	17,4
Personnel costs Capitalization	2.834	0,6	2.559	0,6	275	10,7
Total	**(259.201)**	**(50,8)**	**(239.191)**	**(51,6)**	**(20.010)**	**8,4**

Key consolidated balance sheet figures

Thousands of Euros	2024	2023	Change
Non-current assets	482.988	300.264	182.724
Operating Working capital	169.882	138.789	31.093
Defined benefit plans	(14.000)	(16.550)	2.550
Other assets/liabilities	(35.492)	(26.184)	(9.308)
Net invested capital	**603.378**	**396.319**	**207.059**
Net financial debt	(273.998)	(103.646)	(170.352)
Equity	**329.380**	**292.673**	**36.707**

Breakdown of net financial position

Thousands of Euros	2024	2023	Change
Cash and cash equivalents	47.655	140.428	(92.773)
Short and Long-term financing	(192.837)	(164.844)	(27.993)
IFRS 16	(8.727)	(9.084)	357
Other financial debts	(746)	(887)	141
Bonds	(119.343)	(69.259)	(50.084)
Net financial debt	**(273.998)**	**(103.646)**	**(170.352)**

Breakdown of working capital

Thousands of Euros	2024	2023	Change
Trade receivables and other current assets	148.997	126.629	22.368
Inventory	89.686	69.291	20.395
Trade payables and other current liabilities	(68.801)	(57.131)	(11.670)
Operating Working capital	**169.882**	**138.789**	**31.093**
% on revenues	*33,3%*	*29,9%*	
Other assets/liabilities	(35.492)	(26.184)	(9.308)
Total Net Working capital	**134.390**	**112.605**	**21.785**

Key consolidated financial statement ratios

Index	2024	2023	Change
ROS (1)	13,5%	14,3%	-0,8%
ROI (2)	11,4%	16,8%	-5,3%
ROE (3)	12,8%	15,5%	-2,7%
Inventory turnover (4)	2,5	2,9	(0,3)
Average DSO (5)	99	89	10
Average DPO (6)	78	85	(7)
Tax rate (7)	-33,9%	-27,1%	-6,7%
Leverage (8)	2,8	1,1	1,7

Note: for a description of the indices, see page 13

Condensed consolidated cash flow statement

Thousands of Euros	2024	2023
Net profit for the year	**42.117**	**45.236**
Gross profit for the year (1)	**95.901**	**92.071**
Income taxes and interest paid	(21.724)	(10.534)
Cash flows from changes in net working capital	(32.533)	(47.230)
Cash flows from operating activities (A)	**41.644**	**34.307**
Cash flows used in investing activities (B)	(210.023)	(38.335)
Cash flows from financing activities (C)	75.606	(26.074)
Cash flow from A+B+C	**(92.773)**	**(30.102)**
Opening cash and cash equivalents	140.428	170.530
Closing cash and cash equivalents	**47.655**	**140.428**

(1) Profit for the year net of depreciation, amortisation and write-downs, provisions, financial expenses (income), taxes and disposal of fixed assets.

- ## OVERVIEW OF FINANCIAL OPERATIONS AND PERFORMANCE OF THE PARENT COMPANY

The data below refer to the financial statements data of the Parent Company Fidia Farmaceutici S.p.A. according to the national accounting OIC standards.

Revenues by type

Thousands of Euros	2024	%	2023	%	Change	%
Revenues from third parties	363.039	80,4	335.801	83,8	27.238	8,1
Revenues from group companies	72.178	16,0	48.118	12,0	24.060	50,0
Total revenues from sales and services	**435.217**	**96,4**	**383.919**	**95,8**	**51.298**	**13,4**
Other revenues	16.241	3,6	16.881	4,2	(640)	(3,8)
Total net revenues	**451.458**	**100,0**	**400.800**	**100,0**	**50.658**	**12,6**

Revenues by geographical area

Thousands of Euros	2024	%	2023	%	Change	%
ITALY	252.284	58,0	234.833	61,2	17.451	7,4
EUROPE	93.198	21,4	77.611	20,2	15.587	20,1
MENA	24.519	5,6	21.589	5,6	2.930	13,6
USA	26.971	6,2	15.173	4,0	11.798	77,8
RoW	38.245	8,8	34.713	9,0	3.532	10,2
Total revenues from sales and services	**435.217**	**100,0**	**383.919**	**100,0**	**51.298**	**13,4**

Key income statement figures

Thousands of Euros	2024	%	2023	%	Change	%
Net revenues	**451.459**	**100,0**	**400.800**	**100,0**	**50.659**	**12,6**
Consumption of materials and change in inventory	(152.474)	(33,8)	(132.131)	(33,0)	(20.343)	15,4
Variable sales costs	(10.134)	(2,2)	(10.176)	(2,5)	42	(0,4)
Operating costs	(94.773)	(21,0)	(94.381)	(23,5)	(392)	0,4
Personnel expenses	(88.502)	(19,6)	(83.407)	(20,8)	(5.095)	6,1
EBITDA	**105.575**	**23,4**	**80.705**	**20,1**	**24.870**	**30,8**
Amortisation and depreciation	(41.446)	(9,2)	(37.045)	(9,2)	(4.401)	11,9
EBIT	**64.129**	**14,2**	**43.660**	**10,9**	**20.469**	**46,9**
Net financial income (charges)	489	0,1	1.010	0,3	(521)	(51,6)
EBT	**64.619**	**14,3**	**44.671**	**11,1**	**19.948**	**44,7**
Tax	(19.051)	(4,2)	(13.472)	(3,4)	(5.580)	41,4
Net profit for the year	**45.568**	**10,1**	**31.199**	**7,8**	**14.368**	**46,1**

Key balance sheet figures

Thousands of Euros	2024	2023	Change
Non-current assets	435.486	257.457	178.029
Operating Working capital	159.743	126.892	32.851
Defined benefit plans	(14.835)	(14.788)	(46)
Other assets/liabilities	(17.807)	(18.548)	741
Net invested capital	**562.587**	**351.012**	**211.575**
Net financial debt	(269.152)	(96.709)	(172.443)
Equity	**293.435**	**254.303**	**39.132**

Breakdown of net financial position

Thousands of Euros	2024	2023	Change
Cash and cash equivalents	38.162	96.730	(58.568)
Current financial assets/liabilities	4.865	40.664	(35.799)
Long-term financing	(128.153)	(113.312)	(14.841)
Short-term financing	(64.683)	(51.532)	(13.151)
Bonds	(119.343)	(69.259)	(50.084)
Net financial debt	**(269.152)**	**(96.709)**	**(172.443)**

Breakdown of working capital

Thousands of Euros	2024	2023	Change
Trade receivables and other current assets	149.823	119.092	30.731
Inventory	81.579	65.752	15.827
Trade payables and other current liabilities	(71.659)	(57.952)	(13.707)
Operating Working capital	**159.743**	**126.892**	**32.851**
% on revenues	*35,4%*	*31,7%*	
Other assets/liabilities	(17.807)	(18.548)	741
Total Net Working capital	**141.936**	**108.344**	**33.592**

Main financial statement ratios

Index	2024	2023	Change
ROS (1)	14,2%	10,9%	3,3%
ROI (2)	11,4%	12,4%	-1,0%
ROE (3)	15,5%	12,3%	3,3%
Inventory turnover (4)	2,1	2,3	(0,3)
Average DSO (5)	109	100	8
Average DPO (6)	92	96	(4)
Tax rate (7)	-29,5%	-30,2%	0,7%
Leverage (8)	(2,5)	1,2	(3,7)

(1) "Return on Sales" (ROS) is the ratio of operating profit (loss) to revenues.
(2) "Return on Investment" (ROI) is the ratio of operating profit (loss) to Net Invested Capital.
(3) "Return on Equity" (ROE) is the ratio of net profit (loss) for the financial year to shareholders' equity.
(4) Inventory turnover is the ratio of (i) purchases of raw materials, consumables and goods and changes in inventory, to (ii) the average closing inventory of the previous financial year and the closing inventory at the reporting date. This ratio is multiplied by 365.
(5) DSO is calculated as the ratio of (i) average trade receivables at the end of the previous financial year and trade receivables at the reporting date, to (ii) revenues. This ratio is multiplied by 365.
(6) DPO is calculated as the ratio of (i) average trade payables at the previous financial year end and trade payables at the reporting date, to (ii) the sum of purchases of raw materials, consumables and goods plus changes in inventory plus services.
(7) The Tax Rate is the ratio of income taxes to pre-tax profit (loss).
(8) "Leverage" is calculated as the ratio between (i) Net Financial Position and (ii) EBITDA.

Condensed cash flow statement

Thousands of Euros	2024	2023
Net profit for the year	**45.568**	**31.199**
Gross profit for the year (1)	**109.791**	**82.810**
Other adjustments	(16.612)	(4.524)
Cash flows from changes in net working capital	(46.377)	(37.933)
Cash flows from operating activities (A)	**46.801**	**40.353**
Cash flows used in investing activities (B)	(180.446)	(24.772)
Cash flows from financing activities (C)	75.077	(28.802)
Cash flow from A+B+C	**(58.567)**	**(13.221)**
Opening cash and cash equivalents	96.730	109.951
Closing cash and cash equivalents	**38.162**	**96.730**

(1) Profit for the year net of depreciation, amortisation and write-downs, provisions, financial expenses (income), taxes and disposal of fixed assets.

- **HUMAN RESOURCES AND WORKFORCE**

In 2024, global initiatives aimed at organisational change continued, with a particular focus on corporate values and issues of diversity, equity, and inclusion, as well as consolidating the Group's international vocation through the harmonisation of numerous processes and the development of systems.

Recruitment, training and development

In Italy, a total of 154 individuals were hired across the sites in Abano Terme, Noto, Paderno Dugnano, Monte Giberto, and in the Milan Unit.
At the Abano Terme site, 131 people were hired over the course of the year (8 middle managers, 81 white collars, and 42 blue collars), compared to 105 employees who left the company (some of whom departed during the probationary period or resigned due to retirement).
The induction of the new hires involved all corporate areas.
In the other Fidia locations around the world, 134 people were hired (79 in Europe and 55 in the rest of the world, some of whom left during the probationary period).

The development of Fidia's human capital continued with actions aimed at the entire corporate population.
In order to continue working on the development of people managers and managers of managers, the advanced training programme that was initiated in previous years has been completed, aimed at equipping them with the necessary skills to more effectively manage the entire employee lifecycle within the company. The course, divided into 5 modules of 2 hours each (employment relationship management, selection and recruitment, performance measurement, merit-based policies and personnel budgeting), has been completed in 2024 with the addition of an extra module on coaching.
An experimental edition of an advanced training course, jointly developed with a representative sample from the managerial cohort, was introduced for people managers and managers of managers. This course was designed to offer managers a platform for dialogue on the Fidia leadership model and the resources available for effective team management. Leveraging the feedback from participants in this pilot edition, a total of four more editions were held, which collectively involved 70 managers.

In partnership with the CUOA Business School, an advanced management development course was organised and delivered, participated by 8 coworkers, structured into 3 modules (strategic thinking, economics for decisions, digital & innovation approach) and included a final company business case study.

Coaching sessions run by internal coaches continued during the year for colleagues who requested them; the training of internal coaches in English was completed, leading to the certification of 5 colleagues from 4 countries.

As part of the far-reaching change management project underway, initiatives continued to engage the entire corporate population, both in Italy and abroad, aimed at creating the new Fidia Organisational Culture and enhancing people development.
In particular, 26 induction meetings for new hires were organised, both in Italy and abroad, to facilitate the integration of new employees into the company and its new organisational culture.
Additionally, for the new recruits, 5 meetings were organised with the CEO, providing an opportunity for individuals to interact with the corporate leadership and share their feedback and impressions on the company's environment.
During the year, six Development Centres were launched, functioning as experiential workshops designed to explore the potential of individuals.

In addition, in the area of Operations, a course dedicated to the new position of Shift Manager was organised and held, which was attended by 13 people.

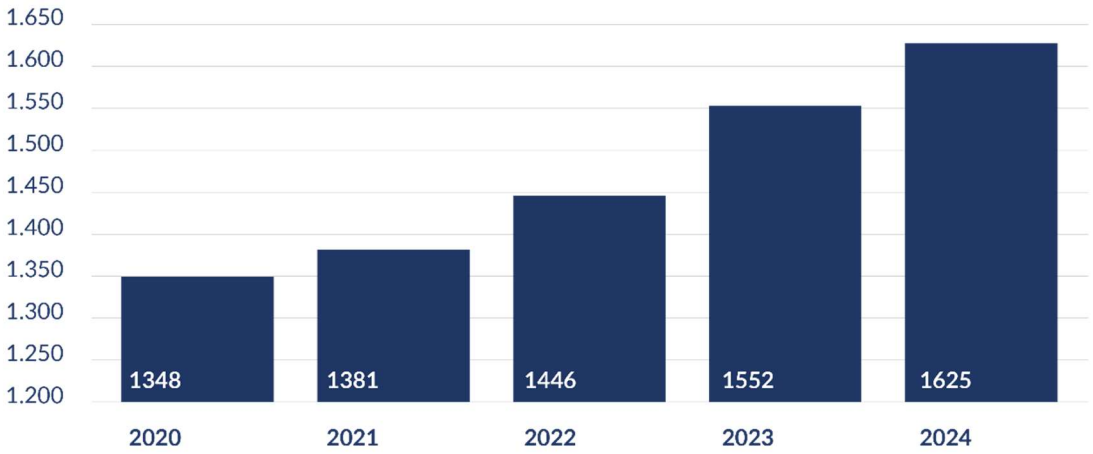
Finally, the first Global Employees Wellbeing Survey was conducted in October, with the aim of ascertaining the level of organisational wellbeing perceived by people in the company, with 77% of the global population participating.
The survey results will be discussed with the Management Team to define action plans aimed at continuous improvement, which will be carried out over the course of 2025.

Across all non-Italian jurisdictions in which Fidia operates, the payroll system harmonisation process has been finalised. This aims to enhance control and approval processes and establishes the foundation for a cohesive system to monitor labour expenses and budgeting. Furthermore, a standardised auditing approach has been launched on payroll and people management processes, set to be replicated in future years at defined intervals across all branches globally.

Diversity and Inclusion were the focus of the first D&I week held in the first week of March, co-designed with the D&I volunteer team with the participation, both in-person and online, of almost 80% of the company's population, testifying to the importance and sensitivity of the topics discussed. Throughout the week, thematic meetings centred on aspects of diversity, such as diversity as an asset, ageism, physical diversities, neurodiversity, and gender. These discussions included testimonies from within and outside the company. Additionally, participants embarked on individual reflection journeys, beginning with awareness of their biases and leading to the creation of a concrete plan to integrate diversity into their daily work.
After achieving the gender equality certification, UNI/PDR 125:22 2024, a surveillance audit was conducted as per the established procedure, concluding without any non-conformities and achieving a score of 82.75/100, which is over 4 points higher than the already favourable result obtained in 2023. This signifies for the Company a substantial and challenging commitment to its continued improvement and maintenance in the years to follow.

The growth trend of the Group's resources over the last years is as follows:

Group organic trend



Fidia group's workforce by gender and average age

	Female		Male		Total	
	Workforce	Average age	Workforce	Average age	Workforce	Average age
Italy	614	41,5	617	44,5	1.231	43,0
International	195	43,1	199	43,8	394	43,4
Total	**809**	**41,9**	**816**	**44,3**	**1.625**	**43,1**

The average age remained constant, as did the gender breakdown compared to last year.

Industrial relations

In 2024, the positive trend in industrial relations was reaffirmed, marked by ongoing and constructive dialogue across all levels and company sites. Such a collaborative atmosphere has allowed for the signing of a variety of agreements, leading to tangible enhancements for the Company and all its employees.
In particular, the Corporate Supplementary Collective Agreement was renewed, with a significant impact on all employees with a focus on improving productivity. This renewal was preceded and followed by a series of agreements aimed at addressing sector-specific needs that emerged during the year.
Throughout the meetings, the groundwork was also laid for an additional acceleration of collaboration, especially regarding employee welfare.

- ENVIRONMENT

The environment is one of the fundamental pillars of the sustainability strategy pursued by the United Nations and the European Union with well-defined global goals and community directives, and Fidia Farmaceutici S.p.A. recognises the importance of transitioning towards an economy attentive to responsible resource consumption. It is fully aware of the impacts that their organisation has on the natural environment and the importance of playing an active role in this process of change.

Always attentive to the punctual compliance with the EU, national, local and specific regulatory context in which their local units are placed and to its evolution over time, especially in the environmental sphere, the Fidia Farmaceutici Group has embarked on a path of awareness and continuous improvement that, over time, has led it to voluntarily introduce important tools, such as a specific Health, Safety and Environment Policy, adhesion to the Responsible Care programme of Federchimica for the sustainable development of the Chemical Industry and an Environmental Management System for the Abano Terme Head Quarter certified according to the ISO 14001 standard.

During the recent re-evaluation of the Sustainability Rating conducted via the Ecovadis platform, Fidia Farmaceutici confirmed its Bronze medal award by scoring 80 out of 100 points on environmental issues.

Climate change

Fidia Farmaceutici's impact on climate change is due to the consumption of natural gas and diesel for the operation of production facilities, lighting, and air conditioning of the work environments in the various plants, and the fuel consumption of company vehicles primarily used by the sales force.
The annual variation in energy consumption and the resulting greenhouse gas emissions is therefore essentially influenced by production volume, which is why Fidia Farmaceutici looks to the emission intensity index on the turnover produced as the main parameter for assessing their contribution to combating climate change.

In 2024, thanks to the procurement of 100% electricity from renewable sources covered by Guarantees of Origin and the careful management of plants, Fidia achieved an **8% reduction in Total Emissions** (direct + indirect) in terms of tonnes of CO_2 compared to the previous year and a **17% reduction in the Emission Intensity Index,** decreasing from 44.721 tonCO_2/MEUR emitted in 2023 to 37.145 tonCO_2/MEUR emitted in 2024.
The tables below provide a comparison with the previous year's data, summarising the direct and indirect energy consumption and greenhouse gas emissions for the four production facilities, calculated in an aggregated manner, in accordance with the new ESRS standards.

Internal direct energy consumption	u.m.	2024	2023
Total direct energy consumption	Gj	345.598	336.371
From non-renewable sources			
Natural gas (diesel oil used in the owned plant)	m3	7.720.247	7.515.096
Diesel oil	l	47.097	43.500
LPG	kg	650	866
From company vehicles			
Petrol	l	40.704	31.446
Diesel oil	l	838.719	854.012
LPG	kg	0	16

Indirect internal energy consumption by source type	u.m.	2024	2023
Total indirect energy consumption	Gj	76.625	63.572
Electricity	kWh	21.284.648	17.658.960
From non-renewable sources	kWh	0	9.872.773
From renewable sources	kWh	21.284.648	7.786.187
Overall energy status	TEP	11.228	10.381

Direct energy emissions by source (Scope 1)	u.m.	2024	2023*
Total direct energy emissions	t. CO2e	19.018	18.705
From non-renewable sources:			
Natural gas (diesel oil used in the owned plant)	t. CO2e	15.920	15.280
Diesel oil	t. CO2e	118	108
LPG	t. CO2e	2	3
Other (e.g. coal, etc.)	t. CO2e	785	1.132
From company vehicles:			
Petrol	t. CO2e	85	66
Diesel oil	t. CO2e	2.108	2.117
LPG	t. CO2e	0	0

Indirect energy emissions by source (Scope 2)	u.m.	2024	2023
Total indirect energy emissions	t. CO2e	0	2.024
Electricity			
From non-renewable sources	t. CO2e	0	2.024

Greenhouse gases (GHG) emissions intensity	u.m.	2024	2023
Total emissions (direct + indirect)	t CO2e	19.018	19.596

** 2023 data recalculated based on actuals for the introduction of emissions from greenhouse effect refrigerant gases.*

Water resources

Water is a critically important resource in the realm of pharmaceutical production, necessary for the production of steam required for thermostatisation and sterilisation, for creating ultrapure water appropriate for contact with both the product and the production reactors, for the cleaning of equipment, for utility cooling, and for all technical and civil uses connected to the running of the facilities.

Fidia Farmaceutici is conscious of the importance of the judicious use of this resource, particularly in the region where its manufacturing facilities are situated, which ranks at a medium-high level of water risk and stress. For this reason, the organisation has committed to optimising water usage according to its production needs, **achieving a 19% reduction in total consumption**, considered as the difference between water withdrawn and water returned to the environment (sewerage, surface water bodies and soil discharge), and **a 27% reduction in the Water Intensity Index**, moving from 222 m^3/MEUR consumed in 2023 to 162 m^3/MEUR consumed in 2024.

Internal water resource reuse amounts to 5.5% of the total water extracted, as it was in the year 2023.

The table below provides a comparison with the previous year's data, summarising the water consumption for the four production facilities, calculated in an aggregated manner, in accordance with the new ESRS standards.

