Diasorin S.p.A

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MICHELE DENEGRI: Buongiorno. Good afternoon. My name is Michele Denegri, I am the Chairman of Diasorin Group. I am honoured to welcome all of you to this very important commitment of today. The presentation of our new plan for the future 4 years of our company. Today is the day of the future, but please let me say a few words about the past.

The past 3 years have been heavily challenging. We faced great opportunities but also unexpected scenarios, provided by the pandemia and the Luminex acquisition in 2021. I'm proud to say that our company has been able to navigate into such a period very successfully, and today I can confirm that we are achieving in full our goals.

First of all, thanks to the remarkable effort and ability of our management team. Our CEO, Carlo Rosa and the team have proven again, strengthened vision and execution. And my personal thanks and congratulations goes to all of them.

I'm sure that we all agree that the COVID pandemic has changed our world irreversibly in many different aspects. And this is very true regarding our industry and very true about the company. Diasorin has been able to play a strategic role developing several products that have doctors and labs achieving as a consequence a new global visibility and credibility worldwide.

Even more, Diasorin has proven its natural entrepreneurial character and managerial culture, having reinvested in full all the great results acquired in Luminex Group. By far the most important acquisition ever done in the US, by an Italian company in the healthcare sector. Today, after 2 years from the acquisition, I can confirm our full satisfaction for the merger of the 2 companies, and for the upcoming results proving the validity of our strategy. Today Diasorin with Luminex is a completely new company much stronger, much global.

We can now account on 3 powerful technologies, we are confirming our leadership in immune assay specialties, we are enlarging our presence in molecular diagnostics, we are adding a new exciting presence in life science with the LTG business, and we can also take advantage to a much stronger presence and visibility into the novelty of USA market, that today accounts 50% of our total sales. We are confirming our consolidated presence in Europe and we had an exciting challenge in China launching very soon our new facility in Shanghai.

I can say, we still are a specialty company, but with a global presence. We are deeply connected to the market needs, and to major worldwide players through strategic collaborations such as Qiagen and MeMed through consolidated strategic long term client such as Quest, Labcorp, Thermo Fisher, and all these has been possible because of wide menu of products, and a wide range of platforms, consolidated platform already in the market, a new platform ready to be launched very soon.

Our presentation today will explain all this in details, but before that, please let me bring an attention to some tangible aspects, that I believe not fairly enough expressed by financials.

First of all, the merger of Diasorin Luminex. The merger meant the merger of 2,000 people of Diasorin with 1,500 people of Luminex, with cultural and corporate differences. Differences but so completing each other. The cultural merger I'm talking about has been challenging and took time, but today, I'm so proud to confirm that it happened very successfully and with an outcome that is consistent with our expectations. I can see…I do feel a new oxygen, a new way of thinking in the way we are approaching new tasks, in the way of solving problems. It is a calculation of the best of our rich culture, in R&D, in production, marketing more in general in Diasorin people and Luminex people together.

I can say that we saved the best aspects of Diasorin heritage, and the best aspect of Luminex heritage, combining them in a very contemporary and competitive mix. Today, the new mix of competencies and the new way of thinking, it is really powerful and consistent for future growth.

Today, I will also like to congratulate our…for our strong commitment in sustainability, and principles or environmental social and governance practice. From improving our environmental performance to promoting social responsibility, we have established our first phase of our group's 3 year ESG plan, with direct involvement of our Board of Directors, and the active engagement of the top management, this commitment also reflects the dedication of every employee, partner and stakeholder was embraced a vision of a more sustainable and equitable future.

In particular, I'm pleased to announce that we have reached the 7th edition of the Mad for Science Contest, the main stream project of our Diasorin foundation, supporting high school students, emphasizing the value of education, investing in the young generation, we shape a future in which young minds are equipped to meet the challenges of tomorrow.

In conclusion, let me say, as Chairman of the company, but also as a major shareholder of the company, that today more than ever, I see a Diasorin Group strong and competitive with enthusiasm, facing a successful future like never before, and I am fully committed to the long term. I'm strongly committed with Carlo Rosa and the team, I'm strongly committed to keep alive and refresh our values and principles. And, yes I am ready to take risk for the new challenges in the future if necessary and when necessary for the good of the company, and in full respect of all the stakeholders.

I thank you very much all. And now I leave Carlo Rosa taking you into the presentation of our plan. Thank you so much.

CARLO ROSA: Hello, good afternoon to everybody. Thank you Michele by the way for the introduction. I will spend the next 15 minutes or so to talk about the plan, and where I think the company sits today, and then I will leave few of my colleagues to discuss about different areas of the company.

So I wanted to start from discussing why do we need a plan, the last plan was actually presented in 2021, so what's different between 2 years ago? I think the world is completely different. Let's start to remind our self that we are at the end of the pandemia, which has been certainly of very high impact for the world, but also for diagnostic companies. And so, I believe that today we do have better clarity vis-à-vis what happened after pandemia and what diagnostic has played and will play, moving forward in a post-pandemic world.

But then there are 3 elements, that to me are extremely relevant and should be discussed and each company playing in this field of diagnostic should really consider. First one is certainly through that the macroeconomic environment has profoundly changed, so we enter into an inflationary world and companies like Diasorin that are operating worldwide have to deal with rising costs and certainly since we need to maintain the profitability, allowing us to continue to invest in innovation. We need to take care of increasing cost, which means that we certainly need to become more efficient.

Second thing has to do with China. You remember that since 2019 we have always indicated that China was going to change, and in 2020 when COVID came, we believe there has been an acceleration of the change in China, and more than anything, we believe that this acceleration has created the need of companies to react to it and invest more in China, so as you will see, and as Michele said before, we have

localized our manufacturing in China by the same token we have tried to decrease our exposure to China, because we still believe that the future in China is going to be volatile and we have increased our opportunity in the US which we consider a more stable market.

The last consideration I believe has to do with increased cost pressure on the healthcare system across the globe. We were commenting on this in 2019, then in the last 3 years COVID came, and all governments throughout the globe spent hundreds of billions of dollars trying to fight the pandemic. But then in 2024, we're going to find ourselves exactly where we were in 2019, and so there is a need to help the healthcare system to survive, providing not only better products, but product also that have an impact…an economic impact on the way the healthcare is delivered to citizens. And so, they need, again, is to develop products that have a clinical need, but also improve the economics on the hospital, which is called value-based care.

Now we are talking about the Diasorin 3.0. So, what's the difference? Why 3.0? We had a Diasorin in 2019, which was a standalone immunoassay company, €700 million in revenues, certainly with a clear position in immunodiagnostic. Then, we decided to get ourselves into 2 different segments: the molecular diagnostic and life science. And this is why we decided in 2021 to buy Luminex, and today, we find ourselves with a company that is dramatically different from what the company was in 2019. We have 3 likes, not one. We have the traditional legacy of immunodiagnostic, which certainly continues with its own strategy.

We now have critical mass in molecular diagnostic, where we have platform for targeted diagnostic, for multiplexing, and with LIAISON NES for the decentralization, and then we have the Luminex business that, as you know, is a B2B business, is going to be commented afterward by Angelo Rago, who is the President of Luminex, and allows Diasorin really to do business with some of the best companies

that are operating in this space. So, I would say that the Diasorin 3.0 is a much well-rounded company than what Diasorin was when he was just immunodiagnostic.

So what did we do in Luminex? We spent 2 years, a little over 2 years, integrating the company, and we did many, many things. And in fact, I need to thank all the thousands of people that have been working on this integration and have been really helping us out to take 2 companies and make one.

So, what did we achieve in the last 3 years? Well, first, we have a new leadership in place. The company is led by Angelo Rago with an executive team with years of experience in the field. So, now, we are very well set to deliver the strategic plans and objective that we are sent to Luminex.

Second thing, which is very, very relevant, you know, we bought the company, there was a warning letter and this has been resolved. And this has been resolved because Diasorin came in and our philosophy is quality first, and we were able to take that and bring it to the company, change the way the company operates. And today, I'm proud to say that closing the warning letter means that the way the company operates is the Diasorin way of operating companies.