Water resources	u.m.	2024	2023
Total water consumption	m3	83.001	103.003
Total water withdrawal (municipal water + well)	m^3	322.507	267.200
Total water discharge (sewage, water body, soil)	m^3	239.506	164.197

- **OCCUPATIONAL HEALTH AND SAFETY**

Each facility of Fidia Farmaceutici S.p.A. aligns with the principles outlined in the Group's Health, Safety and Environment Policy.
Fidia Farmaceutici S.p.A. is constantly striving to build a collaborative and inclusive work environment that is goal-oriented and supports the development of people, through the sharing of a common corporate culture whose core values of connection, simplicity and positive energy contribute daily to promote proactivity and engagement in the prevention and continuous improvement of workers' safety, health, and physical and mental wellbeing.
Aware that the company's development depends on the growth of its people, Fidia has outlined a long-term course that transcends the traditional aspects of making life easier for employees inside and outside the company. Instead, it focuses on constructing and sharing a new collaborative leadership model that enhances everyone's skills. Leadership for people is a widespread value; everyone is asked to be a guide in their role and to take responsibility for what they do. Through example, the culture of health and safety is promoted and disseminated, emphasising the importance of adhering to regulations and continuously monitoring all significant aspects.
Fidia provides its employees with suitable and properly maintained work equipment and methods, as well as the collective and personal protective equipment made available by technical and scientific progress.
The importance of ensuring health and safety in all the Group's workplaces, believing that compliance with applicable legislation and agreements is fundamental, forms the basis of Fidia's way of doing business. This is achieved through awareness and adequate training of all workers, so they can act responsibly to prevent accidents and occupational diseases.
At Fidia's sites, a process is in place for reporting, analysing the causes, and implementing corrective actions for accidents, injuries, and near-misses or near-accidents.
The Company depends on external providers for medical services. By appointing qualified Occupational Health Physicians and the coordinating Occupational Health Physician pursuant to the applicable laws, general medical monitoring is conducted at the workplace to address both general and specific risks that employees might potentially face.
At the various production sites and at the institutional office in Milan, at least once a year, as required by current national legislation:

- the company doctor performs a general inspection accompanied by the prevention and protection officer, and updates the health protocol;
- the members of the corporate prevention system (the employer, officers, employees' safety representatives, the company doctor and the prevention and protection officer) attend the periodic meeting required by Legislative Decree 81/2008.

Training

The Fidia Group encourages its people to fully develop their potential, believing in their value and commits to helping them evolve by investing in the best training and professional growth for everyone, from everyone.
Education, information and training of personnel are pivotal in strengthening and disseminating the culture of occupational safety, a fundamental value and an integral part of the employee's professional development and continuing education.
Such training on aspects of health and safety at work, as defined by the specific State-Regions Agreements in the matter, is intended as an educational process through which to transfer to the workers and other subjects of the corporate prevention and protection system, knowledge and procedures useful for acquiring skills for the safe performance of their respective tasks in the company, and for the identification, reduction, and management of risks, is regularly programmed and implemented based on the needs of the workers and in compliance with legal requirements.
Particular attention is paid during the company onboarding process, considered a key moment for the sharing of the HSE Policy and Strategy aimed at the continuous improvement of workers' health, safety, and wellbeing conditions.
Consistent with its HSE Policy, aside from formal and mandatory training activities, Fidia fosters informal opportunities to talk about safety whenever possible.
During 2024, new recruits received training concerning health and safety, addressing both the general and duty-specific aspects depending on the work performed by the employee. The specific training is updated every five years, and specialist training was administered for certain roles and for staff using particular tools, equipment, and machinery, as required by the legislative decree No. 81/08 as amended, and by the specific State-Regions Agreements.

For employees who use cars, whether based at the Abano headquarters or at Local Units, the company delivered a bespoke e-learning training course in both Italian and English, focusing on the risks associated with driving. This course aims to foster and enhance good driving practices, augment comprehension of the vehicle's safety systems, and includes a specific technical module on the impact of alcohol, drugs, and the applicable workplace legislation.

Managers and supervisors have received adequate and specific training, as well as periodic updates, concerning their duties in occupational health and safety.
Additionally, dedicated training was provided to other individuals who, in the area of prevention and safety, perform technical tasks, offer consultancy (Prevention and Protection Service) or hold advisory and participative roles (Workers' Safety Representatives) or, further, have intervention duties in emergency situations (Emergency Management Personnel).

Safety supervision at the production facilities

Each local unit has workers' safety representatives authorised pursuant to Legislative Decree 81/08.

Accidents and injuries

During FY 2024, no deaths, serious injuries or cases of occupational disease were recorded at any of the Group's sites.
The following tables show the aggregate data of the injuries that occurred and the injury ratios processed with reference to the personnel of the Fidia's Abano Terme (PD), Paderno Dugnano (MI), Milano (MI), Noto (SR) and Monte Giberto (FM) facilities.
Compared to the previous year, there was an increase in the number of accidents during working hours, while the number of commuting-related accidents declined. Due to the higher number of incidents, the total frequency and severity indices have risen, with the latter factoring in the projected recuperation period for injuries that occurred in 2023 and continued into 2024.

Number of Total accident	2024	2023
In the workplace	16	11
Commuting	3	4

Accident indices	2024			2023		
	Cases during working hours	Cases commuting	Total	Cases during working hours	Cases commuting	Total
Severity Index	0,155*	0,089*	**0,244***	0,107**	0,076**	**0,183****
Frequency Index	7,941	1,489	**9,43**	5,901	2,146	**8,047**

** Also taking into account the projected recuperation period for injuries that occurred in 2023 and continued into 2024.*
*** Also taking into account the projected recuperation period for injuries that occurred in 2022 and continued into 2023.*

HSE improvement activities

Fidia Group is dedicated to maximising the contribution of individuals by developing their skills and experiences and fostering a safe and inclusive work environment based on trust, allowing everyone to express their potential. Concurrently, the company commits to continuously improving worker health and safety conditions and environmental protection via sustained investments.
In 2024, numerous interventions were completed and numerous investments were authorised across all Fidia sites. By way of example, the most significant events are listed below.
At the Abano Terme headquarters and local units, more advanced access control and CCTV systems have been implemented, which are significant elements in preventing the risk of violent acts or assaults by third parties against the company's population.
At the Abano site, investments made during the year concerned safety, in particular, improvements to ergonomic aspects in the production area with the purchase of new dedicated equipment, improvement of the structures for carrying out work at height in the technical area, new dedicated office spaces were created, the technology of the emergency team communication devices was improved and, in general, road safety signs for pedestrians and vehicles in transit were intensified and behavioural rules were shared with internal and external personnel. In the area of environment, an important investment has been approved with the initiation of the installation of a new power generation plant, incorporated with three independent trigeneration modules, aimed at covering approximately 80% of the internal energy needs.
At the Paderno Dugnano site, safety enhancements were implemented in the warehouse area through the installation of physical barriers to protect workstations and racking systems, thereby improving safety within the forklift operational zone. Additional improvements were also made to mitigate the risk of potentially explosive atmospheres in the production area.
At the Monte Giberto local unit, new laboratories were established for analytical and microbiological monitoring activities.
At the Noto local unit, a new cutting-edge production department dedicated to the freeze-drying process has been completed. In preparation for further site development with the creation of new workplaces, an adjacent historic building has been acquired and will be renovated to house offices, conference rooms, and laboratories.
In the environmental domain, initiatives are in progress to broaden the scope of the Environmental Management System in accordance with the 14001 standard to encompass additional local units.

- **RESEARCH AND DEVELOPMENT**

The Fidia Group invests about 6% of its turnover into research and development. During 2024, a total of EUR 29.3 million was invested, an increase of EUR 3 million compared to the previous financial year. Furthermore, capitalised research costs of EUR 13.8 million relating to the Oncofid project are entered as assets in the balance sheet under intangible assets in progress.

Discovery

The department focused its activities mainly on the development of processes and technologies based on hyaluronic acid (HA) and its derivatives, as well as on their chemical-physical and biological characterisation, with a focus on traditional business areas. Specifically, operations can be categorised into the following main areas:

- projects for the Joint Care area: development and analytical support for the Hycar project; in vivo efficacy and tolerability trials for osteoarthritis drug candidates;
- development of HA formulations and derivatives in ophthalmology, along with their characterisation and evaluation of efficacy and tolerability in vivo;
- rheological and biological characterisation of cross-linked HA-based materials for aesthetic medical applications;
- technology transfer of process and analytical methods of HA sulphates for use in Skin Care;

The Analytical Methods Development and Cellular Biology laboratories, in addition to overseeing internal projects of the Discovery group, have given increasing support in the analytical and biological characterisation of the products under development across the entire Fidia R&D and external units, as well as regulatory activities for obtaining CE marks and MDR renewals of medical devices.

Formulation Development

In relation to the Formulation Development Team, in 2024 the main activities were focused on:

Speciality Care Area: completion of process and analytical validation activities for a new medical device and completion of development activities for a commercial medical device at a new manufacturer.
Skin Care Area: development and clinical trials for tolerance and efficacy have been completed for six new cosmetic lines for the treatment of dermatologic conditions, alongside the conversion of two medical devices into cosmetics and the reformulation of a commercially available topical medication.
Joint Care Area: completion of the development activities of a new supplement as a line extension of the CartiJoint brand and start of the tech-transfer of a supplement to a new manufacturer;
Eye Care Area: completion of development activities for a new supplement to prevent and slow down optic nerve neurodegeneration and start of development activities for a new supplement; feasibility study of a new eye drop formulation combining two active ingredients.

Clinical research

- **Specialty Care:** 2024 witnessed an intensive clinical development activity aimed at consolidating the excellent safety results obtained during preclinical studies and in Q4 2024, a significant clinical development project (Phase I&II) was initiated, featuring Fidia Collagenase.
- **Joint Care:** the clinical activities required for the renewal of the new CE marking according to the New European Regulation 745/2017 for certain Medical Devices (MD), continued. Additionally, in Q4 2024, a clinical study intended for the FDA registration of a new medical device was successfully completed.
- **Skin Care:** clinical activities continued in support of the Connettivina Bio line of products and those required for the new CE marking according to the New MDR 745/2017.
- **Gynaecology area:** a clinical study was approved and started to confirm the efficacy of a hyaluronic acid-based vaginal treatment.
- **Aesthetic Care**: clinical activities continued for the renewal and new CE marking in compliance with the New European Regulation 745/2017 for certain Medical Devices (MD) already on the market.
- **Oncology:** clinical activities related to an international phase III clinical trial of a new drug developed in Fidia laboratories for the treatment of patients with very high-risk non-muscle-invasive bladder cancer have been successfully progressing. Recruitment has been rapidly progressing and, by the end of 2024, the study had enrolled and started treatment in more than one third of the target population under the study protocol.

- **Urology:** a clinical study to evaluate the efficacy of Fidia collagenase in Peyronie's disease was submitted in the third quarter of 2024 and validated on the European CTIS portal.
- **Neurosciences:** clinical activities related to two PAES (Post-Authorisation Efficacy Study) clinical studies on two Fidia drugs continued.
- **Regenerative medicine:** monitoring activities continued on a study with Hy-tissue SVF and Hy-tissue BMC as part of a targeted research call. Furthermore, a clinical trial was completed confirming the efficacy and safety of Hy-tissue SVF in patients suffering from severe knee osteoarthritis.
- **Eye Care**: patient enrolment for three clinical investigations was completed, reaching the target set to confirm the efficacy and safety of three medical devices for the treatment of dry eye across various patient populations.

Pre-Clinical Development

In addition to managing in vitro and in vivo trials for some experimental products under development (drugs and medical devices), in 2024 significant efforts continued in updating the pre-clinical documentation necessary for the renewal of the CE marking for all Medical Devices already available on the market across the various therapeutic areas where Fidia operates.
Collaboration with UniMI continued to define not only the mechanism of action of a new drug, but also its metabolic fate by identifying its main metabolites.

Activities of the Non-Dilutive Funding Team

In 2024, the Non-Dilutive Funding Team, incorporated by researchers from the Noto Local Unit and researchers from the Research & Development Directorate of Abano, coordinated the activities related to the projects included in the calls approved in 2023:

- **Innovation Agreements 2** (MIMIT: complementary fund to the PNRR): experimental research and industrial development activities have begun for both the use of collagenase in certain urological conditions and Oncofid-M in the treatment of oncological conditions.
- **Industrial Development Contract**: the call has been re-funded by the MIMIT with PNRR funds and will cover costs for major structural works at the Abano and Noto production plants, as well as covering Industrial Research and Experimental Development activities to investigate new indications for collagenase.
- **Call for proposals by the Veneto Region** to support research and development projects in the fields of health and wellbeing: the project funded by the Region was successfully completed, leading to the submission of a patent that protects the antioxidant molecule which has been identified and characterised.
- **Cascading call for proposals of Spoke 3**: the project has been approved and will be carried out in collaboration with the University of Calabria and the University of Messina until September 2025.

Patents

During 2024, Fidia's patent portfolio grew with the filing of:

- 3 patent applications in Italy;
- 3 international patent extension applications lodged via the PCT (Patent Cooperation Treaty) system
- 10 national or regional stages for applications previously extended through the PCT system.

In addition, in 2024, 5 patents were registered in Italy and 94 worldwide (including endorsements of European patents). At the end of 2024, the group has about 1446 patents, about 1231 of which focused on the production, therapeutic applications and pharmaceutical composition of hyaluronic acid. In 2024, the Patent office actively contributed to the preparation of all the technical/scientific documentation required to obtain the tax breaks offered by the Tax Credit procedures for fundamental **research, industrial research and experimental development** in science and technology, and the patent box; it also collaborated on MISE and PNRR funded projects.
In 2024, the Office continued its collaboration with Medical Affairs to identify patents and news items to be included in the periodic reports produced by the Scientific Library.

Medical Affairs

- In 2024, the Medical Affairs department worked in line with the corporate strategies, in planning, conducting and debriefing educational activities. This involved organising (60) scientific meetings, (18) training sessions for distributors and ISFs, and the (still ongoing) task of reorganising e-learning training materials for the Joint Care and Eye Care areas. Additionally, 511 scientific programme reviews were carried out. 378 national congresses, 18 international congresses, 37 theoretical-practical courses, 14 corporate events, 2 Fidia Academy sessions, 62 Mini Meetings and a Global Forum; medical review of the scientific content for a total of 460 promotional materials; medical-scientific support for regulatory activities.

Pharmacovigilance and Compliance in Research and Development

During the year 2024, all activities related to the quality objectives of Fidia's Global Pharmacovigilance System prescribed by current legislation continued.
Consistent with the corporate strategy of diversifying and expanding its sales in multiple geographical markets, the Global Pharmacovigilance System has been structured to comply with national and international regulations.
All the activities established to maintain the quality system of the Research and Development area in compliance with current global standards and guidelines were performed, with particular reference to Regulation (EU) No. 536/2014 and the European Clinical Trials Information System (CTIS), ensuring support for corporate Research and Development projects.
Company training activities continued on Pharmacovigilance, Clinical Research, Medical Affairs and Scientific Service, along with audits of Fidia's Clinical Trials, Service Companies and Commercial Partners worldwide, to ensure compliance with International Legislation.

• MAIN RISKS AND UNCERTAINTIES

The following are the main risks to which the Group is exposed:

Credit risk

Credit risk relates to potential losses as a result of the inability of commercial counterparties to meet their obligations. The Group mainly operates with private customers, represented by pharmacies, medical clinics, opticians, wholesalers and distributors, but also with large industrial groups, as well as with the Public Administration (hospital sector).
The group carefully monitors its credit exposure through an internal reporting system, in order to contain potential losses. Each Group company handles credit recovery on the sales made in their respective markets. Coordination between the companies that operate on the same market is based on the electronic exchange of information on common customers and on the coordination of any halts on deliveries or commencement of legal actions.
The bad debt provision is the nominal amount due, less any receivables secured by guarantees. The recoverability of all guarantees shall be evaluated critically. The provision is based on the individual analysis of overdue amounts, of the customers known to have financial difficulties and of those receivables for which legal action has commenced. A generic analysis based on historical losses is also carried out.

Liquidity risk

It is related to the possibility of having insufficient liquidity to manage the Group's normal operations. The group closely monitors this risk on the basis of thorough weekly financial reporting on its net financial position. About 89% of the Group's gross debt is represented by fixed-rate debt with an average term of approximately 3 years. Any excess liquidity, i.e. liquidity in excess of free cash flow requirements, is invested in working capital securities, as described in greater detail in the notes, to which reference should be made. For this reason, part of the liquidity is subject to the risk arising from the market valuation of the underlying securities.

Price Risk

The Group sells products reimbursed by the National Health System and other (OTC) non-reimbursable products.
The first group of products is a major public spending item for countries, exposing the Group to uncontrollable external risks, such as changes to the products covered by the National Health Service, the removal or reduction of reimbursability, the expenditure payback mechanism and patent expirations with the consequent introduction of generic drugs.

The second group of products is more influenced by macroeconomic factors, such as inflation and interest rate trends, which could impact the spending capacity of consumers.
In order to avoid these risks, the sales department closely monitors the group's markets, analysing their trends and possible developments.

Currency Risk

Since it sells its products in various countries, the Group is exposed to risks arising from exchange rate fluctuations. Currency risk mainly relates to sales transactions in US dollars and Russian rubles. The group's treasury unit closely monitors exchange rate trends, carrying out Euro translation transactions to reduce the translation risk.
The Parent Company also holds equity investments in companies whose share capital is denominated in currencies other than the Euro. Changes in net equity arising from exchange rate fluctuations are recognised in a "translation reserve" under net equity. The risk arising from the translation of net equity is not currently hedged.

Risks of changes in the pharmaceutical legislative and regulatory framework

The pharmaceutical sector is highly regulated both nationally and internationally, thereby affecting activities at all levels. In order to reduce its dependence on the decisions of the individual national governments in terms of pharmaceutical expenditure, the Company pursues a strategy of diversifying and expanding its sales in various geographic areas. The pharmaceutical sector is also subject to national and international technical regulations governing how pharmaceutical research, development, production, distribution, and reporting are carried out. A policy of constant monitoring of regulatory developments is implemented in all the markets in which it operates through internal and external organisational structures. The Company, like any company operating in the pharmaceutical sector, despite its strict compliance with the relevant regulations, could be exposed to the risk of claims for damages caused by its drugs. In order to manage these potential liabilities, suitable insurance policies have been established for all products on the market and under development. The coverage limit is deemed adequate and is continually monitored for adequacy, backed by analyses and market research conducted by top-tier insurance brokers.
The highly regulated pharmaceutical sector exposes any business activity related to the drug life cycle (from research and development to production and scientific information) to a potential compliance risk. To mitigate these risks, the Company has established an internal control system, structured with a series of procedures and well-organised organisational frameworks aimed at overseeing the monitoring of non-compliance risks concerning laws and regulations, ensuring accurate and transparent internal market information, as well as preventing and limiting the consequences of unexpected outcomes, focusing on the achievement of corporate objectives.

- ## MANAGEMENT AND COORDINATION

The Parent Company, Fidia Farmaceutici S.p.A., is not managed and coordinated pursuant to art. 2497-bis.4 of the Italian Civil Code.

- ## ADMINISTRATIVE LIABILITY

Data Protection:
With reference to EU Regulation 2016/679 of the European Parliament and of the Council of 27/04/2016 regarding the protection of personal data, the Company has continued with the process of adapting to the various decisions and opinions of the competent authorities in data protection.
Already by resolution of the Board of Directors of 12 July 2023, the Whistleblowing Procedure had been approved in accordance with the provisions of Legislative Decree no. 24 of 10 March 2023, concerning the protection of persons who report breaches of EU law and domestic regulations.
Consequently, in 2024 the Company took steps to disseminate the Whistleblowing Procedure, which is available to everyone on the company's institutional website (at: https://www.fidiapharma.it/il-nostro-gruppo/governance/) and specifically to the corporate population on the intranet platform, also available in hard copy at the People & Culture Department.
To complete the dissemination actions of the new procedure, a specific notice about personal data processing has been posted on the company's official website, complying with Articles 13 and 14 of EU Reg. 2016/679, to ensure protection for individuals submitting whistleblowing reports concerning the purposes of personal data processing, those authorised for data processing, and the data retention period.

Transparency:
With regard to sector compliance, the Company continued to update its procedures, especially in the context of diverse medical promotion activities and clinical trials and the transparency of the Permitted Transfers, in compliance with the guidelines issued by the trade association Confindustria Dispositivi Medici, to which it adheres.
Implementing an efficient compliance system represents not only an obligation but also a value for Fidia. Therefore, since 2021, the Company has committed to making available on their official website the amount of value transfers relating to the previous calendar year, conducted directly or indirectly towards Healthcare Professionals, Healthcare Organisations, and Third Parties.

Diversity & Inclusion:
The Company has adopted a "Strategic Plan for Gender Equality, Non-Discrimination and Integration within both Corporate and Social Contexts", values in which Fidia firmly believes. In light of this commitment, Fidia has taken a number of initiatives, formalising its "Gender Equality Policy" and setting up a dedicated Committee.
The Strategic Plan outlines six focus areas: (i) selection and recruitment, (ii) career management, (iii) pay equity, (iv) parenting, caregiving, (v) work-life balance, (vi) initiatives to prevent any form of physical, verbal and digital workplace abuse (harassment).
The objective is to enhance the contribution that gender equality can bring to the company's performance.
For this reason, the Company has launched an awareness-raising campaign targeting the entire workforce by distributing and posting on its institutional website the "Procedure for the Fight against Harassment, Inappropriate Sexual Behaviour and Bullying".

ESG Supplier Code:
In June 2024, the Company established a Supplier Code of Conduct, with the aim of fostering responsible practices in its supply chain by urging its suppliers to adhere to behaviours that conform to applicable laws and are consistent with the Company's principles and values.
The Supplier Code of Conduct indeed sets out the principles and behaviours expected of Fidia's Suppliers in terms of ethical conduct, environmental sustainability and health and safety at work, compliance with which constitutes a fundamental condition for starting and maintaining a long-term relationship with the Company.
The implementation of this Code has not only reinforced the Company's dedication to environmental, social, and governance (ESG) responsibilities, but has also led to the achievement of important certifications regarding its sustainability performance, thus improving the accessibility of new business opportunities.
The full version of the Code can be accessed through the company's official website (https://www.fidiapharma.it/codice-di-condotta-fornitori/).

- ## OPERATIONS WITH SUBSIDIARIES, ASSOCIATES, PARENT COMPANIES AND COMPANIES CONTROLLED BY THEM

As regards Fidia's relations with the Parent Company, its subsidiaries, associated companies and companies controlled by the Parent Company, the following is a summary of the data relating to receivables, payables, revenues and costs as at 31 December 2024 (in thousands of Euro):

	Assets			Liabilities		
Thousands of Euros	Trade receivables	Other receivables	Financial activities	Trade payables	Other payables	Financial liabilities
FIDIA PHARMA AUSTRIA GMBH	5.001	-	125	-	-	-
FIDIA PHARMA CZ SRO	1.305	-	-	752	-	-
FIDIA PHARMA EGYPT FOR MARKETING	510	-	-	91	-	-
FIDIA PHARMA GMBH	2.101	-	5.047	153	-	-
FIDIA PHARMA MIDDLE EAST FZE	-	-	-	1.315	25	-
FIDIA PHARMA POLSKA SP ZOO	2.447	-	3.275	19	-	-
S.C. BIOSOOFT ROMANIA	1.376	-	-	56	-	-
FIDIA PHARMA RUSSIA LLC	865	-	-	-	-	-
FIDIA PHARMA SLOVAKIA SRO	31	-	-	900	-	-
FIDIA PHARMA SWITZERLAND SA	-	-	-	(119)	-	-
FIDIA PHARMA UK LTD*	1	-	30	-	-	-
FIDIA PHARMA USA INC	8.947	-	-	-	-	-
LABORATOIRES FIDIA SAS	743	-	10.006	240	-	-
LABORATORIOS FIDIA FARMACEUTICA SLU	14.669	-	-	144	-	188
FIDIA HEALTHCARE SRL	-	-	-	1.900	-	-
Total subsidiaries	**37.997**	**-**	**18.483**	**5.450**	**25**	**188**

*companies not included in the scope of consolidation

	Revenues			Expenses		
Thousands of Euros	Revenues	Other revenues	Net financial income	Costs of services	Costs of products	Net financial expenses
FIDIA PHARMA AUSTRIA GMBH	5.141	93	24	236	-	-
FIDIA PHARMA CZ SRO	5.267	153	43	4.346	-	-
FIDIA PHARMA EGYPT FOR MARKETING	-	-	-	828	-	-
FIDIA PHARMA GMBH	11.894	168	175	0	151	2
FIDIA PHARMA MIDDLE EAST FZE	-	-	-	2.429	-	-
FIDIA PHARMA POLSKA SP ZOO	1.077	258	351	19	-	-
FIDIA PHARMA ROMANIA SRL	4.197	277	-	49	-	43
FIDIA PHARMA RUSSIA LLC	396	23	-	4	-	-
FIDIA PHARMA SLOVAKIA SRO	477	26	-	1.002	-	-
FIDIA PHARMA SWITZERLAND SA	-	-	-	531	-	-
FIDIA PHARMA USA INC	24.906	16	4.591	0	-	-
LABORATOIRES FIDIA SAS	4.873	90	150	196	-	19
LABORATORIOS FIDIA FARMACEUTICA SLU	13.950	5.502	41	859	-	3
FIDIA HEALTHCARE SRL	-	-	-	-	1.696	-
Total subsidiaries and parents	**72.178**	**6.605**	**5.373**	**10.501**	**1.847**	**67**

- ## OWN SHARES

The Parent Company, Fidia Farmaceutici S.p.A., holds 333,513 own shares for an amount of EUR 11,211,523, corresponding to 4.7% of the share capital. They are recognised in a negative reserve for own shares in portfolio.
Reference is made to the notes for further details.
No new own shares were acquired during the financial year.

- ## SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

On 25 February 2025, the hearing on the merits was held before the Lazio Regional Administrative Court (TAR) concerning the payback on medical devices.
The adjudicating panel raised a reservation concerning the jurisdiction of the administrative courts over the regional measures quantifying the payback amounts requested by the companies. It considered that, for this aspect, jurisdiction might lie with the ordinary courts, given that these acts, according to the argument presented, do not constitute administrative decisions with binding legal effects. The appeals have been reserved for judgment and, notwithstanding the objection raised ex officio regarding a potential lack of jurisdiction, it is anticipated that the decision will be issued within one month, or at the latest, within six weeks.

In February 2025, a binding agreement was signed for the acquisition of 100% of a Romanian company with a branch in Moldova. The company operates as a distributor in Romania and Moldova of pharmaceuticals, medical devices and supplements in the fields of gynaecology, urology and dermatology, owned by third parties and under its own/third-party brands, with a turnover of approximately EUR 8 million and a sales network of more than 20 people.
The transaction is conditional on (i) obtaining antitrust clearance, (ii) the finalisation of agreements with current suppliers, and (iii) the successful completion of due diligence.

In January 2025, Fidia Pharma Turkey Ilac was incorporated. The new entity is part of the Group's geographical expansion strategy, driven both by the commercialisation of the existing portfolio and the need to manage sourcing and distribution of the new gynaecological product portfolio acquired at the end of 2024.

The average inflation in Italy for 2024 was 1%, a significant decrease compared to 5.7% in 2023. This decline was influenced by a reduction in global inflationary pressures and measures taken to control energy costs.
In Europe, inflation stood at 2.4 % in December, a slight increase compared to previous months.
These macroeconomic data enabled the ECB to implement several interest rate cuts during 2024, the most recent in December, which brought the deposit rate below 3%.
For 2025, inflation expectations in Europe indicate stabilisation around 2% starting from the second quarter, due to the easing of cost-side pressures and the gradual transmission of the impact of previous monetary policy decisions onto consumer prices.
In Italy, according to ISTAT, GDP is expected to grow by 1.0%, moderately faster than in 2024 (0.7%). This growth will be mainly driven by domestic demand, with private consumption continuing to benefit from the strengthening labour market and the increase in real wages.
In Europe, on the other hand, growth is expected to be around 1.3% in 2025, while for the EU as a whole an increase of 1.5% is estimated.
Despite these signs of growth, the global macroeconomic context remains characterised by continuing geopolitical instability, both due to the Ukraine-Russia conflict and the Middle Eastern situation, notwithstanding the current ceasefire between Israel and Hamas.

In the region comprising Israel, Jordan, and Lebanon, the Fidia Group reported a turnover of approximately EUR 1.3 million (based on 2024 data and excluding sales in Egypt, which amount to EUR 3.5 million).
As regards the Russian area, the Fidia Group recorded a turnover equal to about 1% of its global turnover, which in 2024 stood at EUR 4.8 million compared to EUR 5.4 million in 2023. This consists of Joint Care products sold through its direct subsidiary and aesthetic products distributed through third parties.
In order to provide a better understanding of the effects on the financial statements deriving from the risk linked to the trend of the Ruble, a specific sensitivity analysis was carried out to determine the impact on the balance sheet of fluctuations in the exchange rate against the Euro. Therefore, reference is made to the notes for further details on the matter.
For the financial year 2025, it is not easy to foresee the developments in these regions, and currently, no significant events have occurred that might suggest that the business will be curtailed.
Regarding trade relations between Europe and the United States, some tension may arise following the announced tariff policies by the newly elected Trump administration.
Should the feared import tariffs materialise, repercussions could also affect products distributed in the US by Fidia USA, impacting profitability by approximately EUR 2.0 million for every 10 percentage points applied to transfer prices to the subsidiary. It will need to be evaluated whether the market can absorb part of these increased costs through higher prices.

- **OUTLOOK**

Geopolitical risks, which have not been this high in decades, are increasingly contributing to economic uncertainty. With the war still ongoing in Ukraine, the humanitarian crisis in the Middle East, escalating tensions between China and the West, and finally, the deterioration of trade relations between the US and Europe due to the announced tariff war, companies and investors are compelled to make business decisions in a context marked by significant uncertainty and changing scenarios, with upstream and downstream repercussions along production chains.
In view of a constantly and rapidly evolving overall situation, it is not currently possible to make a quantitative estimate of the potential impact that the geopolitical tensions in question could have on the Group's economic and financial situation. As a result, these analyses will be progressively updated as part of the accounting estimates for FY 2025.
Considering what stated above, it is currently not possible to provide any forecasts in relation to the year underway.

Abano Terme, 27 March 2025
For the Board of Directors
The Chairman
Carlo Pizzocaro

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Fidia Farmaceutici S.p.A.
2024

- ## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Thousands of Euros	Note	2024	2023
Property, plant and equipment	4.1	124.113	108.109
Intangible assets	4.2	229.289	78.369
Equity investments	4.4	24	24
Goodwill	4.3	110.080	90.827
Other equity investments and securities	4.4	89	89
Non current financial assets	4.5	1.374	1.130
Deferred tax assets	4.6	20.366	21.716
Non current assets		**485.335**	**300.264**
Inventory	4.7	89.686	69.291
Trade receivables	4.8	148.997	126.629
Current tax assets	4.9	5.624	3.597
Current financial assets	4.10	19.087	11.488
Derivatives financial instruments - fair value	4.11	1.162	3.610
Cash and cash equivalents	4.12	47.655	140.428
Current assets		**312.211**	**355.044**
Total assets		**797.545**	**655.308**
Share capital		36.120	36.120
Share premium reserve		-	-
Treasury shares		-	-
Reserve for financial derivatives - fair value		(692)	2.744
Foreign exchange translation differences		2.323	1.539
Other reserves		7.786	7.980
First Time Adoption reserve		8.953	8.953
Undivided profits		232.774	190.101
Profit / (Loss) for the year		42.117	45.236
Interim dividend		-	-
Group equity		**329.380**	**292.673**
Minority Interests			
Equity	**4.13**	**329.380**	**292.673**
Long term financial payables	4.14	203.334	188.975
Employees' leaving entitlement	4.15	8.222	9.000
Deferred tax liabilities	4.17	2.957	1.407
Provisions for risks and charges	4.16	3.767	4.446
Derivatives financial instruments - fair value	4.18	2.370	-
Other liabilities	4.19	0	0
Non current liabilities		**220.651**	**203.827**
Trade payables	4.20	68.801	57.131
Tax payables	4.21	8.177	11.916
Other current liabilities	4.22	50.817	32.962
Provisions for risks and charges	4.23	1.400	1.700
Derivatives financial instruments - fair value	4.24	-	-
Short term financial payables	4.25	118.319	55.098
Current liabilities		**247.514**	**158.807**
Total shareholders equity and liabilities		**797.545**	**655.308**

- ## CONSOLIDATED INCOME STATEMENT

Thousands of Euros	Note	2024	2023
Net revenue	**5.1**	**510.120**	**463.502**
Cost of goods sold	5.2	(200.087)	(176.751)
Industrial Margin		**310.033**	**286.751**
Sales and Marketing expenses	5.2	(150.063)	(141.225)
R&D expenses	5.2	(29.285)	(26.208)
G&A expenses	5.2	(63.039)	(54.879)
Other income and expenses	5.2	1.340	1.983
Operating profit		**68.986**	**66.422**
Net financial (expense)/income	5.3	(5.299)	(4.350)
Profit before tax		**63.687**	**62.072**
Income taxes	5.4	(21.571)	(16.836)
Profit for the year		**42.117**	**45.236**

- ## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Thousands of Euros	2024	2023
Profit for the year	**42.117**	**45.236**
Items that may be subsequently reclassified to profit or loss:		
Fair value gains (losses)	(4.521)	(3.327)
Exchange differences	784	(1.024)
Income taxes on items that may be subsequently reclassified to profit or loss	1.085	799
Items that may not be subsequently reclassified to profit or loss:		
Revaluation of net liabilities / (assets) for employee benefits	30	(92)
Equity investments accounted for using the equity-quota method	-	-
Taxes on components that will not be reclassified in profit / (loss) for the year	(8)	26
Profit for the year	**39.486**	**41.617**

• CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Thousands of Euros	Group equity											
	Share Capital	Share premium reserve	Treasury shares	Reserve for financial derivatives measured at fair value	Foreign exchange translation differences	Other reserves	First Time Adoption reserve	Undivided profits	Profit/(Loss) for the year	Interim dividend	Minority equity investments	Equity
Balance at 31.12.2023	36.120	-	-	2.744	1.539	7.980	8.953	190.101	45.236	-	-	292.673
Allocation of prior yearprofit						(216)		45.452	(45.236)			-
Variazione area di consolidamento												-
Utili (perdite consolidate a nuovo)												-
Dividend distributions								(3.000)				(3.000)
Other changes				(3.436)	784	22		221				(2.409)
Profit for the year									42.117			42.117
Balance at 31.12.2024	36.120	-	-	(692)	2.323	7.786	8.953	232.774	42.117	-	-	329.380

• CONSOLIDATED CASH FLOW STATEMENT

Thousand of Euros	2024	2023
Cash flows from operating activities		
Net profit for the year	42.117	45.236
Income taxes	21.571	16.836
Financial income and expenses	5.715	4.300
Net gains/(losses) on the sale of assets	664	7
Accruals to/utilisations of provisions	(1.756)	(404)
Amortisation and depreciation	27.293	23.146
Write-downs for impairment losses	297	88
Other adjustments for non-monetary items	-	2.861
Income taxes paid	(15.312)	(6.535)
Net interest paid	(6.412)	(3.998)
Cash flows before changes in net working capital	**74.177**	**81.538**
Working capital		
Change in trade receivables	(22.368)	(27.587)
Change in inventories	(20.394)	(17.920)
Change in other receivables and other current assets	(8.479)	1.081
Change in trade payables	7.018	(3.726)
Change in other payables and other current liabilities	(4.509)	(948)
Change in accrued and deferred income and expenses	16.200	1.870
Change in receivables from parents	-	-
Changes in net working capital	**(32.533)**	**(47.230)**
Cash flows from (used in) operating activities	**41.644**	**34.307**
Cash flows from investing activities		
Investments in tangible fixed assets net of divestments	(25.476)	(28.935)
Investments in intangible fixed assets net of divestments	(184.303)	(7.899)
Investments in financial fixed assets	(244)	240
Acquisition of equity investments	0	(1.742)
Cash flows from (used in) investing activities	**(210.023)**	**(38.335)**
Cash flows from financing activities		
New loans	129.675	19.259
Repayment of loans	(51.739)	(43.201)
Payment of leasing liabilities	(357)	3.957
Change in bank loan	-	-
Other changes in net equity	1.026	(1.090)
Dividend distributions	(3.000)	(4.999)
Cash flows from (used in) financing activities	**75.606**	**(26.074)**
Change in cash and cash equivalents	**(92.773)**	**(30.102)**
Cash and cash equivalents - opening balance (01.01)	140.428	170.530
Cash and cash equivalents - closing balance (31.12)	47.655	140.428

- **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**

1. General corporate information

The Fidia Group (hereinafter also referred to as the "Group") operates in the field of the sale of pharmaceutical products, the result of its own research, worldwide through commercial agreements with international companies operating in the pharmaceutical and biomedical sectors and through direct presence in strategic markets.

The Parent Company is Fidia Farmaceutici S.p.A. (hereinafter also referred to as "the Parent Company"). The registered office is in Abano Terme (PD) in via Ponte della Fabbrica 3/A. The Parent Company carries out its activities in 5 locations:

- Abano Terme (PD) - Via Ponte della Fabbrica 3/A;
- Noto (SR) Contrada Pizzuta;
- Paderno Dugnano (MI) - Via Ampere 19/2;
- Monte Giberto (FM) - Via del Lavoro 2;
- Milan - Via Vegezio 19.

2. Financial statements adopted

The consolidated financial statements for the financial year ended 31 December 2024, prepared on the assumption that the Parent Company and the other consolidated companies are a going concern, were prepared pursuant to articles 2 and 3 of Legislative Decree no. 38/2005, in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Commission, which include the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as well as the previous International Accounting Standards (IAS) and the interpretations of the Standard Interpretations Committee (SIC) still in force. For the sake of simplicity, the set of all standards and interpretations is hereinafter referred to as the "IFRS".

The consolidated financial statements have been prepared based on the historical cost principle, except for derivative instruments recognised at fair value. Please refer to the assessment for the individual items described in note 3 "Accounting standards and assessment criteria applied".

The consolidated financial statements consist of the consolidated financial statements (statement of financial position, income statement, comprehensive income statement, statement of changes in shareholders' equity, cash flow statement) and these notes, applying the provisions of IAS 1 "Presentation of the financial statements" and IAS 7 "Cash Flow Statement".

The following is an indication of the financial statements adopted:

- in the consolidated statement of financial position, it was decided to represent current and non-current assets, and current and non-current liabilities, as separate classifications, in accordance with IAS 1;
- in the Income Statement and in the Comprehensive Income Statement, it was decided to present an analysis of costs using a classification based on their purpose;
- in the Statement of Changes in Consolidated Shareholders' Equity, occurred during the period, these are represented by means of a columnar statement reconciling the opening and closing balances of each item of net consolidated shareholders' equity;
- the Consolidated Cash Flow Statement represents cash flows by classifying them into operating, investing and financing activities. In particular, cash flows from operating activities are reported, as required by IAS 7, using the indirect method, whereby the profit or loss for the financial year is adjusted by the effects of transactions of a non-cash nature, by any deferrals or accruals of past or future operating cash collections or payments, and by items of revenues or costs associated with cash flows from investing or financing activities.

The IFRS are applied consistently with the indications provided in the "Conceptual Framework for Financial Reporting" and no critical issues arose that required recourse to waivers pursuant to IAS 1, paragraph 19.
All amounts are expressed in thousands of Euro, unless otherwise indicated. The Euro is the functional currency of the Parent Company and of its main subsidiaries, as well as the presentation currency of these consolidated financial

statements. For comparative purposes, the corresponding value for the previous financial year is shown for each item in the consolidated financial statements.

3. Preparation criteria

3.1 Principles of consolidation

The annual consolidated financial statements include the separate financial statements of Fidia Farmaceutici S.p.A. and of companies over which it has the right to exercise control. The definition of control is not solely based on the concept of legal ownership. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of a company in order to obtain the relative benefits. The financial statements of subsidiaries are included in the annual consolidated financial statements from the date on which control is assumed until it ceases to exist. The shares of shareholders' equity and of the results attributable to minority shareholders, if any, are shown separately in both the consolidated statement of financial position and in the consolidated income statement.

Subsidiaries are consolidated on a line-by-line basis.

The full consolidation method can be summarised as follows:

- assets, liabilities, costs and revenues are taken at their full amount, derecognising the carrying value of the investments against the current value of the investee's shareholders' equity at the acquisition date. The difference resulting from this derecognition, for the part not attributable to specific balance sheet items, is recognised as goodwill under intangible assets if positive, while is charged to the income statement if negative;
- profits and losses deriving from transactions between subsidiaries not yet realised vis-à-vis third parties, as well as receivables and payables, costs and revenues between consolidated companies, if significant, are derecognised;
- dividends distributed by consolidated companies are derecognised from the income statement and added to the profits of previous financial years, if and to the extent that they have been withdrawn from them;
- minority interest in shareholders' equity and minority interest in profit or (loss), if any, are shown in a separate line under shareholders' equity, separately from Group shareholders' equity, and in a separate line under income statement, respectively.

The financial statements of subsidiaries used to prepare the consolidated financial statements are those approved by their respective Boards of Directors and submitted to their respective meetings for approval. The reporting date of the financial statements of the consolidated Companies is the same as that of the Parent Company.

For consolidation purposes, all income statements and balance sheets used for consolidation purposes have been adjusted to adhere to the IAS/IFRS measurement and assessment criteria used for the consolidated financial statements of the Parent Company.