The third element is that we've invested significant amount of money into changing the manufacturing of procedures of the company. And so, it's not a matter of spending $30 million, which certainly was, it is a significant amount of money, but is to change the mentality, is to hire people and talent in manufacturing. And in the video that I think you're seeing, you see before what was manufacturing of the LIAISON PLEX when we bought the company, which was very manual, it was a prototype manufacturing line to what it is today, $30 million later in Chicago, everything is fully automated. And this certainly guarantees

that it is a product that is sustainable, is a product that can be launched, and is a product of quality.

Then clearly, we achieve many other different things. And, yes, certainly cost synergies and programs to increase profitability, which are very relevant for a company, but they are a by-product of change of mentality, which was the real result that we achieved in Luminex in the last 2 years.

Now, let's go back to one of the main elements. We said, you know, the health or the healthcare systems is not the greatest, and this is certainly true across the globe, and this is the result of secular trends, aging population, and cost of technologies. So, more than anything, more than what happened before, today a company that wants to play seriously in this sector, you have to ask yourself, how can I help? And you need to implement products that do help hospital to save money, and provide better treatments. And this is what Diasorin is doing, and I'm listing here some of the products that are already on the market that will come to the market soon. And you're going to hear from Diasorin all the time the same mantra, right? You're going to be providing better care at a cheaper cost.

Second thing has to do with China. China has always been an opportunity, and I believe will continue to be an opportunity, but to be able to build on that opportunity, you need to change the way you operate in China, and there are 2 things that you will see, Chen will discuss. There is price pressure on one side and there is pressure on manufacturing and localization. It's called VBP, so Value-Based Procurement on one side, which is forcing everybody, local or foreign companies to do better at the cheaper cost. The other one is localization, Order 551.

It's fundamentally forcing all companies to move manufacturing of instruments and technology from outside China into China. You

cannot choose either you do this or you leave China, and we made the decision, fortunately, prior to COVID, to move some of our manufacturing to integration products to China by 2027, and the manufacturing that is on excel, our platform to China as well.

So, when it comes to Order 551, we will be actually able to claim local manufacturing, and so we're going to be able to participate to the market, but I call this punch one. Punch one means that we are going to be reactive to what China is asking companies to do, but then there is a punch two where you need to be proactive. Proactive means that you need to bet that the Chinese healthcare system is going to move away from the traditional mass screening with basic diagnostic procedures into something more evolved. I think today when we look at China, we all say that there are roughly 500 million to 600 million Chinese that have access to the healthcare system is roughly the size of the European market. And so, we believe that in that market, again, for secular trends, specialties are going to develop. And we decided that we're going to focus on 2 very distinct clinical areas. Gastro specialties is one, where we are very well-known and we have no outside China that we want to import.

Second one is TB, tuberculosis is a problem in China now we are going to do a size and proportion, and as you know, we are working with Qiagen our partner to develop the Chinese market. So, remember, punch one, let's be Chinese and localize our manufacturing. Punch two, let's become a specialty in China and build on a specialist company as the Diasorin is outside China.

But then what did we really do in the last 3 years? We became an American company. What does it mean we became an American company? It means that after Luminex, not only 60% of our employees are Americans, 50% of our revenues are Americans, but we also…we decided to develop a set of products that fit very well the US market.

And again, I go back to what I discussed before. Everybody knows about this product, MeMed, which has been launched already last year and we are building the opportunity in the US market. LymeDetec, which is an opportunity for the US market because Lyme is a disease that is extremely relevant in the US. And again, gastro, the LIAISON PLEX and the LIAISON NES. We have a slew of products and systems that do fit the US market and we are investing in the U.S. market to continue to make it stronger and bigger, as we have done in the last 3 years.

So, last but not least, what do we have today? We have a full portfolio of platforms, we have a full pipeline, and we have the organization in place. So, I would say that what you're going to see in this plan is focus on execution. We have all the assets, we have the people, and now we need to deliver the results.

And now, I'm going to leave the podium to Chen Even, who is going to take you through our immunoassay strategy. Chen?

CHEN EVEN: Thank you, Carlo. And allow me to present our LTP immunodiagnostic strategy. We at the Diasorin are the diagnostic specialists. During the last 20 years, we developed the most complete menu of automated immunoassays. This occurred in 3 phases. Phase 1, we focused on a conversion of our RIA analyzer manual assays to our fully automated LIAISON CLIA platform. During this phase, we launched 6 to 8 assays per year, and soon enough we reached 80 assays. Phase 2 started in 2010 and was about expansion of our CLIA menu via strategic partnerships and acquisitions. We acquired Murex, which allow us the expansion into hepatitis and HIV products, and Biotrin with a test for Parvovirus that complemented our infectious disease menu.

We partnered with Meridian for stool-based assays and with QIAGEN for IGRA technology. During Phase 2, we upgraded automation abilities to launch the floor-standing LIAISON XL. By the end of Phase 2, our CLIA menu reached 120 tests. It was time to advance forward and start Phase 3, which is about value-based products. It is about the development and association of new biomarkers to allow clinical prognosis and disease management. These types of assays harness a great economical value but require a clear regulatory and reimbursement strategies and a sophisticated go-to-market approach. They require clinical education and promotion outside the walls of the lab.

In the next few slides, I will focus on the LIAISON QuantiFERON TB, LIAISON LymeDetect, LIAISON MeMed BV, and Calprotectin 3.0, which are the first examples of our Phase 3 assays. Please note that in parallel to these tests, we continue adding specialty assays to our infectious disease menu, such as Legionella, Streptococcus, and pro-ADM.

As a reminder, the total IVD market is estimated to be €60 billion, growing annually at 2%. Immunoassays are 23% of the total, or about €14 billion. Within the immune segment, Diasorin focused area are infectious disease, stool, gut protection, renal metabolism, hypertension, and bone and mineral Vitamin D. In general, the field of play can be crowded, but with our specialty position, we are the market leader in many of those disciplines. For example, looking at the European EDMA data for '22-'23, Diasorin has 40% market share of ID, 22% market share in bone and mineral, 37% share in Calprotectin testing, and 31% share of renal metabolism. Our strategy is to continue driving our growth with innovative third-generation value-based products addressing unmet clinical needs and extending demand in the ID and GI fields.

Let's talk about our products. One of our main partnerships is with QIAGEN around the IGRA QuantiFERON technology. Diasorin is a leader in immunoassays which exploit the interaction of antibodies and antigen, namely B cells. QIAGEN is the leader in QuantiFERON IGRA technology, which is T-cell based. Combining the 2, we achieve superior unique test that can be fully automated on our LIAISON platforms. We already launched latent TB test and the line detect assay is next.

So far, this is a great win-win partnership that continues to build on the addition of more products. Tuberculosis is caused by mycobacterium tuberculosis and can have an acute disease and a latent infection. Historically, latent TB was tested with a complicated skin test, but in recent years, IGRA blood tests become the test of choice. It is estimated that the latent TB market is between 70 million to 80 million tests per year. 30% was already converted to IGRA, but over 20 million tests can still be converted. Plenty of room to grow in a very large market.

Next is the Lyme early detection. LIAISON LymeDetect. How to detect Lyme disease early. Lyme disease, or Borreliosis, is a potentially severe infectious disease. It is caused by Borrelia and spread by certain ticks. Clinical symptoms can appear in days or months following a tick bite, typically during the spring or the summer when people are active outdoors. The most common sign is a bull's-eye skin rash at the site of a bite, which can occur within 1 to 2 weeks post-exposure. If left untreated with antibiotics, Lyme can turn into a severe disease of the CNS, heart, and joints. Early diagnostic of Lyme is key, but if done with only IgG and IgM serology, it is limited and inaccurate.

Our third-generation assay is combining the results from IgG, IgM, and IGRA individual tests to create a unique diagnostic algorithm that improved the clinical determination of the current reference method,

standard 2-tier test by 30% to 50%. Therefore, allowing if used early in the diagnosis of Lyme infection, a better antibiotic treatment. We estimate that the value of the annual Lyme acute testing in the US is $120 million.