The Companies included in the consolidated financial statements as at 31 December 2024, are shown in the table below:

Legal entity	Legal Headquarter location	Share Capital (Currencies)	Group shareholding %
List of investments consolidated on a line-by-line basis			
Fidia Farmaceutici S.p.A. (Capogruppo)	Abano Terme (PD)	Euro 36.120.000	100%
Fidia Healthcare S.r.l.	Grottaferrata (RM)	Euro 100.000	100%
Fidia Pharma Austria GmbH	Vienna (Austria)	Euro 35.000	100%
Fidia Pharma CZ s.r.o.	Praga (Rep. Ceca)	CZK 200.000	100%
Fidia Pharma Egypt for Marketing	Il Cairo (Egitto)	EGP 50.000	100%
Fidia Pharma GmbH	Monheim am Rhein (Germania)	Euro 25.000	100%
Fidia Pharma Middle East FZE	Dubai (EAU)	AED 100.000	100%
Fidia Pharma Polska Sp Zoo	Varsavia (Polonia)	PLN 1.005.000	100%
Fidia Pharma Romania S.r.l.	Bucharest (Romania)	RON 3.400	100%
Fidia Pharma Russia LLc	Mosca (Russia)	RUB 10.000	100%
Fidia Pharma Slovakia s.r.o.	Bratislava (Slovacchia)	Euro 6.640	100%
Fidia Pharma Switzerland SA	Lugano (Svizzera)	CHF 100.000	100%
Fidia Pharma Usa Inc.	Florham Park (USA)	USD 1.000	100%
Laboratoires Fidia SAS	Parigi (Francia)	Euro 10.000	100%
Laboratorios Fidia Farmacéutica S.L.U.	Madrid (Spagna)	Euro 3.000	100%

Translation of financial statements in foreign currencies

In the consolidated financial statements, income, costs, assets and liabilities are expressed in Euro, which is the presentation currency of the Parent Company.

For the purpose of preparing the consolidated financial statements, the financial statements of consolidated companies with a functional currency different from the presentation currency are converted into Euro by applying to assets and liabilities, including goodwill and consolidation adjustments, the exchange rate in force at year-end, and to income statement items, the average exchange rate for the financial year, provided that it approximates the exchange rates in force at the date of the respective transactions.

The related exchange rate differences are recognised directly in shareholders' equity and are shown separately in a special reserve thereof (Translation Reserve); this reserve is reversed proportionally to the Income Statement at the time of the (partial or total) disposal of the investment.

In order to consider the impact of hyperinflation on the exchange rate of the local currency, the statement of financial position and results of operations (i.e. assets, liabilities, shareholders' equity items, revenues and costs) of a company whose functional currency is the currency of a hyperinflationary economy are converted into the Group's presentation currency (Euro) using the exchange rate in force at year-end, except for comparative amounts presented in the financial statements of the previous year that are not adjusted for subsequent changes in the price level or subsequent changes in exchange rates.
The exchange rates applied are shown in the table below and correspond to those published by the Ufficio Italiano dei Cambi (Italian Foreign Exchange Office).

	2024 Exchange rate		2023 Exchange rate	
Currency	Closing rate	Average annual rate	Closing rate	Average annual rate
AED	3,8154	3,9750	4,0581	3,9710
CHF	0,9412	0,9526	0,9260	0,9718
CZK	25,1850	25,1198	24,7240	24,0043
EGP	52,8202	49,0064	34,1589	33,1581
PLN	4,2750	4,3058	4,3395	4,5420
RON	4,9743	4,9746	4,9756	4,9467
RUB	113,6269	100,9751	98,5958	92,0011
USD	1,0389	1,0824	1,1050	1,0813

3.2 Discretionary assessments and significant accounting estimates

In connection with the preparation of the consolidated financial statements, management was required to make estimates and assessments that affect the application of accounting policies and the amounts of assets, liabilities, costs and revenues recognised in the financial statements. Uncertainty about these assumptions and estimates could result in outcomes that will require, in the future, a significant adjustment to the book value of these assets and/or liabilities.

These estimates and the underlying assumptions are reviewed regularly. Any changes resulting from the revision of accounting estimates are recognised prospectively.

The following is a brief description of those items in the financial statements that require greater subjectivity on the part of the Directors in developing estimates than others and for which a change in the conditions underlying the assumptions used could have a material impact on the financial data.

Main accounting standards and assessment criteria applied

The most significant accounting standards and assessment criteria applied in the preparation of the consolidated financial statements for the financial year ended 31 December 2024 are described below.

The Consolidated Financial Statements of the Fidia Group for the year ended 31 December 2024 have been prepared using the historical cost assessment criterion, except for the following significant items: investments in financial assets and derivative instruments, which are recognised at fair value.

Tangible assets (Property, plant and equipment)

Property, plant and equipment are recognised at historical cost, including directly attributable ancillary charges necessary to bring the asset into use for the purpose for which it was acquired, with the exception of land (both free of construction and attached to civil and industrial buildings) and assets held for sale, which are not depreciated, but are written down if their fair value is lower than the cost recognised in the financial statements.

Costs incurred for improvements are only charged as an increase to the assets concerned when they produce actual increases in their value.

Maintenance and repair costs that are not likely to enhance and/or extend the residual life of assets are expensed in the financial year in which they are incurred; otherwise, they are capitalised.

Property, plant and equipment are shown net of the related accumulated depreciation and of any impairment losses determined on the basis of the impairment test. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives.

For assets acquired during the financial year, the rates are applied *pro-rata temporis*, taking into account the actual use of the asset during the year.

Depreciation is generally recognised in profit/(loss) for the financial year. Depreciation methods, useful lives and residual values are reviewed at year-end and adjusted if appropriate.

The main economic-technical depreciation rates used are as follows:

Tangible fixed assets	Rates
Non-industrial buildings	5,50%
Industrial buildings	3% - 5,5%
Light constructions	10,00%
Generic plant	9% - 15%
Plant and machinery for slightly corrosive processes	12% - 20%
Plant and machinery for highly corrosive processes	17,50%
Photovoltaic system	9,00%
Small sundry and lab equipment	12% - 40%
Ordinary office furniture and equipment	3% - 33%
Electronic office equipment and computers	9% - 33%
Transport vehicles	20,00%
Cars, motorcycles and similar	20% - 50%

At each reporting date, the Company reviews for objective evidence of impairment with respect to the book values of property, plant and equipment.

If, on the basis of this check, it emerges that the assets have actually been impaired, the company estimates their recoverable value.
The recoverable amount of an asset is the higher of its value in use and its fair value less costs of disposal. When the book value of an asset exceeds the recoverable value, an impairment loss is recognised. Impairment losses are recognised in profit/(loss) of the year. Impairment losses recognised in prior periods are reversed up to the book value that would have been determined (net of depreciation) if the asset impairment loss had never been recognised.

The accounting treatment of assets acquired under finance leases, with regard to their equity, financial and economic effects, is in line with IFRS 16. The aforementioned standard requires that these assets be recognised under owned assets at cost and be depreciated using the same criteria as other tangible assets.

The principal amount of the unpaid instalments is recognised as a liability in the balance sheet, while the financial charges relating to the accrued instalments are included in financial charges in the income statement.

Right of use

On the effective date of the lease, the Group recognises the right-of-use asset and the lease liability. The right-of-use asset is initially assessed at cost, including the amount of the initial assessment of the lease liability, adjusted for the payments due for the lease made on or before the effective date, increased by the initial direct costs incurred and an estimate of the costs that the tenant will have to incur for the dismantling and removal of the underlying asset or for the reversal of the underlying asset or of the site where it is located, net of lease incentives received.

Rights of use are amortised according to the lease term of the contract, which is equal to the "non-cancellable" period together with the effects of any extension or early termination clauses, the exercise of which has been deemed reasonably certain, or according to the useful life of the asset, if shorter. In accordance with IFRS 16:32, if the transfer of the leased asset is contractually agreed and the exercise of this option is deemed reasonably certain, the right of use is amortised over the useful life of the leased asset.

In addition, the right-of-use asset is regularly decreased by any impairment losses and adjusted to reflect any changes resulting from subsequent assessments of the lease liability.
The Group assesses the lease liability at the present value of unpaid lease payments due at the effective date, discounting them using specific marginal financing rates based on the country, the currency and the term of the related leases. The rates identified were between 1.5% and 3.5%. Right-of-use assets were valued at an amount equal to the lease liability, adjusted by the amount of any accumulated prepayments.
Lease payments due within the assessment of the lease liability include:

- fixed payments (including substantially fixed payments);
- lease payments that depend on a ratio or rate, initially assessed using a ratio or rate on the effective date;
- the amounts expected to be paid as collateral on the residual value;
- lease payments due in an optional renewal period if the Group is reasonably certain to exercise the renewal option, and penalties for early termination of the lease, unless the Group is reasonably certain not to terminate the lease early.

The lease liability is assessed at amortised cost using the effective interest method and it is remeasured when there is a change in the future lease payments due resulting from a change in the ratio or rate, when there is a change in the amount the Group expects to have to pay as security on the residual value or when the Group changes its assessment by reference to whether or not it exercises an option to purchase, extend or terminate or when there is a review of the lease payments due that are fixed in substance.

When the lease liability is remeasured, the tenant makes a corresponding change to the right-of-use asset. If the book value of the right-of-use asset is reduced to zero, the tenant recognises the change in profit/(loss) for the financial year.

In the statement of financial position, the Group shows right-of-use assets that do not meet the definition of investment property under "Tangible assets" and lease liabilities under "Financial Payables".
The Group has decided not to recognise right-of-use assets and lease liabilities related to low-value assets and short-term leases, including computer equipment, for which it recognises the related lease payments as a cost on a straight-line basis over the lease term.

Corporate combinations and goodwill

Acquisitions of companies and business units are accounted for using the acquisition method, as provided for by IFRS 3; to this end, the assets acquired and the liabilities assumed and identifiable are recognised at their respective fair values at the acquisition date. The cost of the acquisition is measured by the total of the fair values, at the date of exchange, of the assets disbursed, the liabilities assumed and any equity instruments issued by Group companies in exchange for control of the acquired entity.

Goodwill is recognised as the positive difference between the cost of the acquisition, plus both the fair value at the acquisition date of any non-controlling interests already held in the acquired company, and the value of non-controlling interests held by third parties in the acquired company (the latter assessed at fair value or in proportion to the current value of the acquired company's identifiable net assets), and the fair value of those assets and liabilities.

As of the acquisition date, the goodwill that has emerged is allocated to each of the substantially independent cash-generating units that are expected to benefit from the synergies resulting from the business combination.

In the event of a negative difference between the cost of the acquisition (as increased by the components described above) and the fair value of the assets and liabilities, this is recorded as income in the income statement for the year of acquisition.

Any goodwill relating to non-controlling interests is included in the carrying value of the investments relating to those companies. After initial recognition, goodwill, as an intangible asset with indefinite useful life, is not amortised, but is subject to periodic impairment tests on its recoverability based on the expected cash flows of the Cash-Generating Unit (CGU) to which the asset relates. These tests, expressly codified by international accounting standards and called impairment tests, also take into account the riskiness of the investment. If the discounted expected cash flows do not permit recovery of the initial investment, the recognised asset is written down accordingly. The ways are better described in the section "Impairment and reversal of impairment of assets (impairment test)".

IFRS 3 has not been applied retroactively to acquisitions made prior to 1 January 2019, the date of the Parent Company's transition to IFRS; consequently, the value of goodwill determined under the previous accounting standards, equal to the net book value in place at that date, was maintained for these acquisitions, after testing and recognising any impairment losses.

Intangible assets with definite life

In accordance with the provisions of IAS 38, intangible assets include costs, inclusive of ancillary charges, incurred for the acquisition of assets and resources, without physical substance, to be used in the production of goods or the provision of services, to be leased to third parties, or to be used for administrative purposes, provided that the cost can be reliably measured and the asset is clearly identifiable and controlled by the company that owns it. Goodwill, when acquired for consideration, is also recognised.

Separately acquired intangible assets are recognised at historical cost and expenses incurred subsequent to initial acquisition are added to the cost of intangible assets to the extent that these expenses are capable of generating future economic benefits. Intangible assets acquired through corporate combinations are capitalised at fair value at the acquisition date.

Assets with definite useful life are systematically depreciated on a straight-line basis over each period, in order to take into account their remaining useful life. The carrying value is reviewed annually, or more frequently if necessary, in order to carry out an adequacy analysis for the purpose of recognising any impairment losses or, more frequently, whenever there is an indication that the asset may have suffered an impairment loss.

Research costs are charged to the consolidated income statement when they are incurred.

In accordance with IAS 38, development costs are recognised to balance sheet assets only if they positively meet the following specific characteristics: they must be related to a clearly defined product or process, as well as identifiable and measurable; they must refer to a feasible project, i.e. technically feasible, for which the company owns or can dispose of the necessary resources; they must be recoverable, i.e. the company must have income prospects, so that the revenues it expects to realise from the project are at least sufficient to cover the costs incurred for the study of the same, after deducting all the other development costs and the production and sales costs that will be incurred for the marketing of the product. Development costs are amortised over their useful life, which is assumed to be a maximum of ten years.

After the initial recognition of development costs, they are assessed at cost, which may be decreased by depreciation or write-downs. Capitalised development costs are amortised on the basis of their future usefulness over the period in which the expected future revenues will arise from the same project.
The carrying value of development costs is reviewed annually in order to carry out an adequacy analysis for the purpose of recognising any impairment losses or, more frequently, whenever there is an indication that the asset may have suffered an impairment loss.

The amortisation of patents, licenses and know-how starts from the year in which the marketing of the relevant products begins.

Concession and license fees are amortised in proportion to the period of use provided for in the contract, using the percentages considered representative of the estimated useful life of the assets.

The main economic-technical depreciation rates used are as follows:

Intangible fixed Assets	Average useful life
Patents	3 - 5 years
Trademarks	10 - 18 years
Software licences	3 - 10 years
Drug licences	according to the agreement
Leasehold improvements	according to the agreement
Development	3 years
Domains	5 years

Gains or losses from the disposal of an intangible asset are determined as the difference between the disposal value and the carrying value of the asset and are recognised in the income statement at the time of disposal.

Impairment losses of assets

IAS 36 requires the assessment of the existence of impairment losses of tangible and intangible assets in the presence of indicators that suggest that this issue may exist. In the case of goodwill and other intangible assets with indefinite life or assets not yet available for use, this assessment must be performed at least annually.

The recoverability of recognised values is verified by comparing the book value recorded in the financial statements with the higher of the net sales price, if an active market exists, and the value in use of the asset.

The value in use is defined on the basis of discounting the cash flows expected from use of the asset, or a combination of assets (so-called cash-generating units) and from the value expected from its disposal at the end of its useful life. The cash-generating units have been identified consistently with the organisational and business structure of the Group, as homogeneous aggregations that generate independent cash inflows from the continuous use of the assets attributable to them.

Impairment losses relating to continuing transaction are recognised in the income statement in cost categories consistent with the function of the impaired asset. At year-end, the Group also assesses the existence of indicators of a decrease in previously recognised impairment losses and, if such indicators exist, it makes a new estimate of the recoverable amount.

Where it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of net selling price and value in use. In assessing the value in use, estimated future cash flows are discounted to their present value using an after-tax rate that reflects current market assessments of the value of money and risks specific to the asset.

If the recoverable amount of an asset (or of a cash generating unit) is estimated to be lower than its book value, the book value of the asset is reduced to the lower recoverable amount. The impairment loss is recognised in the income statement.

A previously recognised impairment loss can be reversed only if there have been changes in the estimates used to determine the recoverable amount since the last impairment loss was recognised. In that case, the book value of the asset is increased to the recoverable amount; however, the increased book value must not exceed the book value that would have been determined (net of amortisation or depreciation) if no impairment loss had been recognised. Each reversal is recognised as income in the income statement; after a reversal is recognised, the depreciation or amortisation share for the asset is adjusted in future periods to allocate the asset's revised book value, less its residual value, if any, on a systematic basis over its remaining useful life.

An impairment loss in respect of goodwill may not be reversed.

Equity investments in associated or other companies

An associated company is an enterprise in which the Group is able to exercise significant influence, but not control, through participation in the financial and operating decision-making policies of the investee. The results of operations and the assets and liabilities of associated companies are recognised in the consolidated financial statements using the equity method.

Other equity investments, which represent long-term investments recognised under financial assets, are assessed on the basis of the purchase price, of the subscription price or of the value attributed to the assets transferred, including any ancillary charges.

Equity investments are tested for impairment annually, or more frequently if necessary. If there is evidence that these equity investments have suffered an impairment loss, this is recognised in the income statement as a write-down; the original value is reversed in subsequent financial years if the reasons for the write-down no longer apply.

Financial instruments

The Group has adopted IFRS 9 "Financial Instruments". IFRS 9 requires the classification and assessment of financial assets based on the business model by which these assets are managed, taking into account the characteristics of their cash flows. In this regard, the Group classifies financial assets on the basis of how the Group manages them in order to achieve its goals and the contractual cash flow characteristics of these financial assets. It is specified that:

- the Group's financial assets that have been assigned business models the goal of which is the holding of assets for the purpose of collecting contractual cash flows ("held-to-collect") have been assessed at amortised cost;
- the Group's financial assets that have been assigned business models the goal of which is pursued through both the collection of contractual cash flows and the sale of financial assets according to the holding and expected turnover of the financial assets ("held-to-collect and sell") have been classified as financial assets assessed at fair value with an impact on the comprehensive income statement;
- financial assets that have been assigned a different business model from the above ("other") have been classified as financial assets at fair value through the income statement.

For the purposes of classifying financial assets into the new categories under IFRS9, the analysis of the business model was complemented by the analysis of contractual flows (so-called "SPPI Test").

In this regard, the Group assessed whether the characteristics of the contractual cash flows allow for assessment at amortised cost ("held-to-collect") or at fair value with impact on the comprehensive income statement ("held-to-collect and sell").

The aforementioned categories envisaged by IFRS 9 replace the previous categories of IAS 39, that is, assets held to maturity, loans and receivables, assets available for sale and assets assessed at FVTPL.

Specifically, a financial asset should be assessed at amortised cost if it is not designated at FVTPL and if both of the following conditions are met:

- the financial asset is held as part of a business model whose goal is to hold financial assets for the purpose of collecting contractual cash flows;
- the contractual terms of the financial asset provide for cash flows at certain dates, represented solely by payments of capital and interest on the amount of capital to be repaid.

A financial asset must be assessed at FVOCI if it is not designated at FVTPL and if both of the following conditions are met:

- the financial asset is held as part of a business model whose goal is achieved through both the collection of contractual cash flows and the sale of financial assets; and
- the contractual terms of the financial asset provide for cash flows at certain dates, represented solely by payments of capital and interest on the amount of capital to be repaid.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its position against foreign exchange and interest rate risks. Derivative instruments are initially assessed at fair value. After initial recognition, derivatives are assessed at fair value and changes in fair value are usually recognised in net result for the financial year.

Consistent with IFRS 9, derivative financial instruments can be accounted for in accordance with the hedge accounting only when:

- at the beginning of the hedge, there is formal designation and documentation of the hedging relationship;
- it is expected that the hedge will be highly effective;
- effectiveness can be reliably measured;
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

All derivative financial instruments are measured at fair value. When derivative instruments have the characteristics to be accounted for under hedge accounting, the following accounting treatments apply:

- Fair value hedge – if a derivative financial instrument is designated as a hedge of the exposure to changes in the current value of an asset or liability in the financial statements that can determine effects on the income statement, the profit or loss deriving from subsequent assessment of the current value of the hedging instrument are recognised in the income statement, as are the profit or loss on the hedged item.
- Cash flow hedge – if a derivative financial instrument is designated as a hedge of the exposure to the variability of the cash flows of an asset or liability in the financial statements or of a highly probable envisaged transaction that could affect the income statement, the effective portion of the gains or losses on the financial instrument is recognised in shareholders' equity; the cumulative profit or loss is reversed from shareholders' equity and recorded in the income statement in the same period in which the hedged transaction is recognised; the profit or loss associated with a hedge, or with that part of the hedge that has become ineffective, are recognised in the income statement when the ineffectiveness is recognised.

If the conditions for the application of hedge accounting do not exist, the effects deriving from the fair value assessment of the derivative financial instrument are charged directly to the income statement.

At the beginning of the designated hedging relationship, the Group documents the goals in managing the risk and the strategy in carrying out the hedge, as well as the economic relationship and the hedging instrument, and whether the changes in cash and cash equivalents of the hedged item and of the hedging instrument are expected to offset each other.
When a derivative financial instrument is designated as a hedge of exposure to variability in cash flows, the effective portion of changes in the fair value of the derivative financial instrument is recognised in other components of the comprehensive income statement and presented in the cash flow hedge reserve. The effective portion of changes in the fair value of the derivative financial instrument that is recognised in the other components of the comprehensive income statement is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from the beginning of the hedge. The ineffective portion of changes in the fair value of the derivative financial instrument is recognised immediately in net result for the year.

If the hedge no longer meets the criteria for hedge accounting or if the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges ceases, the amount accumulated in the cash flow hedge reserve remains in shareholders' equity until, in the case of a hedge of a transaction that results in the recognition of a non-financial asset or a non-financial liability, it is included in the cost of the non-financial asset or non-financial liability upon initial recognition or, in the case of other cash flow hedges, it is reclassified to the result in the same financial year or subsequent financial years in which the hedged expected cash flows affect the result for the financial year.
If future hedged cash flows are no longer expected, the amount must be reclassified immediately from the cash flow hedge reserve and from the hedge cost reserve to the result for the financial year.
The company assesses, at least annually, whether there are any indicators that a financial asset or a group of financial assets may be impaired.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised from the financial statements when:

- the rights to receive cash flows from the asset no longer apply;
- the Group retains the right to receive the future cash flows of the assets but has assumed a contractual obligation to pass them on to a third party internally without material delay;
- the Group has transferred the right to receive the cash flows from the asset and (i) has transferred substantially all of the risks and rewards of ownership of the financial asset, or (ii) has neither transferred nor retained substantially all of the risks and rewards of the asset but has transferred control of the asset.

If the Group has assigned the right to receive cash flows from an asset and has neither retained nor assigned substantially all of the risks and rewards or has not lost control over the asset, the Group continues to recognise the asset to the extent to which it has a residual involvement in the asset. This residual involvement, consisting of a guarantee given on the transferred asset, is assessed at the initial book value of the asset or, if lower, at the maximum amount that the Group could be required to pay.

In cases where the residual involvement takes the form of an issued and/or purchased option on the transferred asset (including cash-settled or similar options), the extent of the Group's involvement corresponds to the amount of the transferred asset that the Group may repurchase; however, in the case of a written put option on an asset measured at fair value (including cash-settled or similar options), the extent of the Group's residual involvement is limited to the lower of the fair value of the transferred asset and the exercise price of the option.

Financial liabilities

A financial liability is derecognised from the financial statements when the underlying obligation is either discharged or cancelled or when it expires.

In cases where an existing financial liability is replaced by another of the same lender under substantially different conditions, or there has been a substantial modification of the conditions of an existing liability, this exchange or modification is accounted for as derecognition of the original liability and the recognition of a new liability. Any differences in book values is recognised in the income statement.

Trade and other receivables

Trade receivables, which generally have maturities in the short term, are recognised at the nominal amount stated on the invoice, net of the bad debt provision determined in accordance with the “expected loss” impairment model required by IFRS 9. This impairment model is supplemented by any additional write-downs recognised as a result of specific doubtful collection conditions on individual loan positions, at the time of their identification.

When, due to the payment terms granted, a financial transaction takes place, receivables are assessed using the amortised cost method by discounting the nominal value to be received, and recognising the discount as financial income in the period of its maturity.

Receivables denominated in foreign currencies are aligned with the year-end exchange rate, and gains or losses arising from the adjustment are recognised in the income statement under the item where the transaction was originally recognised.

Medium- and long-term loans

Medium- and long-term loans are initially recorded at fair value, net of any transaction costs incurred. Following initial recognition, financial liabilities are valued at amortised cost using the original effective interest rate method, represented by the rate that makes the present value of the cash flows and the initial book value equal at the time of initial recognition. Any gain or loss is recognised in the income statement when the liability is extinguished, as well as through the amortisation process.

Inventories

Inventories are recorded at the lower of purchase and/or production cost, determined using the weighted average cost method on an annual basis, and the net estimated realisable or replacement value. Net realisable value is determined with reference to the estimated selling price under normal market conditions, net of direct selling costs.
Obsolete and/or slow-moving inventories are written down in relation to their presumed possibility of future use or realisation. The write-down is derecognised in subsequent years if the reasons thereof no longer apply.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank and postal sight deposits and investments in securities made in the course of treasury management activities, which have a short-term maturity, are highly liquid and subject to an insignificant risk of changes in value. They are recognised at fair value, which is the same as nominal value, net of any expected impairment.

Shareholders' equity

Equity instruments issued by the Company are recognised based on the amount received. Dividends distributed by the Parent Company are recognised as a liability at the time of the distribution resolution. The purchase cost and the sale price of own shares are recorded directly in the shareholders' equity and therefore they do not pass through the income statement.

Provision for risks and charges

Allocations to provisions for risks and charges are made when the Group must fulfil a current obligation (legal or implicit) arising from a past event, when an outflow of resources in order to fulfil this obligation is probable and it is possible to make a reliable estimate of its amount.

Provisions for risks and charges are recognised when there is a current obligation (legal or implicit) deriving from a past event, if an outlay of resources to meet the obligation is probable and a reliable estimate can be made of the amount of the obligation. Allocations are recognised at the value representing the best estimate of the amount that the company would pay to settle the obligation or to transfer it to third parties at the end of the period. If the effect of discounting is significant, allocations are calculated by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market assessment of the time value of money. If discounting is used, the increase in the allocation due to the passage of time is recognised as financial charge.

When the Group considers that a provision for risks and charges will be partly or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately as an asset when, and only when, collection is practically certain. In this case, any allocations recorded in the income statement are reported net of the amount recognised for the indemnity.

Post-employment benefits to employees

Implementing the provisions of IAS 19, employee benefits to be paid out subsequent to the termination of employment (Employee Severance Indemnity) are subject to an actuarial assessment that must take into account a number of variables (such as mortality, expected future salary changes, expected inflation rate, etc.).

Benefits guaranteed to employees, paid when or after employment is terminated, by means of defined benefit programmes (Employee Severance Indemnity) or other long-term benefits (retirement indemnity) are recognised in the period when the right accrues.

In defined benefit plans, the company's obligation is to grant and guarantee the agreed benefits to employees: consequently, the actuarial and investment risk is borne by the company.

Liabilities relating to defined benefit programmes, net of any assets servicing the plan, are determined using actuarial assumptions and are recognised on an accruals basis to match the employment services required to obtain the benefits concerned. The liability is assessed by independent actuaries using the projected unit credit method, based on demographic assumptions, in relation to the mortality and turnover rates of the target population, and financial assumptions, in relation to the discount rate reflecting the value of money in time and the inflation rate.

The amendment to IAS 19 "Employee benefits" requires all actuarial gains or losses to be recognised immediately in the "Other comprehensive income", so that the entire net amount of the defined benefit provision is recognised in the statement of financial position. The amendment also stipulated that changes between one financial year and the next in the defined benefit provision must be broken down into the following components:

- social security costs related to current services, recognised under personnel costs;
- the cost of interests, recorded under financial charges;
- the expected return from program assets, if any, still charged to financial components.

Actuarial gains and losses that arise from reassessments of the net defined benefit plan liability are recognised immediately in the other components of the comprehensive income statement.

Trade payables

Trade payables, whose due date falls within normal commercial terms, are not discounted and are recorded at cost (identified by their nominal value). When, due to the payment terms agreed upon, a financial transaction takes place, payables assessed using the amortised cost method are discounted to their nominal value to be paid, with the discount being recognised as a financial charge.
Payables denominated in foreign currencies are aligned with the year-end exchange rate, and gains or losses arising from the adjustment are recognised in the income statement under the item where the transaction was originally recognised.

Other current assets and liabilities

Other current assets and liabilities are recognised at their nominal value.

Revenues

Revenues are recognised on the basis of the accounting model provided for in IFRS 15, which provides for, as fundamental steps:

- the identification of the contract with the customer;
- the identification of the performance obligations contained in the contract;
- the determination of the price;
- the allocation of the price to the performance obligations contained in the contract;
- the criteria for recognising revenue when the entity meets each performance obligation, which may occur at a specific point in time or continuously (over time).

Revenues are recognised based on fees allocated to "performance obligations" arising from contracts with customers.

In cases where a contract with a customer consists of several "performance obligations", the Group allocates a fair contractual fee on the basis of the "expected cost plus margin" criterion.

Revenues are recognised to the extent that it is probable that economic benefits will accrue to the Group and the amount can be reliably determined. Revenue recognition takes place when the relevant "performance obligation" is met, i.e. when the Group has transferred control of the good or service to the customer, in the following ways:

- over time;
- at point in time.

Revenues and income are recognised at fair value less returns, discounts, allowances, premiums and indirect taxes. When the financial effect related to the deferral of collection is significant and the collection dates can be reliably estimated, the related financial component is recognised under financial income (charges).

Revenues from the sale of products are recognised when ownership passes, which generally occurs when the goods are shipped and entails the transfer of all risks and rewards connected with the products sold.

Revenues for services are recognised on the basis of the satisfaction of each performance obligation as required by IFRS 15, i.e. on completion of the transfer of the promised good or service to the customer when the customer obtains

control of the good or service, which may occur at a specific point in time or continuously (over time). Interest income, as well as interest charges, are calculated on the value of the relevant financial assets and liabilities, using the effective interest rate.

Dividends are recognised when the shareholders' right to receive payment arises.

Operating costs and other operating charges

Operating costs and other operating charges are recognised in the financial statements when they are incurred on an accrual basis and related to revenues, when they do not produce future economic benefits or when they do not qualify for recognition as assets in the consolidated statement of financial position.

When the deferred payment agreement includes a financial component, the fee is discounted and the difference between the nominal value and the fair value is recognised in the income statement as a financial charge.

Personnel costs include the amount of wages and salaries paid, provisions for pensions and for vacations accrued but not taken, and social security and welfare contributions, in accordance with contracts and current legislation.

Contributions from public entities

Government contributions are recognised in the financial statements at fair value when there is reasonable certainty that the company will comply with all the conditions for receiving the contributions and that they will be received. When contributions are related to cost components, they are recognised as revenues, but are systematically spread over the financial years so as to be commensurate with the costs they are intended to offset. Where a contribution is related to an asset, the asset and the contribution are recognised for their nominal values and the release to the income statement occurs progressively, on a straight-line basis, over the expected useful life of the relevant asset. Operating contributions, including those relating to research activities, are accounted for on an accruals basis and credited to the income statement under “other revenues”.

Where the Group receives a non-monetary contribution, the asset and the contribution are recognised at their nominal value and released to the income statement on a straight-line basis over the expected useful life of the relevant asset. In the case of loans or similar forms of assistance provided by government or similar institutions with an interest rate below the current market rate, the effect of the favourable interest rate is regarded as an additional government contribution.

Financial income and charges

Financial income and charges are recognised on an accruals basis on the interests accrued on the net value of the related financial assets and liabilities, using the effective interest rate method.

Income taxes

Current income taxes are recognised for each company on the basis of estimated taxable income in accordance with applicable rates and regulations, taking into account applicable exemptions and tax credits.

The provision for current income taxes is shown in the balance sheet net of advances paid and of withholding taxes incurred.

Deferred tax assets and liabilities are also determined, with the exception of goodwill arising from business combinations, in respect of temporary differences between the balance sheet values recorded in the financial statements and the corresponding values recognised for tax purposes. In particular, deferred tax assets are recognised if there is a probability of their recovery, i.e. when it is expected that sufficient taxable profits will be available in the future to allow for their recovery, while deferred taxes are not recognised only if it is doubtful that the related liability will arise.

The value to be recognised in the financial statements of deferred tax assets is reviewed on each reporting date and reduced to the extent that it is no longer likely that sufficient tax profits will be available in the future in order to allow all or part of this receivable to be used. Unrecognised deferred tax assets are reviewed annually at the reporting date and are recognised to the extent that it has become likely that future taxable income will be sufficient for their recovery.

Deferred tax assets and liabilities are determined according to enacted tax rates that are expected to be applicable to taxable income in the financial years when those temporary differences are expected to be recovered or settled, with reference to the jurisdictions where the Group operates.

In accordance with IAS 12, the Group recognises deferred taxes on shareholders' equity reserves in suspension of tax purposes only when such reserves are not assessed by Management as having been permanently acquired by the Group or when it is not probable that they will be use in a way that would result in a tax liability.

Income taxes related to items recognised directly in shareholders' equity are recognised directly in shareholders' equity and not in the income statement.

Deferred tax assets and liabilities are offset if there is a legal right to compensate current tax assets with current tax liabilities and if the deferred taxes refer to the same legal entity and the same tax authority.

Deferred taxes relating to items recognised outside the income statement are also recognised outside the income statement and, therefore, as shareholders' equity or in the comprehensive income statement, in line with the item to which they refer.

In accordance with IAS 12, when an asset is reassessed for tax purposes and the reassessment relates to a previous financial year, or to a reassessment that is expected to take place in future financial years, the tax effects of both the reassessment of the asset and the adjustment of the value for tax purposes must be recognised in shareholders' equity in the financial years in which they occur. Conversely, if the reassessment for tax purposes does not relate to an accounting reassessment of a previous financial year, or one that is expected to be made in a subsequent financial year, the tax effects of the value adjustment for tax purposes are recognised in profit or loss.

Value-added tax

Revenues, costs and assets are recognised net of value-added taxes except where:

- such tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item recognised in the income statement;
- it refers to trade receivables and payables shown including the value of the tax.

The net amount of indirect sales taxes that can be recovered from or paid to the Treasury is included in the financial statements under trade receivables or trade payables, depending on the sign of the balance.

Translation of foreign currency items

The functional and reporting currency adopted by the Group is the Euro. Transactions in currencies other than the functional currency are recognised at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are subsequently adjusted to the exchange rate in force at the end of the reporting period, and any exchange differences arising are reflected in the income statement. Non-monetary assets and liabilities denominated in foreign currency and recognised at historical cost are translated using the exchange rate in force on the date the transaction is initially recognised.
For consolidation purposes in the Group's accounts, the reporting packages of consolidated companies denominated in functional currencies other than the Euro are translated into Euro by applying the exchange rate in force at year-end to assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rates for the financial year (if these approximate to the exchange rates in force at the date of the respective transactions) or for the period being consolidated, whichever is lower. The related exchange rate differences are recognised directly in the comprehensive income statement and reclassified in the income statement upon loss of control of the equity investment and, therefore, of its deconsolidation.

3.3 Amendments and new standards and interpretations

New documents published by the IASB and endorsed by the EU that have become mandatorily applicable starting with financial statements for financial years beginning on 01 January 2024.
The accounting standards adopted for the preparation of the consolidated financial statements as at 31 December 2024 are the same as those used for the preparation of the consolidated financial statements as at 31 December 2023, with the exception of the new accounting standards and interpretations, approved by the IASB and endorsed for

adoption in Europe, the adoption of which is mandatory for accounting periods beginning on or after 01 January 2024, listed in the table below:

Document title	Effective Date	Dte of issue by IASB	EU regulation and date of publication	Notes and references to this check list
Lease liabilities in a sale and leaseback transaction (Amendments to IFRS16)	1 January 2024	22-Sep-22	(UE) 2023/2579 20-Nov-23	NI 1518 27-Nov-23
Classification of liabilities as current or non-current (Amendments to IAS1) and Non-current liabilities with clauses (Amendments to IAS1)	1 January 2024	23-Jan-20 (*) 31-Oct-22	(UE) 2023/2822 19-Dec-23	NI 1530 13-Feb-24
Financing Arrangements for Supplies (Amendments to IAS 7 and IFRS 7)	1 January 2024	25-May-23	(UE) 2024/1317 15-May-24	NI 1547 30-May-24

** on 15 July 2020, the International Accounting Standards Board ('IASB') published a further document to postpone the effective date of the first amendment (published on 23 January 2020) from 1 January 2023 to 1 January 2024. This amendment was subsequently confirmed by the second amendment published on 31 October 2022 and, for this reason, is not separately shown in the table.*

IAS/IFRS and related IFRIC interpretations applicable to financial statements for financial years beginning after 01 January 2024

Below are the EU-endorsed documents applicable to financial statements for financial years beginning after 01 January 2024.

PART A - Documents endorsed by the EU as at 31 December 2024

Document title	Effective date	Date of issue by IASB	EU regulation and date of publication	Notes and references to this check list
Impossibility of Exchange (Amendments to IAS 21)	1 January 2025	15-Aug-23	(UE) 2024/2862 12-Nov-24	NI 1567 22-Nov-24
Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026	30-May-24	on going	
Annual improvements – Volume 11 (Amendments to IAS 7 and IFRS 1, 7, 9, 10)		18-Jul-24	on going	
Contracts referencing nature-dependent electricity (Amendments to IFRS 9 and IFRS 7)		18-Dec-24	on going	
IFRS 18 Presentation and disclosure in financial statements	1 January 2027	09-Apr-24	on going	
IFRS 19 Subsidiaries without public accountability: disclosures		09-May-24	on going	

The Group will adopt these new standards and amendments and is assessing their potential impact on the consolidated financial statements. These are amendments to standards and/or interpretations that are not expected to have a significant impact on the Group's consolidated financial statements.

Below are the international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB that have not yet been endorsed for adoption in Europe as at the date of these financial statements. It should be noted that these documents will only be applicable once they have been endorsed by the EU.

PART B - Documents NOT yet endorsed by the EU as at 31 December 2024

Document title	Date of issue by IASB	Effective date
Standards		
IFRS 14 Regulatory deferral accounts	30-Jan-14	1 January 2016 *
Amendments		
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	11-Sep-14 17-Dec-15	TBD **

** IFRS 14 became effective on 1 January 2016, but the European Commission decided to suspend the endorsement process pending the new accounting standard on "rate-regulated activitie".*
*** In December 2015, the IASB published the document "Effective date of amendments to IFRS 10 and IAS 28", eliminating the mandatory effective date (originally scheduled for 1 January 2016), pending completion of the equity method project.*

The Group will adopt these new standards and amendments based on their expected date of application, and it will assess their potential impact on the consolidated financial statements when they are endorsed by the European Union.

4. Information on items in the statement of financial position

Below are notes on the items of the consolidated statement of financial position as at 31 December 2024. For details of the items of the consolidated statement of financial position deriving from transactions with related parties, reference to note 6.5 Transactions with related parties should be made.

4.1 Property, plant and equipment

Thousands of Euros	Land	Buildings	Plant and machinery and industrial equipments	Other tangible assets	Assets under construction	Total
Historical cost	5.325	103.449	238.437	28.465	52.872	428.549
Accumulated depreciation and write-downs	(0)	(90.880)	(219.035)	(23.942)	(374)	(334.232)
Balance at 31 December 2022	**5.325**	**12.569**	**19.401**	**4.523**	**52.498**	**94.317**
Increases	-	3.690	3.091	6.199	12.521	25.501
Decreases	-	(11)	(1.310)	(100)	-	(1.420)
Other changes	-	8.669	3.004	96	(11.890)	(121)
Depreciation	-	(3.100)	(5.376)	(3.478)	-	(11.953)
Other changes accumulated depreciation	-	118	1.216	452	(0)	1.786
Total changes in FY2023	**-**	**9.366**	**625**	**3.170**	**631**	**13.792**
Historical cost	5.325	115.797	243.222	34.661	53.504	452.508
Accumulated depreciation and write-downs	(0)	(93.862)	(223.195)	(26.968)	(374)	(344.399)
Balance at 31 December 2023	**5.325**	**21.935**	**20.026**	**7.693**	**53.130**	**108.109**
Increases	-	1.672	3.738	4.520	20.929	30.858
Decreases	-	(1.806)	(1.179)	(631)	-	(3.616)
Other changes	-	1.050	6.044	491	(7.030)	555
Depreciation	-	(3.393)	(5.794)	(4.272)	-	(13.460)
Other changes accumulated depreciation	97	502	719	370	(20)	1.667
Total changes in FY2024	**97**	**(1.976)**	**3.526**	**478**	**13.879**	**16.004**
Historical cost	5.325	116.712	251.824	39.041	67.403	480.305
Accumulated depreciation and write-downs	97	(96.754)	(228.271)	(30.870)	(395)	(356.192)
Balance at 31 December 2024	**5.423**	**19.959**	**23.553**	**8.171**	**67.008**	**124.113**

The value of Property, plant and equipment as at 31 December 2024 is EUR 124,113 thousand, an increase of EUR 16,004 thousand compared to 31 December 2023 (EUR 108,109 thousand).

The increases for the financial year relate to:

- EUR 1,672 thousand in the item "Buildings" refer mainly to EUR 1,243 thousand for the purchase of an industrial property located in Paderno Dugnano and for construction works on buildings in Abano Terme and Paderno Dugnano. This item also decreased by EUR 1,806 thousand due to the sale of the industrial building in Montegiorgio;

- EUR 3,738 thousand of the item "Plant and equipment and industrial equipment" refers mainly to EUR 2,111 thousand of investments made by the Parent Company in the production departments in Abano Terme, Paderno Dugnano, and Noto;
- EUR 4,520 thousand of the item "Other assets" and mainly referable for EUR 3,471 thousand to the effect of the accounting standard IFRS 16 for the rights of use of motor vehicles used by scientific representatives and other employees of the Group and for EUR 1,471 thousand to investments in the Quality Control and Research and Development laboratories of Abano Terme;

The item "Payments on account and assets in progress", amounting to EUR 67,008 thousand (EUR 53,130 thousand in 2023), mainly refers to the following investment orders by the Parent Company: new production departments for EUR 49,934 thousand, of which EUR 46,213 thousand related to the new vaccine production department and EUR 2,520 thousand related to the new plaster production line department; improvements and upgrades to production departments, laboratories, and facilities for EUR 11,763 thousand; purchase of two properties, one located in Padua for EUR 2,187 thousand and the other located in Noto for EUR 2,384 thousand; advances on equipment for EUR 594 thousand.