Let us shift to the MeMed BV. 3 years ago, we signed with MeMed a license agreement to develop the LIAISON MeMed BV test, which solved the clinical dilemma of bacteria or viral infection. As a reminder, every year 4.7 million paediatric patients in the US arrive in the ER with suspected infection. Emergency department physicians must quickly decide on the use of antibiotics. Current data shows 40% over usage of antibiotics in viral infection and 20% under usage in bacterial.

The LIAISON MeMed BV is a third generation assay which determined the ratio between 3 immuno-host proteins, TRAIL, IP-10, and CRP, scoring a clinical result that accurately distinguish between bacterial and virus infections. One example of real-world data was published earlier this year, demonstrating the tremendous clinical value of the MeMed test. 131 patients are scored for antibiotic use before and after the MeMed test.

On the 39 patients that antibiotic was considered before the MeMed test, 9 were wrong. On the 54 patients that antibiotic was not considered before the MeMed kit was used, 11 were wrong. On the rest, the doctors were not sure. The conclusion was that MeMed BV test was more accurate than clinician suspicion with high degree of sensitivity and specificity.

The next 2 slides are capturing the large amount of studies, presentations, and publications of the MeMed test, independently confirming its high performance. With LIAISON MeMed BV, we are now laser-focused on the US market with reimbursement and demand creation. Since receiving FDA approval in 2021, a PLA code was

obtained in October of 2022, followed by a reimbursement payment fee of $260. To be effective with coverage, 2 additional projects are in play. One is to unbundle the test from overall flat ER fee. The other is to provide insurance payers Class A clinical data from the Jupiter study, which we co-sponsor. Both projects should be completed within 2025.

In parallel, we continue to invest in our hostel strategy in the US, where the market opportunity for the MeMed test can reach $400 million. We expanded our commercial footprint by adding a 5th region, 15 additional sales rep, and 6 scientific professionals. More on our go-to-market strategy, including our digital campaign, will be presented in our dedicated session on the US market.

Let's shift to third generation stool-based assays. Chronic abdominal pain requires a differentiation between the diagnostic of IBD and IBDS. As part of our growing stool testing franchise, we developed a few years ago a test to measure Calprotectin in stool. When the levels of Calprotectin in stool is high, IBD is suspected. However, in practice, when measuring the level of Calprotectin in stool, there is a wide zone between the normal level, under 20 microgram, and a high level, over 300 microgram, which pose an issue for clinicians. To resolve the issue of the wide-grey zone range, we used a machine learning tool and created a new algorithm that combines our Calprotectin assay with 2 novel biomarkers, hence Calprotectin 3.0. This approach increases the patient's identification from 70% to 99%, which will reduce unnecessary colonoscopy and better patient care.

The testing of Calprotectin is growing double-digits year-on-year, and the opportunity for our new test is estimated to be $140 million annually. How Calprotectin 3.0 will affect patient pathway? Statistically, about 3 in 10 patients with chronic abdominal pain have IBD. Testing with current Calprotectin in stool will leave about 20% of patients in the grey zone, thus requiring repeated tests in

colonoscopy, additional 8% false positive will go through unnecessary colonoscopy. Using Calpro [ph] 3.0 with 2 additional biomarker will increase the accuracy of the test to 99%, another great example of a value-based care product. The LIAISON XXL, the LIAISON XL was launched in 2010 and has proven to be very successful instrument with over 7,000 placed worldwide and over 1,000 connected to total level automation.

It is time for an upgrade and add another member to the LIAISON immunoassay instrument family. The LIAISON XS, XL, LAS and now XXL are all using the same CLIA technology and cartridge. The LIAISON XXL is a perfect fit for the large laboratories, hospital consolidation and customers with products add-ons. It will have the following features: High efficiency, productivity, more result per footprint, increased throughput, specifically when using diverse mix of products including 2 and 3-step assays and when connected to total automation, and improved connectivity to lab automation including large sample bay and direct water supply.

The LIAISON XXL will protect and grow the XL install base. We plan to gradually convert the existing XLs allowing customers to grow and increase our market share. It will be a great additional platform from our third generation products. The plan calls for submission of the new platform in 2025.

In conclusion, today, we presented our continuous ability to develop clinically relevant diagnostic solutions. We presented a solid long-term plan and a commitment to continue our mission to be the undisputed leader of immunodiagnostics specialty testing.

With this, I conclude the immuno presentation and pass it to Angelo. Thank you.

ANGELO RAGO: Thank you, Chen. Hello everyone. I am honoured today to present to you our molecular and license technology businesses. To ensure that our strategy creates value for our customers and for our partners today and into the future, we focus on understanding the market trends that shape their environment for the foreseeable future. On the graphic, you will see that we start with aging…the aging global population. This is a challenge around the world and one of the consequences of this is that we love to have loved ones around, but the consequence is that, of course, they have increased prevalence of chronic and complex conditions that drives patient volume in an already stressed healthcare environment.

Secondly, there is a trend to…as the patient becomes a consumer. What does that really mean? That really means that care is moving closer to the patient and they want the convenience to ease of having that, and that is going to continue to accelerate. If I just take a simple statistic, the penetration of smartphone technologies by age group. Those above the age of 65, the penetration is well above 60%. Those above the age of 50 have a penetration of greater than 95%. So that will fundamentally change the expectation that we will have as patients moving forward and how connected we are to the data that's created from our health but also where and when we are treated and evaluated.

Thirdly, we look at staffing challenges. This challenge is consistent, and we see a large challenge for laboratories and healthcare systems where they have turnover that causes them inefficiencies and it's really driving the need for automation and simplification of the processes.

Then of course the rising cost of healthcare, something that's a topic around the world. It kind of went away during the pandemic because we all were focused on ensuring we can get through the pandemic, but it's coming back and the challenge is still there. How do we ensure that we create the right value clinically for the right cost? Severe challenge that will continue to grow as the population ages. And when

we look at all these trends together, we finally see that all these trends really have a common link around the digitization of data that will really be used to enable machine learning and automation to further optimize the overall process but even more importantly the patient experience.

These trends together with…that were created from the conditions as well of the COVID pandemic, we see an acceleration in the polarization of diagnostics between decentralization and consolidation and we are very confident that we have built a strategy that serves the needs of the market as it polarizes into these 2 areas. So now that we've gone through the trends, what we try to do on this graphic is try to give you an overview of how we look at the molecular diagnostic market.

To orient you to the graphic, on the X-axis you see the number of samples analysed per run. On the Y-axis, what you see is the number of targets analysed per run. We have broken the graph down into what we call 4 quadrants. The top of the graph is syndromic testing. The bottom of the graph is targeted testing, and you can see there that syndromic testing is focused more on on-demand or batch testing, whereas targeted testing really can be anything from a single test at point of care all the way to hundreds or even thousands of tests done in a very large laboratory environment.

Now, in this next slide what we've done is we've taken those 4 quadrants and we've over-layered the clinical areas. So you see the one interesting thing is that the respiratory clinical area overlays and straddles all 4 of those quadrants and that's an interesting element because in the case of respiratory, patients of different levels of care needs and locations can present themselves. Healthy patients in an urgent care centre could also end up going to an ER or an immuno compromise patient might show up in an ER.

The speed at which you need responses and answers all creates kind of that third dimension, if you want to call it that to this graphic. Things like sepsis might require only a panel or hospital acquired infections are leveraging really only targeted. So this is some of the complexity that's added on top of what typically is looked at with respect to the technologies in the market and why is it necessary to have all the these different types of devices with these different technologies. It's really to ensure that they are meeting the needs in these quadrants.

So here what've done is now, we've taken an overlay our technologies into those quadrants and you see the Diasorin is very well positioned and the Luminex acquisition brining multiplexing to us really supports and compliments what Diasorin had with respect to targeted testing.

Our strategic programs around NES, PLEX and MDx plus are really about further strengthening our position in these quadrants. So here what we've shown in this graphic is the spectrum from decentralization to consolidation. On the far left, you see the NES point of care really focused on that new segment that we talked about outside of the lab. In the middle, you see MDx plus to add menu to the existing lab space, and on the far right, PLEX to expand in the multiplexing lab space.

Now, let's start with targeted testing. The MDx plus is our vehicle for growth here evolving the MDx to the MDx plus with fully integrated enhance connectivity software aligned to the needs and expectations today and into the future. We will migrate the entire MDx menu, both direct amplification disc and universal disc on to the MDx plus, and you know, we have specialty testing that's really loved by our current customers such as congenital CMV for neonates or HSV1 and HSV2 or even VZV for meningitis. Now, in part of this transition, we are going to discontinue the Luminex ARIES product because of the given overlap in positioning and menu. The LIAISON MDX+ will be finalized in 2024 and we will start submitting to the FDA in waves the

stages on different panels on the MDX to bring them onto the MDX+ over 2024 and 2025.

Now, we move to the LIAISON NES, and this truly addresses what I've already said several times, decentralization, but really focusing on the topic of moving care closer to the patient, truly a strong trend that will continue to grow, and of course aging population. Why there? Well, we see a trend of aging in place. This is actually addressing healthcare costs in the future. So you can think about services coming to a patient versus a patient going to the services. That drives a lot of the design decisions that we've made on NES. And we have done very careful research in this space to truly understand the needs today, but tomorrow as well, because this is a new area for Diasorin, but it's also a new area for healthcare. And we need to be prepared that these technologies really create a platform for the future.

Now, NES is going to be able to multiplex up to 6 targets. It's very fast. It's very light. It's portable, which is very important, as I mentioned earlier. And the quality and performance is equal to that of a laboratory assay, which is going to give clinicians the confidence to be in front of their patient with a test that only took a few minutes instead of days, and be sure that the decision they make for treatment, they can have confidence in. We're going to submit the product for differential diagnosis of Flu-A, Flu-B, RSV, and COVID-19 in Q2 of 2025 after the flu season of 2024 and 2025, and Group A strep in Q3 of 2025.

Now, we move to multiplexing and the LIAISON PLEX. This is where we feel that we have a new concept in syndromic testing that I'm going to go into, the main thing here is that, of course, the PLEX will replace the very successful Verigene that is currently in the install base, and overtime, as customers are comfortable, we will transition them onto the PLEX. The other important message here is NES tag is

a very solid product that addresses high volume syndromic testing, and we aim to grow that through geographic expansion.

So now start at the PLEX. There are 3 very critical values that we are very strong on with respect to the PLEX. And that is clinical value to provide all the information needed for all the patients served. 2, simplicity, really thinking about simplifying the workflow, room temperature reagent storage, limited trading needed, low hands-on time, what does this do? This really deals with the shortage of labor that we talked about at the very beginning that laboratories and healthcare systems have.

And then lastly, PLEX testing, labs are not going be locked into all-in-one testing. They can choose the targets they need for specific patients. Why is this important? Well, let's take an example of respiratory, like we talked about earlier. A patient…relatively healthy patient, presents themselves in an urgent care setting. And they have the NES, and they do the targets we talked about, Flu-A, Flu-B, COVID. Negative on all, but they have the symptoms. The clinician may decide to have them go and have a full test and look at other potential targets.

Now, in that case, why would we require of that facility to redo all the tests that were done already in the urgent [ph] care center? That's waste. It's cost that the healthcare system doesn't need. So that allows the clinician to tailor the next set of targets to what they might suspect that patient needs to be checked for, that is the power of PLEX testing and the power that we believe we're bringing in diagnostic stewardship to molecular diagnostics.

The PLEX instrument with the respiratory panel has been submitted to the FDA this year in 2023, and we expect clearance in early 2024. Of course, we also will submit our blood products, which will be gram

positive, gram negative, and yeast in 2024, and then GI in 2025. We're very excited about this product.

And then as I bring this to a close, we are confident that we are developing the technologies and solutions that our customers and our partners need, not today, but also into the future. And this is truly critical, understanding the trends that I mentioned earlier and really bringing that altogether through these technologies. We have tailored our products, as I mentioned earlier, to the quadrant, the customer needs, the patient needs. We haven't just duplicated technologies across, but we're truly trying to target. Liaison NES, if we talked about decentralization, point of care, care closer to the patient. Liaison PLEX, flexibility, diagnostics stewardship, high clinical value, give up nothing.

And then lastly, LIAISON MDX+, truly strengthening our position in specialty targeting testing, we are so excited with the work that we are doing and we are confident that we're going to continue to create value for our partners and customers into the future.

Now, I will be transitioning to our LTG business.

Alright everyone, now we make a transition…a pretty big transition that you will see. Even the color of the slides will change specifically because we're moving from Diasorin, immuno-molecular, selling directly to end customers such as hospital systems to our Licensed Technology Group. The Licensed Technology Group is truly enabling partners to innovate based on a set of technologies. It is a true B2B business. It is not selling ultimately to the end customer. So I want to be able to walk you through that today and have you understand the business model and the structure.

So, one, it's mainly a B2B business, more than 95% of the business is B2B. The other part of it is that we are not…our technology is truly

licensed. So when we call it a Licensed Technology Group, you might wonder, that's a strange term. The reason we use that term is the entire business is built on licensing technology, whereas our diagnostic business is truly there to sell to end customers. In the Licensed Technology business, we enable diagnostic partners to sell immuno and other technologies utilizing our xMAP technology. This is the difference between the 2 technologies and why you see and saw that our Luminex brand stays with the core technologies of decades that has been built here in Austin, Texas, decade's stays on this xMAP technology that is licensed to partners around the world.

So I will go deeper into that today. When we talk about the business model, the main components of the business model that, I'll deep dive into are instruments, beads, and our royalties. And the royalties are paid to us based on our partners' sales to their end-users. So these are the main 3 components of the business model that we have in Luminex.

Now, I can tell you personally, being with the company almost 2 years now, I see the LTG business as a diamond in the rough. It's an opportunity and you will see with so many different applications that this technology can be used, why it's been around for decades and why it will be around for decades to come. So I will walk you through that journey together as we understand the LTG business at Luminex.

So now to start working through the business model, and the 3 pillars of instruments, beads, and royalties. We start with instruments. We have here our Intelliflex, our newest platform that's part of an entire portfolio of products that we provide to our partners. The Intelliflex was launched in 2021 and has an interesting opportunity to actually have what we call a dual reporter, and that dual reporter allows us to have 2 parameters per analyte simultaneously reported. So this is a advancement and the newest that we have in our multiplexing technology. It's truly the top of the portfolio, but we have several other

products that we provide that are based on price and performance based on the needs of our partners.

The second pillar is our beads. Now, here this is a very interesting element because we have produced with the manufacturing expertise that we have over 100 trillion microspheres since the beginning of Luminex. And it's not just about producing these microspheres, but it's the fact that we have highly reliable and reproducible processes that allow our partners who are, for instance, in diagnostics to have a product that they can get…go through the registration process with the FDA. And this is a critical element of that. So the ability to create high quality, high performance beads is a critical part of it.

Secondly, there's the versatility. You'll see in a few minutes the vast amount of applications that we have with our life science partners as well as our diagnostic partners. And then lastly, the amount of reads…the amount of read we can do inside of a single well is very high, we call it 3D, 500 plus, 500 analyte targets in one well, meaning that you can see that all at one time and be able to see a large level of complex messages or information when you are searching for the antibodies that are of importance to you.

Now, we go lastly to royalties. This graphic tries to help us and we have tried to find a way to describe and create a parallel of what our beads and instruments and how they all fit together. So, we have tried to use this example equating beads to eggs, and our instrument to mixers, and the expertise that we bring is what we are referring to as the cookbook. And we work with partners in life sciences. This example is life sciences, but you could do it with diagnostics as well.

In life sciences, where we are selling or providing our instruments and our beads to our partners. They are adding their elements like you would in baking a cake, other elements, and they create their assays based on the needs of their end-users that we have depicted in this

graphic as the cake at the end. So, this entire process goes through and based on the fact that they are successful in selling their assays, we then have royalties that we collect on the end-user sales of our partners based on their success, which is a very interesting part of the business model, because if they are not successful, we are not successful, because we don't get the royalty payment.

So, clearly our objective is to truly ensure that our partners are successful because we see the value of that as well as they do. We have also depicted on this graphic the lower portion. In this case, we do sell and make our technology available to some pharma and bio-pharma companies. Now this…in this case is not royalty bearing because what companies like a Pfizer might do is that they brew their own or make their own assays for experimentation, for operations, different things where there isn't a standard assay or kit available from our partners so they want to create their own.