4.2 Intangible assets

Thousands of Euros	Development expenses	Industrial patents and intellectual property rights	Concessions, licences and trademarks	Other intangible assets	Assets under development	Total	Goodwill	Total
Historical cost	837	28.779	95.089	9.613	19.297	153.615	124.586	278.201
Accumulated amortization and write-downs	(837)	(25.638)	(27.516)	(9.253)	(9.610)	(72.853)	(34.584)	(107.437)
Balance at 1 January 2023	**0,0**	**3.141**	**67.573**	**359**	**9.687**	**80.761**	**90.002**	**170.763**
Increases	-	1.162	923	1	6.859	8.945	825	9.770
Decreases	-	(475)	(130)	-	(67)	(672)	-	(672)
Reclassifications	-	0	-	-	-	0	0	0
Other changes	-	823	(125)	(51)	(1.060)	(413)	0	(413)
Amortizations	(0)	(1.594)	(9.444)	(155)	-	(11.193)	-	(11.193)
Other changes accumulated amortization	0	498	407	36	0	941	-	941
Total changes in FY2023	**(0)**	**414**	**(8.369)**	**(169)**	**5.732**	**(2.392)**	**825**	**(1.567)**
Historical cost	837	30.289	95.756	9.563	25.030	161.475	125.411	286.886
Accumulated amortization and write-downs	(837)	(26.734)	(36.552)	(9.373)	(9.610)	(83.106)	(34.584)	(117.690)
Balance at 31 December 2023	**-**	**3.555**	**59.204**	**191**	**15.420**	**78.369**	**90.827**	**169.196**
Increases	-	1.300	151.599	4	12.319	165.223	17.530	182.752
Decreases	-	(18)	(1.004)	(20)	(297)	(1.340)	-	(1.340)
Reclassifications	-	0	-	0	-	-	(0)	(0)
Other changes	-	900	615	(61)	(725)	729	1.724	2.452
Amortizations	-	(1.866)	(11.846)	(122)	-	(13.834)	-	(13.834)
Other changes accumulated amortization	-	(46)	106	81	0	141	-	141
Total changes in FY2024	**-**	**270**	**139.471**	**(118)**	**11.296**	**150.919**	**19.253**	**170.173**
Historical cost	837	32.471	246.967	9.486	36.326	326.086	144.664	470.751
Accumulated amortization and write-downs	(837)	(28.647)	(48.292)	(9.413)	(9.610)	(96.798)	(34.584)	(131.382)
Balance at 31 December 2024	**-**	**3.825**	**198.675**	**73**	**26.716**	**229.289**	**110.080**	**339.369**

The value of intangible assets as at 31 December 2024 was EUR 339,369 thousand, an increase of EUR 170,173 thousand compared to 31 December 2023 (EUR 169,196 thousand).

Industrial patents and intellectual property rights are represented by the external costs incurred in obtaining patent registrations from the competent authorities. Software usage rights refer to the costs incurred for the purchase of application software by way of user license. Concessions, licenses, trademarks and similar rights are represented by costs incurred to register trademarks and acquire licenses for products from third parties for marketing purposes.

The item "Licences and Trademarks" of EUR 198,675 thousand mainly refers to the filing of trademarks and the acquisition of product licences from third parties for marketing. The main investment, with a total value of EUR 146,212 thousand (net of goodwill), consists of the acquisition from a major international pharmaceutical group of a bundle of rights, contracts, intellectual property, trademarks, and commercial authorisations related to a product portfolio within the therapeutic area of gynaecology.

The item "Assets in progress and advances", amounting to EUR 26,716 thousand, mainly includes capitalisations made during the financial year in relation to the following investment orders of the Parent Company:

- EUR 720 thousand (EUR 676 thousand in 2023) of costs relating to the process of registering patents and trademarks, incurred in the current period and in previous ones. These costs will be amortised from the time the patent registration is obtained or the trademark is filed;
- EUR 2,641 thousand (EUR 1,044 thousand in 2023) of advances paid for the purchase of management software;
- EUR 16,866 thousand (EUR 9,894 thousand in 2023) of external costs for activities related to development projects on phase 3 products and trials for the creation of new formulations on medical devices (compliance with the new Regulation MDR 2017/745).
- EUR 6,381 thousand (EUR 3,808 thousand in 2023) relates to capitalised costs for projects in the operations area. Costs are split between external costs of EUR 4,098 thousand and internal personnel costs of EUR 2,283 thousand;

4.3 Goodwill

Goodwill as at 31 December 2024 amounted to EUR 110,081 thousand, an increase of EUR 19,254 thousand compared to 31 December 2023 (EUR 90,827 thousand). The breakdown of Goodwill is shown in the table below:

Thousands of Euros	Stress test (WACC)	at 31 December 2024	at 31 December 2023
Glynn group	78,00%	1.757	1.757
Sooft group	21,13%	59.217	59.217
Laboratorios SLU	17,96%	4.843	4.843
Corticosteroids	21,75%	24.180	24.180
Ophthalmic company branch - Poland	63,60%	1.062	829
Fidia Healthcare Srl	20,20%	9.232	n.a
Prodotti ginecologici	7,07%	9.788	n.a
Total goodwill		**110.080**	**90.827**

The change mainly refers to EUR 9,232 thousand related to the acquisition of the subsidiary Fidia Healthcare S.r.l., completed in February 2024, and EUR 9,788 thousand related to the Asset Purchase Deal of a set of specific products for the gynaecology area acquired from the French subsidiary.
As indicated in the note on "Summary of accounting standards" and as provided for by IFRS 3, goodwill is not systematically amortised but subject to an impairment test to determine its recoverable amount. Goodwill is allocated to the individual cash generating units identified on the basis of the business segments and markets in which the acquired companies operate. A cash-generating unit to which goodwill has been allocated must be tested for impairment annually. Whenever there is an indication that the unit may be impaired, by comparing the book value of the unit, which includes goodwill, with the recoverable amount of the unit: if the recoverable amount of a unit exceeds the book value of that particular unit, the unit and the goodwill allocated to that unit are treated as not impaired; if, on the other hand, the book value of the unit exceeds the recoverable amount of that particular unit, the entity should recognise the impairment loss.

The impairment test exercise was conducted from the three-year multi-year plans prepared by management and, with reference to the financial variables, using a discounted cash flow rate (WACC) of 78.00% for the Glynn Group, 21.13% for the Sooft Group, 17.96% for Laboratorios SLU, 21.75% for corticosteroid products, 63.60% for Poland's Ophtha business unit, 20.20% for Fidia Healthcare S.r.l., and 7.07% for gynaecological products. The discount rate used is represented by the weighted average cost of capital, estimated after tax, which reflects current market assessments of the cost of money and the specific risk associated with the cash-generating unit. The growth rates adopted for the period following the explicit forecast period have been conservatively estimated, taking into account the peculiarities of the various countries concerned.

The recoverable amount was determined by calculating the value in use of the individual cash generating units. The main assumptions used in the calculation of value in use regard expectations of operating cash flows during the period assumed for the calculation, the discount rate and the growth rate.

Operating cash flow forecasts for the explicit period assumed for the calculation (2025-2027) derive from the business plan approved by the Parent Company's Board of Directors on 5 November 2024.

With regard to the recoverability of goodwill relating to the cash-generating units (CGUs) indicated above, impairment tests were carried out and no impairment losses were found in the financial years under review.

The column "Stress test (WACC)" shows the discount rates above which the respective goodwill is written down.

4.4 Other investments and securities

Equity investments and investments in other companies are summarised in detail in the tables below:

	Book value		% of ownership	
Thousands of Euros	at 31 December 2024	at 31 December 2023	at 31 December 2024	at 31 December 2023
Fidia Pharma UK Ltd	24	24	100%	100%
Fisior	21	21	100%	100%
Accumulated amortizations other equity investments	**(21)**	**(21)**		
Total other equity investments	**24**	**24**		

Fidia Pharma Uk Ltd was not included in the scope of consolidation as it did not carry out any significant activities during the period.

Thousands of Euros	Book value		% of ownership	
	at 31 December 2024	at 31 December 2023	at 31 December 2024	at 31 December 2023
Consorzio Dafne	20	20	2%	2%
Consorzio Universitario Unifarm	73	73	10%	10%
Accumulated amortizations other equity investments	**(4)**	**(4)**		
Total other equity investments	**89**	**89**		

Investments in other companies include equity instruments of unlisted companies, which fall within level 3 of the fair value hierarchy.

4.5 Receivables

As at 31 December 2024, the item "Non-current receivables" amounted to EUR 1,374 thousand, up EUR 244 thousand compared to 31 December 2023 (EUR 1,130 thousand).
The item Receivables mainly refers to:

- insurance policy for EUR 543 thousand;
- guarantee deposits for EUR 491 thousand relating to utilities, rents and leases.

See note 6 for information on the Group's exposure to credit and market risks and fair value.

4.6 Deferred tax assets

As at 31 December 2024, deferred tax assets amounted to EUR 20,366 thousand (EUR 21,716 thousand as at 31 December 2023). The overall change is as follows:

Thousands of Euros	Historical losses	Revenues / (costs) with deferred tax effect	Tax credits	Other	Total
Balance at 31 December 2023	**841**	**20.875**	**-**	**-**	**21.716**
Recognitions in the income statement	(139)	(1.700)	-		(1.839)
Recognitions in the comprehensive income statement		(8)		497	489
Other changes					-
Balance at 31 December 2024	**702**	**19.167**	**-**	**497**	**20.366**

The composition of deferred tax assets and liabilities is shown in the table below:

Thousands of Euros	at 31 December 2024	at 31 December 2023	Changes
Tax effect on reversal of intercompany profits on assets	4.209	3.663	546
Taxed provision for risks	2.263	3.520	(1.257)
Tax set up of intangible assets	193	1.500	(1.307)
Goodwill step up	5.450	7.267	(1.817)
Effect of derivative financial instruments	497	-	497
Actuarization of severance pay	142	151	(8)
Benefit on carried forward tax losses	702	841	(139)
Tax effect of leasing	-	8	(8)
Intercompany profit effect on inventory	5.107	2.785	2.322
Other deferred tax assets	1.802	1.981	(179)
Deferred tax assets (A)	**20.366**	**21.716**	**(1.350)**
Changes in the value of fixed assets	(3.023)	(681)	(2.342)
Effect of derivative financial instruments	(279)	(866)	588
Effect on depreciation of leasing assets	(102)	(88)	(14)
Other deferred tax liabilities	447	229	218
Deferred tax liabilities (B)	**(2.957)**	**(1.407)**	**(1.551)**
Net balance of deferred tax assets (A -B)	**17.408**	**20.309**	**(2.901)**

Deferred tax assets decreased by a total of EUR 1,350 thousand, mainly due to a reduction in values related to the capitalisation of fixed assets and the goodwill step-up related to Sooft recognised in 2022 (the full tax benefit from this step-up was recognised in the 2022 consolidated financial statements, amounting to EUR 9,084 thousand net of substitute tax (16%) for EUR 5,210 thousand charged to the income statement; in subsequent years, consolidated deferred tax assets will decrease according to the accounting entries of the Parent Company).

The accounting of deferred tax assets is supported by a recoverability plan prepared on the basis of assumptions and hypotheses that the Directors have considered as reasonable.

With regard to the change of the item Deferred taxes, reference to note 4.17 should be made.

4.7 Inventories

Inventories as at 31 December 2024 amounted to EUR 89,686 thousand (EUR 69,291 thousand as at 31 December 2023), net of a write-down provision of EUR 4,952 thousand (EUR 7,678 thousand as at 31 December 2023).

The table below shows the breakdown of the item Inventories:

Thousands of Euros	at 31 December 2024	at 31 December 2023	Change
Raw materials and consumables	22.810	21.660	1.150
Finished products and semi-finished products	71.828	55.309	16.519
Total gross closing inventory	**94.638**	**76.969**	**17.669**
Write-down provision	(4.952)	(7.678)	2.725
Total net closing inventory	**89.686**	**69.291**	**20.394**

Raw, ancillary and consumable materials consist of raw materials, excipients and packaging material used for the production of products for sale and for the production of active ingredients.
The amount relating to inventories is prudentially written down through the recognition of a bad debt provision, designed to cover any future usability limits, obsolescence or slow turnover phenomena.

The growth of raw materials has also been impacted, in part, by increased stock to compensate for the uncertainty in the availability of materials.

4.8 Trade receivables

Trade receivables as at 31 December 2024 amounted to EUR 148,997 thousand, up EUR 22,368 thousand compared to 31 December 2023 (EUR 126,629 thousand). The values indicated are expressed net of the bad debt provision.

The following table summarises the breakdown of the item Trade receivables and details of the bad debt provision:

Thousands of Euros	at 31 December 2024	at 31 December 2023	Change
Trade receivables to Customer	151.575	130.215	21.360
Trade receivables to Customer	**151.575**	**130.215**	**21.360**
Provision for bad debts	(2.578)	(3.587)	1.009
Net trade receivables to Customer	**148.997**	**126.629**	**22.368**

The Group carries out a detailed analysis of the positions with the highest recoverability risk, considering the relationship with the customer and the geo-political situation of the country in which the customer operates, and a generic analysis of historical and expected credit losses. Credit losses are estimated using a method based on the probability of credit deterioration by considering exposures in different categories based on common characteristics of credit risk, geographic area, credit seniority, presence of litigation and length of customer relationship.

4.9 Tax receivables

Tax receivables amounted to EUR 5,624 thousand, up compared to 31 December 2023 (EUR 3,597 thousand) of EUR 2,027 thousand. These mainly consist at Group level of VAT credits for EUR 2,645 thousand and tax credits for EUR 808 thousand derived from the Parent Company, whose utilisation is expected within 3 years according to tax regulations (R&D credit, capital goods).

4.10 Other current assets

Other current assets amounted to EUR 19,087 thousand, up EUR 7,599 thousand compared to 31 December 2023 (EUR 11,488 thousand) and relate to other receivables and accrued income and prepaid expenses. The following table provides a breakdown of this item.

Thousands of Euros	at 31 December 2024	at 31 December 2023	Change
Accrued income	57	452	(395)
Deferred charges	2.591	2.024	566
Other remaining Credits	12.810	5.038	7.771
Advance payments from customers	3.630	3.974	(344)
Other current assets	**19.087**	**11.488**	**7.599**

The change in other current assets of EUR 7,599 thousand is mainly attributable to the increase of EUR 6,477 thousand in Other receivables from the former consolidating company P&R, and EUR 1,185 thousand related to financed projects (EUR 974 thousand for two research projects linked to the subsidised measure "Innovation Agreements" and EUR 211 thousand for the Drug Delivery project financed by MIUR Invitalia).

4.11 Derivative instruments assessed at fair value

The item derivative instruments assessed at fair value as at 31 December 2024 amounted to EUR 1,162 thousand and refers to the positive fair value of hedging instruments (IRS) on medium/long-term loans as at 31 December 2024.

4.12 Short-term financial investments and cash and cash equivalents

The composition of the item Cash and cash equivalents is summarised in the table below:

Thousands of Euros	at 31 December 2024	at 31 December 2023	Change
Current financial assets	-	37.366	(37.366)
Deposit accounts	47.622	103.026	(55.404)
Cash on hand and equivalent	32	35	(3)
Cash and cash equivalents reported in the statement of financial position	**47.655**	**140.428**	**(92.773)**
Bank overdrafts used for liquidity management	-	-	-
Cash and cash equivalents reported in the statement of cash flows	**47.655**	**140.428**	**(92.773)**

Unrestricted financial assets were represented by unrestricted term loans that are remunerated with liquidity.

4.13 Shareholders' equity

Shareholders' equity attributable to the Group amounted to EUR 329,380 thousand, an increase of EUR 38,113 thousand compared to the 2023 figure (EUR 292,673 thousand).

The main changes during the year, shown in detail in the statement of changes in shareholders' equity, primarily concern:

- recognition of the profit for FY 2024, equal to EUR 42,117 thousand;
- negative impact of the distribution of dividends to shareholders for EUR 3,000 thousand;
- positive impact of the translation reserve of accounts denominated in foreign currency, amounting to EUR 784 thousand;
- negative impact of EUR 3,436 thousand arising from changes in the fair value of hedging derivatives;
- other increases for EUR 243 thousand.

Thousands of Euros	Group equity											
	Share Capital	Share premium reserve	Treasury shares	Reserve for financial derivatives measured at fair value	Foreign exchange translation differences	Other reserves	First Time Adoption reserve	Undivided profits	Profit/(Loss) for the year	Interim dividend	Minority equity investments	Equity
Balance at 31.12.2023	**36.120**	**-**	**-**	**2.744**	**1.539**	**7.980**	**8.953**	**190.101**	**45.236**	**-**	**-**	**292.673**
Allocation of prior yearprofit						(216)		45.452	(45.236)			-
Variazione area di consolidamento												-
Utili (perdite consolidate a nuovo)												-
Dividend distributions								(3.000)				(3.000)
Other changes				(3.436)	784	22		221				(2.409)
Profit for the year									42.117			42.117
Balance at 31.12.2024	**36.120**	**-**	**-**	**(692)**	**2.323**	**7.786**	**8.953**	**232.774**	**42.117**	**-**	**-**	**329.380**

A more detailed description of the item Shareholders' equity is listed below.

Share Capital
The share capital as at 31 December 2024 amounted to EUR 36,120 thousand.

Reserve for derivative financial instruments assessed at fair value
The cash flow hedge reserve includes the effective portion of the cumulative net change in the fair value of hedging instruments used in the cash flow hedge, pending subsequent recognition in net income/(loss) for the year, or included directly in the initial cost or other book value of a non-financial asset or non-financial liability. The value as at 31 December 2024, net of the tax effect, was negative for EUR 692 thousand.

Translation reserve
The translation reserve arises from the translation into Euro of the shareholders' equity of group companies whose financial statements are drawn up in a different local currency and it corresponds to the overall change in reserves due to purely exchange rate effects, recognised at year-end and compared with the historical one. The reserve increased by EUR 784 thousand due to the general appreciation of the Euro during the year against the currencies of consolidated entities. As at 31 December 2024, the reserve amounted to EUR 2,323 thousand.

Other reserves
As at 31 December 2024, these amounted to EUR 7,786 thousand and include:
- Legal reserve, amounting to EUR 7,224 thousand, is unchanged compared to the previous financial year;
- Own shares reserves in portfolio, equal to EUR 11,212 thousand, did not change during the financial year; this item was recognised as part of the merger between Fidia Farmaceutici S.p.A. and Solmag S.p.A., which took place in 2008;
- Negative reserve for own shares held amounting to EUR 11,212 thousand;
- Positive OCI reserve amounting to EUR 276 thousand;
- Reserve for unrealised exchange gains of EUR 286 thousand.

First-Time Adoption Reserve
The reserve of EUR 8,953 thousand originated as a result of the transition to the IFRS international accounting standards.

The Group's goals in managing capital are aimed at creating value for shareholders, safeguarding the going continuity, guaranteeing the interests of stakeholders, as well as enabling efficient access to external sources of financing, such as to adequately support the development of the Group's activities.

4.14 Loans due beyond one year

As at 31 December 2024, borrowings due beyond the year amounted to EUR 203,334 thousand, representing a net increase of EUR 14,359 thousand compared to EUR 188,975 thousand as at 31 December 2023.