So, this is a small part of the business, but we still make it available so that our partners can be successful and eventually it could be that some things developed by our pharma company and they bring it back to a partner like MilliporeSigma or Bio-Techne and say we would like you to produce such an assay for us. So, that process works in that way, but allows really the capabilities and competences of a company like Pfizer to continue to work. So, to clarify exactly who we serve, we have 3 segments, our diagnostic segment, our life sciences segment and our bio-pharma segment.

In our diagnostic segment, a majority of our revenues come from diagnostic kits, transplant, autoimmune, oncology. There are also testing services. There are companies out there that are in LDT that create homebrew tests or special tests for special applications that are required and we give them access to our technology as well.

The interesting thing for me is the middle of this chart when we talk about life sciences. Life science, academic research and applied research, this is really the wellspring of where these new technologies and ideas come. We have over 70,000 peer review papers on our technology, on xMAP and continue to be published every year. And that is the opportunity where the small ideas become start-ups and eventually become companies that use our technology that develop products. And this is the true opportunity for us to continue to grow and I'll speak to that in a minute, how we can continue to grow. Of course, in that research, there could also be work that becomes a treatment or a drug or a vaccine that can also utilize our technology in the bio-pharma space.

Here what we have done is tried to give you an understanding of how the partner lifecycle works, because we just don't sell an instrument and beads to a partner and then all of a sudden they can sell it and make something. They need to make and develop their products. So, there is stages and we have tried to lay that out for you here. There is the scouting or ideation phase. This is where people are kicking the tires on our technology. They are interested in it. They are trying to see if it really works in their application. If they agree, and it does work, then they move to the development phase. This is really where the R&D work is, right? RUO or IVD, this is really where the work begins to really understand how they can create the product and of course if it's an IVD application, they go then in the commercialization and/or FDA approval process and go on to clinical studies and do all the necessary work to have the evidence to make it a product which we call it in the maturity phase when it's on the market.

The bottom of this chart, we tried to depict the timeframes for diagnostic life sciences and bio-pharma where you see how long it takes from the time we give them access to our technology till we see those royalty payments at the end, it's years, and that is the difference where we can't just walk away from a B2B partner and say well have a

good time. They need to be able to develop their products, so that we can both see the benefit of that through those royalties, and this is where we support through resources, through technology, through improvements in our team to ensure that they can be successful.

On this slide, what we have tried to do is now map where our current partners are, roughly between each of those segments and of course there is more than 70 of them. Our majority of our focus is truly diagnostic and life science partners. Like we said, there is always an opportunity in bio-pharma, but there we are really there to serve an opportunity for specific partners. In this case, we really focus on diagnostics and life sciences and we will continue to look for new applications of potential partners to continue to grow the number of partners we have.

Now, we come to an area that really excites me, and that is the new frontier in diagnostics, and as you can see here, proteomics, genomics, all these things play together in the future in the development of treatments, and the fact that we have the privilege that our xMAP technology can be present in what could be the future of identifying personalized medicine is a critical part, and it will play a role in the key trends and challenges that are out there addressing the costs of healthcare and ensuring that the right treatment is going to the right patient.

This will allow us to do that, and I have an example to show you here next, but the important thing is that one thing that happens when you bring all of this information together, there is a ton of data, and it's a perfect application for machine learning and AI and our partners are building those capabilities so that they can take the data from our technology but others as well and bring it together to give them the signals that they need, the information they need to really be able to move medicine forward.

Here is an example with our partner Bio-Techne where we are partnering in the area of multi-cancer early detection, and there is incredible opportunities to improve treatment, reduce treatment costs and enhance quality of life. This is an exciting part. This is the reason I come to work every day is to make an impact in patients' lives and this technology has an impact to do that and we continue to look for opportunities not just with Bio-Techne but all of our partners in diagnostics and life sciences to ensure that we can create more value. It's not just about the boxes, not just about the beads, what else can we do to help them succeed, because if they succeed, we succeed and that's the exciting part of this business model.

So, here as I bring LTG to a close, what I have given and shown you here is the original 3 business segments, and those that are greyed in area are opportunity areas or search areas where there could be even potential new applications of our technology with potentially new partners. Could be with our current partners or it could be with new partners. So, we're very excited to know and look for opportunities to grow the LTG business in the future simply through these partnerships and an amazing technology that has applications today and into the future.

With that, I have the great privilege of turning the mike over to my good friend Dustin.

DUSTIN STEWART: Thank you, Angelo. When we look at our commercial positioning in the US, I think it's important to understand who we were before the acquisition of Luminex and who we are today. Who we were before the acquisition was really we had 2 different teams under 2 different leadership structures for immuno and molecular. Each of these were differentiated solutions for similar and different segments of the market. You know, team was primarily focused on the consolidation of our specialty menu in national accounts, commercial labs and large hospitals.

The molecular team was more focused in large…yes, large core hospitals, but also in more teaching institutions where targeted testing occurs and our differentiated claims drives separation from our competition. Post-acquisition is really where we allowed us to combine our teams under one leadership structure to drive a one sales processes and synergistic approach around like segments and customer basis, with really what we did as we took 3 different entities and put them into one driving an immuno and molecular strategy, and essentially creating a critical mass to drive that synergistic approach in the US market, with a new found Diasorin customer base with large specialty testing menu and solution selling, give you an example.

Example is, when post acquisition acquired Luminex, Luminex had 700 hospital customers, but Diasorin had approximately 200, and the overlap was only 10%, so it really gave us a fantastic opportunity to cross sell and our…our immuno business where Luminex had a relationship. Luminex for molecular had a relationship or Diasorin on the immuno side had a relationship. So over the last 3 years, we've really driven a synergistic approach of gaining share inside these accounts, solidifying our base within immuno and molecular strategy.

What this deal also has allowed us to take a look at our resources and see what that critical mass can look like, and how to position ourselves to succeed for the future. We are much stronger and effective together, and bringing the teams together driving one sales process with people process and technology has given us the critical mass we need for now and in the future as we launch new technologies.

If we look at the immuno hospital strategy, it is really 2 phases. Phase 1, just completed in December 2022, and we just kicked off Phase 2 at the beginning of 2023. And I think it's important to go back and look at what we did, so in 2019 we took a look at our business, looked at our competition where we positioned our menu, we looked at where

we wanted to be, who our current customer base was, and whether we are succeeding or not. So we devised a strategy to go after the hospital segment, leveraging the IDNs, major medical centers and teaching institutions.

Why do we do this? Well, I think you also have to go back and look at who we were prior to 2019, which was essentially 75% of our business, was in commercial labs and national accounts, and we knew we could be more strategic in hospitals if we really drove the investment of resources and time and synergistic approach. We met all of our strategic core assays at each customer, each hospital site, so we knew where to go. We knew who was running our tests, we knew where we wanted to be, we knew how to position ourselves, we knew where to put our reps in order to capitalize on that, so we invested in resources in those geographies, and really went after the hospital market and really…and segmented into commercial labs and national accounts from that team. So now we have 3 teams, early 4 teams calling on individual segments.

And with one clear message which was to grow our presence in the hospitals and also grow our revenue. We overachieved in all categories that we wanted, which is a fantastic story, but even a sweetener is when we segmented those teams we found that we were winning by having a team specifically dedicated to those segments. So all-in-all, the first phase was a proven success.

With that proven success, we decided to move into Phase 2 of the hospital strategy. With the launch of the XS which is a smaller instruments and a strategic menu and partnerships on QuantiFERON, LIAISON, MeMed, BV and our GI portfolio. We definitely feel that we can take testing closer to the patients, and go into Phase 2 and move to the right to the regional hospital segment.

And just like in Phase 1, we mapped all of our accounts, we know where the testing is, we know who is doing it, and now we know how many people we need in order to get there. So we invested again in the hospital team to create a reaching frequency to accelerate that sales process, as well as, pick up another 1,200 targets outside of the core hospital. Our goal here in 3 years is to grow 240 new hospitals over the next 3 years and leverage that menu in those partnerships that we have in products like the LIAISON, MeMed, BV**,** QuantiFERON and GI portfolio. And just as an update, we are ending the first year of Phase 2 and we are on track to overachieve our goals we set out at the beginning of the year.