Conditions and repayment plans of the loans
The following table shows the breakdown of medium- and long-term loans as at 31 December 2024 and 31 December 2023:

Thousands of Euros	Currency	Nominal interest rate	Maturity	at 31 December 2024		at 31 December 2023	
				Nominal value	Accounting value	Nominal value	Accounting value
Granted to Fidia Farmaceutici S.p.A.							
Amortizing loan	€	Fixed	2025	2.250	2.250	11.250	11.260
Amortizing loan	€	Fixed	2024	-	-	4.056	4.056
Amortizing loan	€	Variable*	2025	24.000	23.977	35.200	35.338
Amortizing loan	€	Fixed	2025	3.450	3.450	6.750	6.750
Amortizing loan	€	Fixed	2025	11.667	11.663	15.000	14.986
Amortizing loan	€	Fixed	2026	15.563	15.563	20.813	20.813
Amortizing loan	€	Fixed	2026	22.368	22.368	30.263	30.263
Amortizing loan	€	Fixed	2029	32.865	32.865	40.000	40.000
Amortizing loan	€	Variable*	2029	30.000	29.910	-	-
Amortizing loan + Baloon	€	Fixed	2029	50.000	49.775	-	-
Other loans	€			1.015	1.015	1.377	1.377
Lease liabilities and IFRS 16	€			4.226	4.226	4.430	4.430
Bonds (shareholders)	€	Fixed	2025	50.000	50.000	50.000	50.000
Bonds (third parts)	€	Fixed	2033	70.000	69.343	20.000	19.259
Total loans granted to the parent company				**317.404**	**316.405**	**239.139**	**238.532**
Granted to other Group companies							
Other loans				1	1	-	-
Lease liabilities and IFRS 16				5.246	5.246	5.541	5.541
Total loans granted to other Group companies				**5.247**	**5.247**	**5.541**	**5.541**
Total loans (by and over)				**322.651**	**321.652**	**244.680**	**244.073**
Total loans at amortised cost				(998)		(607)	
Loans due within the year - current liabilities				**118.319**	**118.319**	**55.098**	**55.098**
Loans due over the year - non-current liabilities				**204.332**	**203.334**	**189.582**	**188.975**
Total loans (by and over)					**321.652**		**244.073**

** Variable rate applies to 50% of the amount, with the remaining portion hedged by IRS*

During the year, the Parent Company's borrowings changed as follows:

- an increase of EUR 50,000 thousand arising from the disbursement of the second tranche of the bond issued to third parties on 27 September 2024, maturing in 2034 and repayable in five annual instalments starting from 27 September 2030 through 27 September 2034;
- an increase of EUR 80,000 thousand relating to two new bank loans maturing in 2029;
- a decrease of EUR 52,000 thousand relating to the repayment of principal amounts on outstanding mortgages.

Financial payables to third parties were recognised following the introduction of the IFRS 16 standards for a value of EUR 8,727 thousand related to the lease commitments undertaken by the Group.
The maturities of financial liabilities in terms of the nominal value of the expected outlay, as contractually defined, are described below:

Thousands of Euros	Bank loans	Bond	Other	Total
Within the following 12 months	64.683	50.000	4.040	118.723
Between 1 and 5 years	125.135	-	5.432	130.568
Over 5 years	2.361	70.000	-	72.361
Loans	**192.179**	**120.000**	**9.473**	**321.652**

Derivative financial instruments
As at 31 December 2024, these contracts relate entirely to the Parent Company. To hedge against interest rate and foreign exchange rate risks, the company has entered into:

- Interest rate swap (IRS) contracts, whose original notional amounts are detailed in the table below, and whose repayment schedules match those of the underlying borrowings;
- Forward foreign exchange contracts (USD), linked to amounts expected to be received by the Parent Company in the first half of 2025.

As at 31 December 2024, these contracts had a positive mark-to-market value of EUR 1,162 thousand and a negative mark-to-market value of EUR 2,370 thousand, before tax effects.

Derivatives relating to items classified among financial liabilities are shown in the following table:

Thousands of Euros	Risk covered	Fair value positive/(negative)	Notional amount	Fair value positive/(negative)	Notional amount
Cash flow hedge derivatives					
Interest rate Swap	Interest rate	18	2.250	290	11.250
Interest rate Swap	Interest rate	15	12.000	193	17.600
Interest rate Swap	Interest rate	74	3.450	292	6.750
Interest rate Swap	Interest rate	271	11.667	753	15.000
Interest rate Swap	Interest rate	650	22.368	1.593	30.263
Interest rate Swap	Interest rate	134	32.865	489	40.000
Interest rate Swap	Interest rate	(397)	15.000	-	-
Interest rate Swap	Interest rate	(1.676)	50.000	-	-
Non-hedging derivatives					
USD currency contracts	Exchange rate	(297)	5.000	-	-
Total derivatives		**(1.208)**		**3.610**	

These transactions are classified as cash flow hedges under IFRS 9.
The carrying value of hedging transactions falls within level 2 of the fair value hierarchy.
Please refer to paragraph 6.2 for a description of the company's exposure to liquidity risk.
During the 2024 financial year, the company also entered into a forward contract denominated in USD with a notional value of USD 5,000 thousand. The contract does not qualify for hedge accounting under IFRS 9.

Loan covenants

In view of the bank loans, the company is bound to comply with certain financial ratios to be calculated on the consolidated financial statements as follows:
- ratio of net financial position to EBITDA not exceeding 3;
- ratio of EBITDA to financial expenses not lower than 5.

The definition of EBITDA provided in the various contracts refers to the amount reported in the financial statements, adjusted on a pro forma basis to include any results obtained over periods of less than 12 months.

The parameters as at 31 December 2024 are met.

Reconciliation of financial liabilities deriving from loans

As required by IAS 7, the following table summarises the cash flows relating to financial liabilities and derivatives that occurred during the year:

Thousands of Euros	at 31 December 2023	Cash flow	Non cash changes		at 31 December 2024
			Acquisitions	Other	
Non-current bank loans	113.312	14.956	-	(114)	128.153
Other non-current financial liabilities	75.663	49.433	(50.000)	84	75.180
Non-current financial liabilities (A)	**188.975**	**64.389**	**(50.000)**	**-** **30**	**203.334**
Current bank loans	51.532	13.152	-	-	64.683
Other current financial liabilities	3.567	69	50.000	-	53.635
Current financial liabilities (B)	**55.098**	**13.220**	**50.000**	**-**	**118.319**
Financial liabilities (A) + (B)	**244.073**	**77.609**	**-**	**(30)**	**321.652**

Financial lease liabilities under IFRS 16

The following table shows the present value of minimum lease payments for finance lease liabilities recognised as at 31 December 2024 and 2023.

	Minimum payments present value	
Thousands of Euros	2024	2023
Within the year	3.569	3.502
Over the year	5.159	5.582
Total payables for leasing	**8.727**	**9.084**

Leases exempt from IFRS 16 relate to low-value leases (worth less than USD 5 thousand) and leases with a contractual duration of less than 12 months.

The table below shows the classes of financial instruments held by the Company.

Thousands of Euros	Loans and receivables	Financial assets at fair value	Derivative instrument	Investments held to maturity	Financial assets available for sale	Total
Financial assets:						
Trade receivables	148.997	-	-	-	-	148.997
Tax receivables	5.624	-	-	-	-	5.624
Other current assets	19.087	-	-	-	-	19.087
Derivative instruments at fair vali	-	-	1.162	-	-	1.162
Non-current receivables	1.374	-	-	-	-	1.374
Cash and cash equivalents	47.655	-	-	-	-	47.655
Total Financial assets	**222.737**	**-**	**1.162**	**-**	**-**	**223.898**

Thousands of Euros	Liabilities at amortized cost	Liabilities at fair value	Derivative instrument at fair value	Total
Financial liabilities:				
Loans	321.652			321.652
Provisions for risks and charges	5.167			5.167
Derivative instruments at fair vali	-		2.370	2.370
Other non-current payables	0			0
Trade payables	68.801			68.801
Tax payables	8.177			8.177
Other current liabilities	50.817			50.817
Total Financial liabilities	**454.615**	**-**	**2.370**	**456.985**

The Group only assessed derivative contracts at fair value. The value of amounts due to banks and other loans, recognised at amortised cost and contracted at variable interest rates, does not differ appreciably from their fair value.

All financial instruments recognised at fair value can be classified into the three categories defined below:
Level 1: Market quotation.
Level 2: Valuation techniques (based on observable market data).
Level 3: Valuation techniques (not based on observable market data).

All assets and liabilities that are assessed at fair value as at 31 December 2024 are classified within fair value hierarchy level number 2. In addition, there were no transfers from Level 1 to Level 2 or Level 3 and vice versa during the year.

Bonds
The item "Borrowings due beyond one year" includes the value of bonds as shown in the table:

Thousands of Euros	at 31 December 2024	at 31 December 2023
Collections deriving from the issue of bonds	120.000	70.000
Transaction costs	(657)	(741)
Net proceeds	**119.343**	**69.259**
Discount on bond loans	-	-
Interest accrued	4.210	2.636

Bonds refer to loans held by the Parent Company with the following characteristics:

- 50,000 bonds with a nominal value of EUR 1,000.00 each, from 1 October 2023 to 30 September 2025, bearing semi-annual interest payable in arrears on 31 March and 30 September.
- 200,000 bonds with a nominal value of EUR 100 each, from March 2023 to March 2033, recognised under bonds payable beyond 12 months for a nominal amount of EUR 20,000 thousand and EUR 19,529 thousand net of implicit interest and ancillary costs for EUR 741 thousand. Repayment of the bond will begin in March 2029.
- 500,000 bonds with a nominal value of EUR 100 each, from September 2024 to September 2034, recognised under bonds payable beyond 12 months for a nominal amount of EUR 50,000 thousand. Repayment of the bond will begin in September 2030.

Net financial position

In order to complete the analysis of the Group's financial position, the following summary is also provided.

Thousands of Euros	at 31 December 2024	at 31 December 2023
Cash and cash equivalents	37.655	48.062
Short-term bank deposits	10.000	55.000
Other financial assets	-	37.366
Short-term financial investments and cash	**47.655**	**140.428**
Loans due within the year	(64.683)	(51.532)
Lease liabilities due within the year	(3.636)	(3.567)
Bonds	(50.000)	-
Current financial debt	**(118.320)**	**(55.098)**
Short-term financial debt	**(70.665)**	**85.330**
Bonds	(69.343)	(69.259)
Loans due over the year	(128.153)	(113.312)
Lease liabilities due over the year	(5.838)	(6.404)
Non-current financial debt	**(203.334)**	**(188.975)**
Net financial debt	**(273.998)**	**(103.645)**

4.15 Employee severance indemnities and other benefits

This item includes the actuarial value of the Group's actual debt to all employees, calculated in accordance with IAS 19. The amount recognised as at 31 December 2024 is EUR 8,222 thousand (31 December 2023: EUR 9,000 thousand).

The breakdown and the changes in payables for employee benefits are shown in the table below:

	Employees' leaving entitlement	
Thousands of Euros	2024	2023
Balance at 1 January	9.000	9.118
Included in profit (loss) for the year:	(747)	(324)
Cost related to job positions	-	-
Employee benefits paid	(979)	(619)
Net financial (income) expense	231	295
Included in the other components of the income statement:	(30)	206
Actuarial losses	(30)	92
Other employee benefits	-	114
Balance at 31 December	8.222	9.000

Employee severance indemnities relate to the Italian companies of the Group and, on the basis of national legislation, they accrue on the basis of service rendered and are paid out when the employee leaves the company.

The treatment due to the termination of the employment relationship is calculated based on its duration and on the taxable remuneration of each employee. The liability, annually revalued on the basis of the official cost of living and statutory interest rate, is not associated with any accrual condition or period, nor with any financial funding obligation; therefore, there is no activity at the service of the provision.

The discipline was subsequently supplemented by Legislative Decree no. 252/2005 and by Law no. 296/2006 which, for companies with at least 50 employees, has established that the portions accrued since 2007 be allocated, on the employees' option, either to the INPS Treasury Fund or to supplementary pension schemes, assuming the nature of "Defined contribution plan".

However, reassessments of amounts outstanding at the option date, as well as, for companies with less than 50 employees, also those amounts accrued and not allocated to complementary pension funds, remain recorded as severance indemnities for the Parent Company. In accordance with IAS 19, this provision is accounted for as a "Defined benefit plan".

The tables below describe the financial and demographic assumptions adopted in calculating the liability in application of IAS 19:

Financial assumptions	at 31 December 2024	at 31 December 2023
Annual discount rate	2,93%	2,95%
Annual inflation rate	2,00%	2,00%
Annual rate of increase in severance pay	3,00%	3,00%

4.16 Provision for risks and charges (non-current)

The following table shows the breakdown of provisions for non-current risks and charges.

Thousands of Euros	Provision for agents' termination benefits	Structural interventions provision	Land restoration provision	Provision for risk and charges	Total
Balance at 1 January	755	941	150	2.600	4.446
Increase					-
Provisions for the year	71			564	635
Amounts used during the year	-	(658)		(656)	(1.314)
Amounts written off during the year					-
Release of the discount rate					-
Balance at 31 December	826	283	150	2.509	3.767

The *Provision for pensions and similar obligations* represents the liability due for Agents' termination indemnities. The change relates to the allocation of the portion pertaining to the year, decreased by the settlement of fees.

The *Structural Provision* decreased by EUR 658 thousand due to maintenance interventions on the production complex.

The *Land Reversal Provision* was set up during the 2014 financial year by reclassifying the depreciation of land included under depreciation provisions, in compliance with the provisions of OIC 16 which, in its new version, eliminated the provision that allowed the value of the land not to be separated from the buildings on which they stand when the value of the land coincides with the value of the site reversal/reclamation provision, on the assumption that separate recognition of the land and of the related provision provides a better representation to the reader of the financial statements. The provision recognised in the financial statements amounts to EUR 150 thousand. This amount is deemed to reasonably represent the charge to be borne for future reclamation activities and is in line with the technical appraisal estimated by the Municipality of Abano in the resolution approving the project for the construction of the water treatment system for the car park in front of the Abano Terme facility.

The item *Other provisions for risks*, the balance of which represents the assessment of risks arising from disputes with third parties, shows a net utilisation of EUR 656 thousand due to the reversal of provisions assessed as no longer necessary by the German subsidiary.

The provision includes a contingent liability of EUR 1,300 thousand recognised by the Parent Company arising from the payback regulation on medical devices pursuant to Art. 9-ter of D.L. 19 June 2015 No.78 converted into Law 125/2015. During 2022, the implementing decrees were issued with the publication, in the O.J. on 15/09/2022, of the decree of the Ministry of Health and the Mef certifying the exceeding of the expenditure ceiling for medical devices for the years 2015-2018. Following this decree, the regions issued the relevant measures with which the supplier companies were notified of the amounts to be paid for the expenditure overruns, for the years 2015-2018. The Parent Company challenged the measure, in coordination with other companies in the sector, by appealing to the Regional Administrative Court (TAR) of Lazio. On 24/11/2023, the TAR issued an order referring the constitutional legitimacy issues concerning the payback regulations to the Constitutional Court. On 22/07/2024, with rulings No. 139 and No. 140, the Constitutional Court upheld the legitimacy of the payback mechanism for medical devices. However, a significant amendment was introduced, allowing all supplying companies to benefit from a 48% reduction in the required payback amount, regardless of whether or not they had waived litigation (as originally provided for by Article 8, paragraph 3, of Decree-Law No. 34 of 2023).
On 25 February 2025, a hearing on the merits was held before the Lazio Regional Administrative Court. During this hearing, the adjudicating panel raised a reservation concerning the jurisdiction of the administrative courts over the regional measures quantifying the payback amounts requested by the companies. It considered that, for this aspect, jurisdiction might lie with the ordinary courts, given that these acts, according to the argument presented, do not constitute administrative decisions with binding legal effects. The appeals have been reserved for judgment and, notwithstanding the objection raised ex officio regarding a potential lack of jurisdiction, it is anticipated that the decision will be issued by the end of April.
The provision also includes EUR 400 thousand, referring to a tax risk arising from a tax audit notice issued by the Veneto Regional Tax Office, received in March 2025 and concerning the 2018 fiscal year. Although the directors believe the basis of the above tax claim is without merit, the possibility of a liability for the Company cannot be ruled out entirely, as the Company may deem it preferable to settle the tax claim through an agreement rather than pursuing litigation.

4.17 Deferred tax liabilities

As at 31 December 2024, deferred tax liabilities amounted to EUR 2,957 thousand, up EUR 1,551 thousand compared to 31 December 2023 (EUR 1,407 thousand).
The Deferred Taxes Provision underwent the following changes during the financial year:
- decrease of EUR 588 thousand at the Parent Company level due to the reduction in hedging instruments recognised as assets;
- increase of EUR 2,342 thousand resulting from IFRS adjustments relating to fixed assets;
- increase of EUR 14 thousand resulting from consolidation entries related to finance leases;
- other net decreases amounting to EUR 218 thousand.

The provision in place at year-end refers to the recognition of deferred taxes on other income components that have been recognised in this Income Statement or in that of previous years on an accrual basis in fiscal years subsequent to the recognition of deferred taxes.

4.18 Derivative instruments assessed at (non-current) fair value

As at 31 December 2024, this item increased by EUR 2,370 thousand due to the negative fair value of derivatives hedging borrowings and, to a lesser extent, voluntary risk hedging.

4.19 Other non-current payables

As at 31 December 2024, there were no other payables recognised under non-current liabilities.

4.20 Trade payables

Trade payables, entirely of a commercial nature and including year-end provisions for invoices to be received, amounted to EUR 68,801 thousand as at 31 December 2024 (EUR 57,131 thousand in 2023). The increase is in line with the growth in business volumes and it is related to a slight increase in the average duration of payments due to improved conditions.

The table below provides a breakdown of trade payables as at 31 December 2024 and 31 December 2023.

Thousands of Euros	at 31 December 2024	at 31 December 2023	Change
Trade payables	68.801	57.131	11.670
Trade payables	**68.801**	**57.131**	**11.670**
Non-current	-	-	-
Current	68.801	57.131	11.670
Trade payables	**68.801**	**57.131**	**11.670**

4.21 Tax payables

As at 31 December 2024, tax payables amounted to EUR 8,177 thousand (EUR 11,916 thousand as at 31 December 2023) and mainly include tax payables, net of advances paid, determined by the companies on the basis of taxable income, and payables to the tax authorities as withholding agent.

4.22 Other current liabilities

As at 31 December 2024, other current liabilities amounted to EUR 50,817 thousand, up by EUR 17,855 thousand compared to 31 December 2023 (EUR 32,962 thousand). This increase was primarily due to higher deferred income recognised by the Parent Company, including EUR 1,106 thousand relating to capital grants and EUR 8,306 thousand relating to deferred revenue from sales associated with the acquisition of the new product business. Accrued expenses increased due to provisions for sales commissions payable by Fidia Pharma USA, amounting to EUR 6,400 thousand.

The following table shows the breakdown of other current liabilities as at 31 December 2024 and 31 December 2023.

Thousands of Euros	at 31 December 2024	at 31 December 2023	Change
Accrued costs	11.322	4.692	6.630
Deferred revenues	9.346	598	8.748
Advance payments	221	81	141
Other payables	24.244	21.517	2.727
Payables to social security institutions	5.683	6.074	(390)
Total other payables	**50.817**	**32.962**	**17.855**
Non-current	0	0	-
Current	50.817	32.962	17.855
Total other payables	**50.817**	**32.962**	**17.855**

Other payables mainly include amounts payable to employees and to members of the Board of Directors.

4.23 Provisions for risks and charges

As at 31 December 2024, provisions for risks and charges amounted to EUR 1,400 thousand and relate to the allocation of the Assinde Provision, which represents the risk deriving from returns relating to sales in 2024 that are estimated to be collected in 2025 by Assinde itself, and that will be charged in that period, based on the Return Policy agreement.

Changes in provisions for current risks and charges are shown in the following table.

Thousands of Euros	Provision for agents' termination benefits	Structural interventions provision	Land restoration provision	Assinde provision	Provision for risk and charges	Total
Balance at 1 January	-	-	-	1.700	-	1.700
Increase	-	-	-	-	-	-
Provisions for the year	-	-	-	-	-	-
Amounts used during the year	-	-	-	(300)	-	(300)
Amounts written off during the year	-	-	-	-	-	-
Release of the discount rate	-	-	-	-	-	-
Balance at 31 December	-	-	-	1.400	-	1.400

4.24 Derivative instruments assessed at (current) fair value

As at 31 December 2024, there are no current derivative instruments. Please refer to note 4.18 for a breakdown of non-current derivative instruments.

The fair value of these hedging derivatives is measured at level 2 of the hierarchy provided for in IFRS 13 (see note 2). Fair value is equal to the present value of estimated future cash flows. Estimates of future variable rate cash flows are based on quoted swap rates, futures prices and interbank rates. Estimated cash flows are discounted using a yield curve, which reflects the benchmark interbank rate applied by market participants to value interest rate swaps.

4.25 Loans due within one year

The value of the loans due within the year as at 31 December 2024 is equal to EUR 118,319 thousand and includes the short-term share of bank loans described in section 4.14.

4.26 Fair value of financial assets and liabilities

As provided for by IFRS 7, the comparison between the value recognised in the financial statements as at 31 December 2024 and the related fair value of financial assets and liabilities is presented:

Thousands of Euros	Accounting value	Fair Value
Financial assets at fair value:		
Other equity investments and securities	89	89
Derivative instruments at fair value	1.162	1.162
Financial assets not measured at fair value:		
Short-term financial investments and cash	47.655	47.655
Trade receivables	148.997	148.997
Other receivables	19.087	19.087
Total financial assets	**216.990**	**216.990**
Financial assets at fair value:		
Derivative instruments at fair value	2.370	2.370
Other non-current payables	-	-
Financial assets not measured at fair value:		
Bonds	119.343	119.343
Lease liabilities	8.727	8.727
trade payables	68.801	68.801
Other payables	50.817	50.817
Other non-current payables	0	0
Financial debts	193.582	193.582
Total financial liabilities	**443.641**	**443.641**

5. Notes to items in the consolidated income statement

The main balances of the 2024 consolidated income statement are analysed below. Details of the balances of items in the consolidated income statement deriving from transactions with related parties are provided in the Report on Operations.