Now, moving on to LIAISON, MeMed, BV which is a fantastic…I believe a fantastic opportunity in sort of clinicians and we will see that, and you can see that in some of the literature, and what we've done thus far. But this creates a unique opportunity not only in the US but globally to leverage new novel technologies to drive quicker and better patient results that what is currently in the markets today. With these new technologies comes challenges, and we knew we were going to face challenges, but we've done everything we can to possibly overcome those challenges as you have new adoption of a new test in the market, and algorithms that exist inside of these health networks that we have to penetrate and make a change to, which is not as easy.

And another thing we learnt is from our market research, is decisions aren't always made inside the lab. We've proven that we can win in the lab. We saw in Phase 1 and we continue to see it today in the first year of Phase 2, and we'll continue to see that as we move forward. What we found from our research is it's not just a lab that makes these decisions around algorithms and patient treatment.

We found there is a key influencers in this case are the ED, the ID and pharmacy, and we saw that through our market research and what we've done in a digital strategy, so we developed. We sat back and we

developed and thought about it, and we developed an acceleration plan around LIAISON, MeMed, BV to drive adoption. And the 3 main areas we're focused on is a digital strategy to be able to hit people via digital channel to understand and educate on the value and what the test is, studies to create economic value, clinical economic and operational value of implementing this test, and then to drive demand in the places where we don't necessarily con or not experts, so develop a demand creation team to call on the ED, the ID and the pharmacy, while we call on the lab where we know we can win.

The market response thus far has been fantastic, you can see that in the number of likes, links, clicks from our digital and our digital strategy with DOXIMITY and SERMO. We know, we need to continue to develop the studies which we are continuing to do, but the ones we have done thus far have shown fantastic results and the quality of the result has been fantastic as well.

And next steps is we'll continue to define the message, refine and define the digital approach, the message, and continue to educate into 2024. But I'm confident from what we've seen thus far, we will have great results in 2024 and beyond as it relates to LIAISON, MeMed, BV.

And on a side note, every customer we talk to…every clinician we've talked to has shown an interest. There are some, very few, that want to see 100% more information, but the majority want to see more want to see light papers, want to do a clinical study, so it is really showing some great success, we just got to get there quicker and we will.

And speaking of new innovative technologies, we had some exciting stuff on the molecular front as well, with the launch of the LIAISON PLEX and LIAISON NES, we'll go after our existing VERIGENE base, as well as, competition to gain share. We will be the only multiplexing company in the market to offer flex technology which is

really adding value to the patients, the payers and the clinician with the right test at the right time.

LIAISON NES platform will open up a new segment of the market to us with true new patient testing with a CLIA waived solution. This also provides an approach to retail clinics, draw centers, providing a rapid time to result that we haven't seen thus far in our portfolio. In my mind, the future is bright.

With these new novel technologies continuing to add menu to our existing platforms, and a growing market, there's nothing but success that can happen in North America for years to come. We have plenty of opportunity of growth. We have plenty of customers to go after in order to expand our menu and our footprint in there, and with new solutions, it's opening up new doors for us every day. And I expect that this growth will happen in North America for years to come.

Thank you for your time. Have a great day. And I'm going to pass it on to Eugenia. Thank you.

EUGENIA RAGAZZO: Thank you, Dustin. Hi everyone. Today we'll briefly walk you through one of the areas in which the Diasorin Group has continuous strengthening its commitment, and their sustainability. It is in the very nature of our business to be committed to wellbeing, indeed operating in the field of diagnostics symbols making health qualitative life and the scientific approach, the guiding principles in all our endeavours.

We have for long been dedicated to improving our sustainability performance, one of our major contributions to the UN sustainable development agenda is Goal #3, which supports good health and wellbeing for everyone and everywhere. With our unique offering of specialty diagnostic tests, we have been improving day-by-day our ability to delivering solutions, capable to address existing needs of the population.

Along with this, our focus on wellbeing has expanded into the creation of our own foundation, through which we promote scientific education and we develop and support projects that are actively involving high school students and their teachers. The Diasorin Foundation allows us to share the value for science, to spread scientific culture and to foster talents starting from young generations.

With the firm belief the schools are the hotbed for future scientists, we have long been channelling investments into nurturing the potential of young minds and supporting educational institutions through the macro science project. This competition which is currently in its 7th edition is the Foundation's Flagship initiative, and it aspires to support young individuals in exploring the complexity and the beauty of science.

We have expanded our efforts geographically by promoting value education in the US through initiatives like the Minnesota Quiz Bowl and through the sponsorship of university scholarships in the US, Italy and China. Furthermore, the Diasorin Group is actively involved in diversity and inclusion projects by supporting talents and disability in sports.

Finally, our commitment to health and wellbeing also extend to our social sustainability efforts. We have contributed to create a comforting and reassuring environment, by redesigning CT suites in paediatric hospitals, resulting in significantly fewer cases requiring sedation ahead of radiological examination. 2023 has been a turning point for the Diasorin Sustainability Strategy, as we have strengthened and consolidated our commitment to ESG environmental, social and governance criteria through a dedicated 3 year ESG plan. Thus making of sustainability one of the backbone of our activities.

Our contribution to supporting the wellbeing of people continues within the Diasorin population. In fact, 98% of our employees are now

offered permanent contracts, and the plan also seeks to define the principles of meritocracy to promote talent within the group while ensuring equal opportunities for all.

Our sustainability plan also seeks to improve our environmental performance by a series of intervention aim at controlling and reducing the level of our carbon emission. As part of the climate strategy, Diasorin is proud to announce the setting of reduction target of scope to emissions by using 100% of renewable energy in all our major industrial sites by 2027, accounting thus for approximately 92% of Scope 2 emissions at the group level.

The embeddedness of sustainability into our business strategy is reflected by the strong involvement of the highest executives into the sustainability's governance structure, thus ensuring the correct implementation and achievement of our sustainability and ESG targets.

With this, I thank you for your attention, and I pass the floor to Piergiorgio, who will take you through the financials.

PIERGIORGIO PEDRON: Thank you, Eugenia, and good afternoon, everybody. And again, a very warm welcome to Diasorin 2023 Capital Market Day. 2 years after Luminex acquisition, I'm glad for the opportunity to be here with you today to discuss our mid-term guidance. Over the next few minutes, I will try to walk you through the financial translation, so to say, of all the initiatives that my colleagues have presented so far.

Many things have changed since the previous Capital Market Day in December 2021, both from a macroeconomic and geopolitical perspective. In this fast-changing environment, in reach of many new challenges, we kept on diligently focusing on Luminex and Diasorin integration with one single aim in mind, execute on the programs presented 2 years ago.

And let me say that I'm very proud for the progresses that our organization has made, and the results we have achieved. As always, in order to better understand the evolution of the business, all the financial information that we talk about is presented at constant exchange rate.

With that, let's begin where everything starts, the top line. This chart represents our expectations for next year guidance and 2027 outlook. Before we dive into the numbers, let me please spend a couple of minutes on COVID. I believe it is fair to say that COVID has now reached an endemic status, and that from 2024 onwards it will represent another bug belonging to the broader respiratory space.

Different words, this is the last year where the industry has experienced the long tail of higher than normal COVID sales. And for this reason to understand the performance of the business, the chart highlights 2024 ex-COVID sales growth with our best estimate for COVID revenues. From 2025 onwards, COVID sales are simply considered part of the larger molecular respiratory panel.

With that said, in 2024, as you can see, we expect our ex-COVID business to grow between 5% and 7%, and COVID sales to be around €30 million. Beyond next year, we anticipate a high single-digit to low double-digit compounded average growth rate. The acceleration after '24 is mainly driven by the contribution of the different programs that have been presented in the past few minutes by my colleagues.

In this slide, we provide a breakdown of the projected revenues by technology. The so-called 3 legs metaphor we like to use to represent our business, post-Luminex acquisition, immuno molecular and LTG.

Let me please start from 2024 outlook, and more precisely from the immuno franchise. Here we talk about the book-of-business north of €700 million in 2023, for which we project an high single-digit growth

driven by the clear specialty and Phase 3 menu, which will more than offset a slightly negative Vitamin D and the ELISA tests.

The known unknown, so to say, is China, and the impact of the volume-based procurement, which is being finalized by the local authorities during these weeks. Here, we made some assumptions based on the latest available information, and considering the size of the Chinese business, we should not expect any material variation compared to our estimates.

Let's now move to the next leg. The molecular franchise represents a book-of-business of about €250 million in 2023, including about €60 million of COVID sales. The expectation is for the ex-COVID business to stay flattish in 2024, since the contribution of the new platforms, namely PLEX and NES will become material from 2025 onwards, whereas if we include COVID, we expect a low double-digit decrease.

Lastly, the LTG franchise, which in 2023 represented a book-of-business of about €170 million, which is expected to grow in 2024, mid-single-digit. Let me please remind you that the LTG franchise has been affected by the overall softness in the life science sector, which, as reported by the biggest players in the space, should return to a more robust growth toward the second half of next year.

Let me now please move to 2027 Outlook, starting once again with the immuno franchise. Here, we expect the mid-term compounded growth to remain at high single-digit, despite the increase in its absolute value, thanks to the contribution of the Phase 3 CLIA [ph] products such as MeMed, Lyme, and Calprotectin, and to the contribution of the US hospital strategy.

Looking at the mid-term projection for our molecular business, we anticipate a low double-digit growth rate, which is mainly driven by

the commercialization of the LIAISON PLEX and LIAISON NES platforms, on top of the additional sales deriving from the menu expansion of our legacy Diasorin offerings.

Lastly, the compounded growth of the LTG franchise is expected to be mid to high single-digit, whereas the acceleration after 2024 will mainly be determined by the new initiatives presented by Angelo and by a normalization of the overall life science market after a softer 2023.

To conclude, I believe the main take home message of this slide is that our growth trajectory is well distributed across all of the 3 different legs with a solid performance of the immuno and the LTG franchises to which we will add a fast-growing molecular business.

Moving on to the next chart, we can see our anticipated revenue trends across the different geographies. I will focus my remarks on the base business. I think the main takeaway of this slide is that North America, and to be more precise, the US will be the geographical engine of the growth. With molecular and the immuno business is fuelling our performance over the years covered by the plan.

I feel the need to underline that this has been made possible not only by the growth of our offerings, but also by the fact that, thanks to the Luminex acquisition, we have been able to reach a critical mass in the market capillarity that we were previously missing. The combined effect of these elements will allow North America to grow in our projections' high single-digit in 2024, and low double-digits thereafter.

Moving to Europe, where Diasorin market penetration has been historically higher, we anticipate a solid mid-single-digit growth over the years covered by the plan. Let me remind you that in Europe, we have to deal with 27 different healthcare systems, which makes the Phase 3 immuno products launch and demand generation initiatives

more complicated, and that in the whole continent that the molecular and LTG market opportunities at kind of lower compared to North America.

Let's now focus our attention to the remaining geographies, which represent about 20% of our total sales. Here, we include countries where we have a direct presence such as China, for example and all the other geographies covered by our network of distributors.

The acceleration of growth in the plan from low single-digit in 2024 to high single-digit in the years, thereafter, is mainly driven by the fact that in our assumptions China after the introduction of the volume-based procurement and the go-live of the manufacturing plant in Shanghai will return to be a positive contributor of this region, which would be only exception of Australia is less receptive to the molecular offerings.

Moving on to our next slide, I would like to share with you, how Diasorin revenue profile change from 2019, the year before COVID hit, and prior to the acquisition of Luminex, with the aim to highlight the very significant enhancement, so to say, in the group sales structure.

I deem this slide very telling, since in a simple and visual fashion, it summarizes the progresses made in the journey started prior to COVID. The first snapshot shows the breakdown of sales by technology. Here, I would like to underline how in 2019, almost 90% of our sales relied on one single technology, immunodiagnostics. Looking forward, we have a more balanced and diversified portfolio of products capable of capturing different growth trajectories.

Moving to the second chart, I believe it is important to emphasize how sales in North America increases from just shy of 30% to 55% at the end of the plan. This is consistent with the strategic journey we started

with Luminex acquisition, which allowed us to grow our market share and critical mass in the US, the biggest IVD market in the world, and the only one that really rewards innovation.

Considering the macroeconomic and geopolitical challenges the world is facing, being big in the US is for us a strategic imperative in order to increase both the resilience and growth opportunities of our business, while at the same time, derisking the dependence from China, where it is difficult to have a clear visibility on the changes in the business environment and reaping the benefits of a solid presence in a stable and resilient market such as Europe. The third and last chart is intended to represent recurring revenues, mainly reagents, consumables, and royalty's vis-à-vis non-recurring ones.

The thing to highlight here is that despite the change for the better in the composition of sales by geography and technology, the share of repeated revenues is the same of 2019 and is substantially stable at 90%, therefore confirming the resilience and profitability of Diasorin business.

Let's now move on to discuss profitability. 2024 projected EBITDA margin at around 32%-33% is slightly below 2023, whereas looking past next year, by the end of the plan, we believe the EBITDA margin will climb back to 36%-37%, therefore, broader in line with the pre-COVID and pre-Luminex period.

In 2024, we will have to face some headwinds, mostly due to temporary elements. To be more precise and to better understand our margin profile, please let me try to summarize the 5 most relevant ones.

#1, limited revenues contribution from LIAISON PLEX skews towards the end of 2024 and LIAISON NES impact in the following years. In

combination with a sales organization almost fully staffed and geared up to sustain the commercialization of both these platforms.

#2, China volume-based procurement. As said, we made some assumptions in our projections, and we are still waiting to understand how exactly the local authorities will implement this program. But one thing is for sure, 2024 will see the reduction of prices, whereas the increase in volumes will only come in our assumption starting from the end of next year.

#3, commercial and marketing one-off investments to accelerate the take-up of MeMed revenues, as described by Dustin, whose contribution to the top line will start gaining traction from the second part of 2024.

#4, ARIES Platform Sunset. The program announced during Q3 '23 earnings call will have its full positive contribution on Diasorin profitability starting from 2025 onwards. Since in 2024, we will have to continue to support customers and move them to LIAISON MDx while sustaining the activities necessary to retire ARIES from the market.

Lastly, inflationary pressure. We think we will eventually be able to counterbalance most of it through a very structured, proactive price management program that we have recently launched. But because of the nature of our business, based on multi-years contract, it will take some time before we gain full speed.

Moving on to 2027, we think that by the end of the period covered by the plan, the EBITDA margin will climb back to 36%-37%, which is broadly in line with our pre-COVID and pre-Luminex acquisition performance. We will achieve this mainly as the result of the combination of 2 elements.

On the revenue side, the acceleration of our top line growth, driven by all the initiatives that we have described during this Capital Market Day, and the resulting operating leverage. And on the cost side, the tailwind coming from the completion of the synergy plan and some additional initiatives aim at further streamlining our manufacturing footprint that will help us squeeze additional costs out of our P&L.

In summary, we believe that by 2027 we will be able to broadly return to our historical level of profitability with an EBITDA value which, in absolute terms, will be slightly more than twice what we had prior to COVID and Luminex acquisition.

Moving on, I'd like to conclude my remarks on the financial translation of the plan described by my colleagues with a projection of the evolution of the net debt. We believe that by 2027, we will have completely deleveraged the company. This plus a strong free cash flow generation allows us to use our balance sheet to fund additional growth projects.

Let me close my comment saying that based on the initiatives and strategy presented today, we are very excited with the positioning of Diasorin as we emerge from the pandemic and the Luminex integration. As the financials highlighted, we are confident that we will continue to drive sustained growth and value for our shareholders, as we have consistently done in the past.

With this, let me leave the floor to Carlo for the final remarks. Thank you.