5.1 Revenues and other income

The Group's revenues derive from contracts with customers and are broken down as follows:

Thousands of Euros	2024	%	2023	%	Change	%
Total revenues from sales and ser	503.300	99	454.199	98	49.101	11
Other revenues	6.820	1	9.303	2	(2.483)	-27
Total net revenues	**510.120**	**100**	**463.502**	**100**	**46.618**	**10**

Revenues from products and services include the sale of drugs, medical devices and active ingredients, as well as income from third-party activities (CMO) for the production of vaccines.

Other revenues include:

- contractual penalties charged to customers in the amount of EUR 954 thousand;
- royalties and grants of EUR 1,737 thousand;
- contingent assets in the amount of EUR 785 thousand;
- grants from the National Operational Programme (NOP) and the Ministry of Economic Development (MISE) of EUR 1,260 thousand;
- R&D tax credits of EUR 425 thousand;
- revenue from reimbursements and compensations of EUR 487 thousand;
- tax credit for capital goods investments in the amount of EUR 79 thousand;
- other revenues for EUR 1,093 thousand.

A breakdown of revenues by geographical area is provided in the relevant section of the Report on Operations.

5.2 Operating costs

Operating costs in 2024 totalled EUR 441,134 thousand, an increase of EUR 44,054 thousand compared to 2023 (EUR 397,080 thousand). Below is the classification of costs by purpose for 2024 and 2023 financial years.

Thousands of Euros	2024	2023	Change
Cost of sales	200.087	176.751	23.336
Sales and Marketing Expenses	150.063	141.225	8.838
Research and Development Expenses	29.285	26.208	3.077
General & Administrative Expenses	63.039	54.879	8.160
Other Income and Expenses	(1.340)	(1.983)	644
Total operative costs	**441.134**	**397.080**	**44.054**

The cost of sales amounted to EUR 200,087 thousand, with a margin of 39.2% of revenue, compared to 38.1% in 2023.

Selling expenses amounted to 150,063 thousand or 29.4% of revenue, up 6.3% year-on-year in line with the increase in turnover.

Research and development expenses amounted to EUR 29,285 thousand, representing 5.7% of total revenue, consistent with the prior year.

As a percentage of revenues, general and administrative expenses amounted to EUR 63,039 thousand, an increase of 14.9%, from 11.8% to 12.4%.

Other net charges/(income) amounted to EUR (1,340) thousand and primarily referred to the following items of the Parent Company:

- capitalisation of personnel expenses and internal costs in the amount of EUR (2,833) thousand, related to projects in the area of operations;
- capital losses on disposal of properties in the amount of EUR 708 thousand;
- various taxes and duties for EUR 220 thousand;
- sundry non-deductible expenses for EUR 317 thousand;
- contractual penalties in the amount of EUR 249 thousand.

The following table shows operating costs classified by nature.

Thousands of Euros	2024	2023	Change
Raw materials, consumables, supplies and goods	153.169	129.366	23.803
Services	149.993	139.932	10.061
Use of third-party assets	2.372	1.802	570
Wages and salaries	121.740	112.772	8.968
Depreciation of fixed assets	27.294	23.146	4.148
Write-downs of fixed assets	297	88	209
Write-downs of current receivables	936	757	179
Change in raw materials	(18.321)	(13.335)	(4.986)
Provisions for risks and other provisions	437	625	(188)
Other operating costs	6.051	4.486	1.565
Capitalized personnel/other costs	(2.834)	(2.559)	(275)
Total operating costs	**441.134**	**397.080**	**44.054**

The most significant changes in the costs of raw materials, goods, and third-party processing are mainly attributable to increased sales volumes.

Service costs (EUR 149,993 thousand) mainly refer to third-party processing of semi-finished or packaged products (EUR 40,504 thousand), technical, marketing, legal and administrative consultancy services (EUR 25,135 thousand), external research consultancy (EUR 7,457 thousand), transport costs (EUR 18,708 thousand), advertising and representation activities (EUR 25,312 thousand). The residual value of service costs also refers to plant maintenance, fees to third-party collaborators, travel expenses and employee training, fees to directors and statutory auditors (for which reference to note 6.8 should be made) and commissions to agents.
The increase in labour costs (EUR 8,968 thousand) is mainly related to the increase in the number of employees, and to the usual salary dynamics and bonus policies.
A breakdown of the Group's workforce as at 31 December is provided below:

Headcount	2024	2023	Change
ITALY	1.231	1.183	48
EUROPE	225	206	19
MENA	66	68	-2
USA	77	71	6
RoW	26	24	2
Total employees	**1.625**	**1.552**	**73**

The depreciation, amortisation and write-downs for the financial year, amounting to EUR 27,294 thousand, includes:

- amortisation and depreciation amounting to EUR 27,294, related to EUR 13,460 thousand for tangible assets, of which EUR 4,023 thousand refer to the amortisation of assets for rights of use as per IFRS 16, and the remainder, EUR 13,834 thousand, to intangible assets;
- write-downs amounting to EUR 1,233 thousand, of which EUR 297 thousand related to the write-down of intangible assets and EUR 936 thousand referred to the write-down of trade receivables mentioned in note 4.8.

5.3 Net financial income and charges

Net financial charges/(income) in 2024 amounted to EUR 5,299 thousand with a negative balance of EUR 949 thousand compared to 2023.

The main items making up the balance are summarised in the following table:

Thousands of Euros	2024	2023	Change
Interest income			
Other	7.729	5.939	1.790
Exchange gains	1.851	1.430	421
Financial income	**9.580**	**7.369**	**2.211**
Interest expense			
Lease liabilities	(404)	(268)	(136)
Exchange losses	(1.138)	(1.480)	342
Expenses for discounting employee benefits	(231)	(295)	63
Other	(13.106)	(9.677)	(3.429)
Financial expenses	**(14.879)**	**(11.719)**	**(3.160)**
Financial income and charges	**(5.299)**	**(4.350)**	**(949)**

The item "Other financial income", amounting to EUR 7,729 thousand, primarily includes interest income from time deposits in current accounts and the positive effects of hedging derivatives.

Other Financial Charges, amounting to EUR 13,106 thousand, mainly include interest expense on bank borrowings of EUR 4,690 thousand and interest on bonds of EUR 4,210 thousand.

No revaluation was carried out on the Class III insurance policies recognised under receivables (notes 4 and 5), which had been written down in previous years.

5.4 Taxes

Taxes amounted to EUR 21,571 thousand, including income taxes for all the consolidated entities within the Group and the regional tax on productive activities (IRAP) payable by the Parent Company.

The effective tax rate on pre-tax profit was -33.87%, compared to -27.12% in the previous year. This rate includes the benefit arising from recognising the effects of the "new" Patent Box regime (relating to IRES and IRAP for 2022) in the amount of EUR 650 thousand (EUR 2,198 thousand in 2023)

A breakdown of the taxes for the financial year is provided below:

Net current taxes for EUR 18,559 thousand, broken down as follows:

- EUR 14,855 thousand for IRES due for 2024;
- EUR 2,559 thousand for IRAP due for 2024;
- EUR 1,754 thousand for other current taxes relating to subsidiaries;
- EUR (610) thousand (with a positive impact on the income statement) relating to tax adjustments from prior years, comprising EUR (650) thousand from the new Patent Box regime and EUR 41 thousand from contingent liabilities.

Deferred tax assets and liabilities amounting to EUR 3,012 thousand (negative balance), broken down as follows:

- EUR 3,696 thousand of deferred tax liabilities relating to revaluation and differences between statutory and tax values of fixed assets;
- EUR (2,322) thousand (with a positive impact) of deferred tax liabilities relating to the reversal of intercompany inventory margin;
- EUR 310 thousand of deferred tax liabilities relating to the goodwill tax step-up arising from the merger of Sooft S.p.A. into Fidia Farmaceutici S.p.A.;

- EUR (590) thousand (with a positive impact) of deferred tax liabilities relating to the reversal of assets sold within the Group;
- EUR 1,918 thousand of deferred tax liabilities relating to other items (mainly local GAAPs).

The table below distinguishes between current and deferred taxes for 2024 and 2023.

Thousands of Euros	2024	2023
Current income taxes		
IRES	(14.855)	(11.556)
IRAP	(2.559)	(2.275)
Other current income taxes	(1.754)	(2.389)
Adjustments related to prior years	610	2.210
Current income taxes	**(18.559)**	**(14.009)**
Active and Passive deferred taxes		
IRES/IRAP	(2.185)	1.386
Other Active and Passive deferred taxes	(826)	(4.213)
Active and Passive deferred taxes	**(3.012)**	**(2.826)**
Income taxes	**(21.571)**	**(16.836)**

The table below shows a reconciliation between the corporate income tax rate in force in Italy and the effective consolidated tax rate.

Thousands of Euros	2024	2024	2023	2023
Profit before tax		63.687		62.072
Income tax using the national tax rate	*27,90%*	*17.769*	*27,90%*	*17.318*
Effect of tax rates in foreign jurisdictions	4,12%	2.622	1,35%	840
Effect of shooting increasing and decreasing	7,54%	4.802	5,98%	3.715
Tax benefit from 2020 asset revaluation	0,00%	-	0,00%	-
Tax benefit 2020 from "Patent Box"	-1,02%	(650)	-3,52%	(2.188)
Effect of temporary increasing and decreasing shootings	-4,73%	(3.012)	-4,55%	(2.826)
Other taxes relating to previous years	0,06%	41	-0,04%	(22)
Tax rate on profit before tax	**33,87%**	**21.571**	**27,12%**	**16.836**

6 Other information

6.1 Information on financial risks

The Group constantly monitors the financial risks to which it is exposed, in order to take immediate action to mitigate their effects.

As provided for in IFRS 7, information on the main financial risks to which the Group is exposed is given below.

Credit Risk

Credit risk relates to potential losses as a result of the inability of commercial counterparties to meet their obligations.

The Group mainly operates with private customers, represented by pharmacies, medical clinics, opticians, wholesalers and distributors, but also with large industrial groups, as well as with the Public Administration (hospital sector).

The group carefully monitors its credit exposure through an internal reporting system, in order to contain potential losses. Each Group company handles credit recovery on the sales made in their respective markets. Coordination between the companies that operate on the same market is based on the electronic exchange of information on common customers and on the coordination of any halts on deliveries or commencement of legal actions.

The bad debt provision is the nominal amount due, less any receivables secured by bank guarantees, if any. The recoverability of all guarantees shall be evaluated critically. The provision is based on the individual analysis of overdue amounts, of the customers known to have financial difficulties and of those receivables for which legal action has commenced. A generic analysis based on historical losses is also carried out.

Liquidity Risk

It is related to the possibility of having insufficient liquidity to manage the Group's normal operations. The group closely monitors this risk on the basis of thorough weekly financial reporting on its net financial position.

Approximately 85% of the Group's gross borrowings from banks carry fixed interest rates, with an average duration of approximately 3 years. Any excess liquidity, i.e. liquidity in excess of free cash flow requirements, is invested in working capital securities, as described in greater detail in the notes to the financial statements, to which reference should be made. For this reason, part of the liquidity is subject to the risk arising from the market valuation of the underlying securities.

As required by IFRS 7, the following table shows the cash flows related to the Group's financial liabilities by maturity:

Thousands of Euros	Bank loans	Bond	Other	Total
Within the following 12 months	64.683	50.000	4.040	118.723
Between 1 and 5 years	125.135	-	5.432	130.568
Over 5 years	2.361	70.000	-	72.361
Loans	192.179	120.000	9.473	321.652

In order to provide a better understanding of the outstanding debt, the change in cash flow of bank loans as a result of changes in Euribor is reported below:

Thousands of Euros	Accounting value	Change in cash flow as the Euribor changes		
		-50 bps	Euribor 31 dic 2024	+50 bps
Within the following 12 months	64.557	70.374	70.434	70.494
Between 1 and 5 years	127.264	140.586	140.586	140.586
Over 5 years	-	-	-	-
Bank Loans	191.821	210.960	211.020	211.080

Price Risk

The Group sells products reimbursed by the National Health System and other (OTC) non-reimbursable products.

The first group of products is a major public spending item for countries, exposing the Group to uncontrollable external risks, such as changes to the products covered by the National Health Service, the removal or reduction of coverage, the expenditure payback mechanism and patent expirations with the consequent introduction of generic drugs.

The second group of products is more influenced by macroeconomic factors, such as inflation and interest rate trends, which could impact the spending capacity of consumers.

In order to avoid these risks, the sales department closely monitors the group's markets, analysing their trends and possible developments.

Currency Risk

Since it sells its products in various countries, the Group is exposed to risks arising from exchange rate fluctuations. Currency risk mainly relates to sales transactions in US dollars and Russian rubles. The group's treasury unit closely monitors exchange rate trends, carrying out Euro translation transactions to reduce the translation risk.

The Parent Company also holds equity investments in companies whose share capital is denominated in currencies other than the Euro. Changes in net equity arising from exchange rate fluctuations are recognised in a "translation reserve" under net equity. The risk arising from the translation of net equity is not currently hedged.
The following table shows a sensitivity analysis of the risk arising from the translation of receivables and payables as at 31 December 2024 in USD and RUB of the Group companies, for exchange rate changes in the range of +/- 10% compared to the year-end exchange rate and with the translation to the exchange rate as at 28 February 2025:

Thousands of Euros	at 31 December 2024			
USD	FX 31/12/2024	FX +10%	FX -10%	FX 28/02/2025
Receivables	28.462	25.874	31.624	28.401
Payables	3.188	2.899	3.543	3.182
Active current accounts	5.533	5.030	6.148	5.522
USD - Dollar USA	37.183	33.803	41.315	37.105

Thousands of Euros	at 31 December 2024			
RUB	FX 31/12/2024	FX +10%	FX -10%	FX 28/02/2025
Receivables	1.272	1.157	1.414	1.559
Payables	313	285	348	384
Active current accounts	161	146	179	197
RUB - Russia	1.747	1.588	1.941	2.140

Risks of changes in the pharmaceutical legislative and regulatory framework

The pharmaceutical sector is highly regulated both nationally and internationally, thereby affecting activities at all levels. In order to reduce its dependence on the decisions of the individual national governments in terms of pharmaceutical expenditure, the Group pursues a strategy of diversifying and expanding its sales in various geographic areas. The pharmaceutical sector is also subject to national and international technical regulations governing how pharmaceutical research, development, production, distribution, and reporting are carried out. By policy, the Group constantly monitors regulatory developments in all the markets in which it operates through internal and external organisational structures.

6.2 Change in the scope of consolidation

Fidia Healthcare S.r.l., a wholly-owned subsidiary acquired in February 2024, was consolidated in this financial year.

Guarantees

Guarantees amounting to EUR 260 thousand were granted in favour of third parties and refer to:
- insurance surety policies issued by Assicuratrice Milanese in favour of the Province of Padua for “temporary storage of special waste” for EUR 260 thousand.

Third-party assets held by the Company amounted to EUR 1,542 thousand and refer to goods on consignment, loaned and deposited assets (EUR 1,246 thousand), third-party assets undergoing processing (EUR 191 thousand), and assets held under gratuitous loan agreements (EUR 106 thousand).
Commitments refer to residual rents relating to properties purchased under financial leases for EUR 745 thousand.

6.3 Disputes and contingent liabilities

Based on an analysis of contracts and litigation underway as of the date of preparation of these financial statements, no circumstances were noted that would indicate the need for provisions for contingent liabilities significantly different from those disclosed in these financial statements.

6.4 Transactions with related parties

The Group's direct Parent Company is P&R Farmaceutici S.p.A., which is owned by Fiore Farmaceutici Holding S.r.l., based in Rodano (MI).

There are no credit and debit transactions with the Parent Company.

In compliance with the disclosure requirements established by art. 38 of Legislative Decree no. 127/91, it should be noted that the total fees due to the Parent Company's Directors and Statutory Auditors for carrying out their specific duties, including in other Group companies, in 2024, amounted respectively to EUR 7,282 thousand and EUR 105 thousand.

Except as indicated above, to the best of our knowledge, there have been no transactions or contracts with related parties which, with reference to the materiality of the effects on the financial statements, could be considered significant in terms of value or conditions.

The following table shows a breakdown of receivables and payables due to and from the Parent Company in relation to Group Companies as at 31 December 2024.

	Assets			Liabilities		
Thousands of Euros	Trade receivables	Other receivables	Financial activities	Trade payables	Other payables	Financial liabilities
FIDIA PHARMA AUSTRIA GMBH	5.001	-	125	-	-	-
FIDIA PHARMA CZ SRO	1.305	-	-	752	-	-
FIDIA PHARMA EGYPT FOR MARKETING	510	-	-	91	-	-
FIDIA PHARMA GMBH	2.101	-	5.047	153	-	-
FIDIA PHARMA MIDDLE EAST FZE	-	-	-	1.315	25	-
FIDIA PHARMA POLSKA SP ZOO	2.447	-	3.275	19	-	-
S.C. BIOSOOFT ROMANIA	1.376	-	-	56	-	-
FIDIA PHARMA RUSSIA LLC	865	-	-	-	-	-
FIDIA PHARMA SLOVAKIA SRO	31	-	-	900	-	-
FIDIA PHARMA SWITZERLAND SA	-	-	-	(119)	-	-
FIDIA PHARMA UK LTD*	1	-	30	-	-	-
FIDIA PHARMA USA INC	8.947	-	-	-	-	-
LABORATOIRES FIDIA SAS	743	-	10.006	240	-	-
LABORATORIOS FIDIA FARMACEUTICA SLU	14.669	-	-	144	-	188
FIDIA HEALTHCARE SRL	-	-	-	1.900	-	-
Total subsidiaries	37.997	-	18.483	5.450	25	188

companies not included in the scope of consolidation

The following table shows a breakdown of the Parent Company's revenues and costs relating to Group Companies as at 31 December 2024.

	Revenues			Expenses		
Thousands of Euros	Revenues	Other revenues	Net financial income	Costs of services	Costs of products	Net financial expenses
FIDIA PHARMA AUSTRIA GMBH	5.141	93	24	236	-	-
FIDIA PHARMA CZ SRO	5.267	153	43	4.346	-	-
FIDIA PHARMA EGYPT FOR MARKETING	-	-	-	828	-	-
FIDIA PHARMA GMBH	11.894	168	175	0	151	2
FIDIA PHARMA MIDDLE EAST FZE	-	-	-	2.429	-	-
FIDIA PHARMA POLSKA SP ZOO	1.077	258	351	19	-	-
FIDIA PHARMA ROMANIA SRL	4.197	277	-	49	-	43
FIDIA PHARMA RUSSIA LLC	396	23	-	4	-	-
FIDIA PHARMA SLOVAKIA SRO	477	26	-	1.002	-	-
FIDIA PHARMA SWITZERLAND SA	-	-	-	531	-	-
FIDIA PHARMA USA INC	24.906	16	4.591	0	-	-
LABORATOIRES FIDIA SAS	4.873	90	150	196	-	19
LABORATORIOS FIDIA FARMACEUTICA SLU	13.950	5.502	41	859	-	3
FIDIA HEALTHCARE SRL	-	-	-	-	1.696	-
Total subsidiaries and parents	72.178	6.605	5.373	10.501	1.847	67

6.5 Subsequent events

There were no events occurring after the end of the financial year that would have a significant impact on these combined financial statements. For further information, reference to the report on operations should be made.

6.6 Fees paid to Directors, Auditors and Independent Auditors

In accordance with the law, the total fees due to the Directors, to the members of the Board of Statutory Auditors and to the Independent Auditors are shown.

	2024
Directors	7.282
Statutory auditors	105
Independent auditors	131
Total	**7.518**
Other activities by the Indipendent auditor	18

These Notes form an integral part of the Group's consolidated financial statements, and the accounting information contained therein corresponds to the accounts of the companies included in the basis of consolidation as they stand after combination, eliminations and adjustments.

With regard to the nature of the companies' activities, significant events and outlook, reference to the consolidated Report on Operations should be made.

Abano Terme, 27 March 2025
For the Board of Directors
The Chairman
Carlo Pizzocaro

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Fidia Farmaceutici S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Fidia Farmaceutici Group (the "group"), which comprise the statement of financial position as at 31 December 2024, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Fidia Farmaceutici Group as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Fidia Farmaceutici S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10

The parent's directors are responsible for the preparation of the group's directors' report at 31 December 2024 and for the consistency of such report with the related consolidated financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the directors' report with the group's consolidated financial statements;
- express an opinion on the consistency of the directors' report with the applicable law;
- issue a statement of any material misstatement in the directors' report.

In our opinion, the directors' report is consistent with the group's consolidated financial statements at 31 December 2024 and has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Padua, 11 April 2025

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director of Audit