CARLO ROSA: Thank you, PG. And so, before we move to the Q&A session, let me just wrap up what has been discussed in the last hour or so, and what are the key takeaway messages. I believe we are in much better shape now than before the Luminex acquisition for all the reasons that I think have been highlighted. We are stronger from a technological point of

view; we are stronger when it comes to our geographical position, and we are able to capture the growth opportunities.

The Luminex integration in the last 2 years has been completed, so now the Luminex becomes an engine for growth and new products development. We're going to be launching 3 new platforms in the next 3 years and 10 new products. 3 legs, better than one. So the business is resilient, better growth opportunities, and the up and down of business and geographies, which can always happen, clearly has been de-risked, because we are present in 3 different business areas.

Focus on innovation. The plan requires Diasorin to invest over $200 million in the next years or so to continue to fuel innovation. So you have seen what's in the pipeline, but we will continue to develop new pipeline in the next years to come.

Clearly, we have a strategic imperative. We need to increase the critical mass in the US. Today, it is already 50% of our revenues, and we need to become bigger in the US because it's the market that's base for innovation, base for talent and we believe that we have talent and innovation to continue to develop that market.

Last but not least, you have seen that, as far as, the capital allocation is concerned, we are deleveraging very fast company, and so as Mr. Denegri said at the beginning, I think that as a shareholder and as management, we are able to continue to look outside and see if there are opportunities for Diasorin to grow the business in a non-organic way.

At this point, I'm going to leave the podium to the audience for the Q&A session. Thank you.

Q&A

OPERATOR: For any questions from the audio call, please press "*" and "1" on your telephone.

ANALYST: The complexity of the business has increased since the pre-COVID period and the last Capital Market Day in 2021, expanding both geographically and technologically through the Luminex acquisition. In light of this, where do you see the greatest opportunities going forward? And on the other hand the potential downside risk.

CARLO ROSA: So the question is what can go wrong and what can go better. I honestly believe that the answer is the same. Clearly, in the next 4 years, we are going to bet on the fact that we are going to develop clinical value and we are going to develop the market to understand the clinical value. MeMed is a very good opportunity. So investing in education and developing the market clearly bears lots of rewards, but certainly, it bears some risk that has to do with the fact that you need to convince the clinical community to adopt a product. I believe that as we've demonstrated with MeMed, we are learning how to do it. MeMed has been a great opportunity to do so. And so, I believe that again it could be faster than what we expect or it can in certain cases take longer than what we expect. I think the good news is that is a very well balanced risk and opportunity because we've more products that we are going to go and introduce to the market. So again, I believe is a balanced risk and a balanced opportunity to do better than what the plan says.

OPERATOR: The first question from the audio call is from Aisyah Noor from Morgan Stanley. Please go ahead.

AISYAH NOOR: Hi Piergiorgio and Carlo. Thank you for taking my questions. My first one is just on the LTG business based on the growth guidance for 2024 versus 2027. It sounds like you expected business to grow the

lower end of the mid to high single-digit growth guidance for 2024, and then accelerating towards the end of the period. How much of this is driven by conservatism based on what you see in the market today and how much of it is, you know, the supply chain issues and market weakness et cetera. That will be really helpful.

My second question is on the LIAISON NES. My understanding was that there was already prototype in place and the product was ready to launch. So is the 2026 launch date now embedding some conservatives on your timeline in getting this to market or are you facing some hurdles in filing this to the FDA? Thank you.

COMPANY REPRESENTATIVE: It was MDx or NES?

CARLO ROSA: Aisyah, just to be clear, are you referring bout the NES or the MDx.

AISYAH NOOR: The NES.

CARLO ROSA: MDx.

AISYAH NOOR: No, no NES…LIAISON NES.

CARLO ROSA: Thank you. Okay. Good. So and you first question was about LTG. Look, let's start from the LTG. We all know that when it comes to 2023, the bio-pharma and the total industry under deliver, and I think has been discussed many times by all our players in the space. The reason has been slowdown in funding and destocking and so forth. So we start I believe 2024 in a better way because certainly the destocking we see has been completed. We see that when it comes to availability of reagents and inventory of reagents that partners carry. Clearly, once they destock they need to buy at a certain rate. So long story short, yes, we look at 2024, and we see that there is a certain growth rate, and then we expect moving forward that is going to be completely de-

risked. Is it conservatism? I don't know. I think we will have a better visibility Q1/Q2 about the LTG.

When it comes to the LIAISON NES, so the small platform. To me, it's very clear that we are in post-COVID and what does it mean we are in post COVID? It means that there is turn of COVID that is happening but diagnostic today is primarily done through antigen testing and in fact you see that molecular testing for COVID is decreasing dramatically, 90% below what it used to be just 2 years ago. And we develop a product on the NES which was Influenza A-B and COVID, because we were under the assumption that COVID testing would continue, but the truth of the matter is that when you go into the post-COVID world, is you also need RSV if you want to decentralize. And so, we decided to go back and add the RSV to the platform and then do the clinical including the RSV because that is the menu that is required to face the decentralization opportunity in the US. So the technology is there. We address the problem in the supply chain. You remember in some of the…on the conference calls, I was concerned about supply. I am not concerned about supply chain any longer on the NES. I believe that some of the hurdles have been addressed. So now, the question is adding RSV to clinical launching the product.

AISYAH NOOR: Super clear. Thank you.

OPERATOR: The next question is from Emanuele Gallazzi of Equita. Please go ahead.

EMANUELE GALLAZZI: Yes, good afternoon everybody. Thank you for the presentation and for taking my questions. I will start with 3 questions. The first one is a follow-up on the LIAISON NES and the point of care market in the post-COVID scenario. I was wondering if compared to your expectation in 2021, do you see a smaller or large opportunity for the point of care market?

The second one is on your pricing strategy. If you can just provide us more details on this and clarify the assumption included in your financial targets regarding specifically the pricing?

And the last one is no MeMed, if you can just provide granularity or more details on the expected contribution by MeMed test in your 2025 and 2027 financial target. Thank you.

CARLO ROSA: Okay. I think I will take the first question, which I believe is the only question I can take, because you would appreciate the fact that there is competition out there and the last thing I want to do is give competitions information about MeMed opportunity what we expect.

So if we go back to question #1, let me just give you a reference point which is very interesting. If we look at the viability in the US market of point of care platforms as a combination of antigen testing and molecular testing prior to the pandemic, so 2019. There were 160,000 platforms that were actually…that have been allocated to doctors, to pharmacists to anything that is decentralized in the US. If you look at that number, after pandemic, it doubled. And we know because other company's reported numbers that some of the platforms like ID now, for example, has been very successful during COVID, taking some of this market.

So I believe that COVID did 2 things. Let me just add one more point of reference. In 2016 in the US, 95% of flu testing, there was no COVID. Clearly, was antigen testing. In 2023, only 70% of flu testing is going to be done in the decentralized setting with antigen, 30% is done with molecular. So it is very clear that 2 things are happening. There is more adoption on one side pushed by COVID, and there is change of technology or let me say change of approach by doctors and pharmacists where ever these tests are run, where a simplified molecular assay is way more received than all the antigen test. And let me also give you an explanation for that in the US. There is also a

reimbursement component because if a doctor is actually testing with molecular is making more money than testing with an antigen platform.

So long story short, I see that it's…decentralisation clearly in the US. I am not going to comment Europe, because I believe is a waste of time, but when it come to the US, it's happening. The only I believe question mark is whether the pharmacy market…there are roughly 60,000 pharmacies in the US and just a very small minority of these pharmacies are doing diagnostic testing after COVID. The big question mark is whether the pharmacy market will develop and by the way in our assumption for the plan, we assume that is not developing significantly over the next 4 years, but a large part of opportunity is whether between Walgreen and CVS they will implement more diagnostic testing that will clearly give another opportunity for the market to develop.

OPERATOR: The next question is from Maja Stephanie [ph] Pataki of Kepler Cheuvreux. Please go ahead.

MAJA PATAKI: Yes, good evening and thanks for taking my questions and thank you for the event. I am just curious about China. If you could help me understand that again a bit. So China is of course difficult for the whole diagnostic industry, and you are going to be ready in China in 2027 with your own manufacturing. Did I get that correct? In between 2024 and 2027, do you think you can actually generate growth? Is that what you have in your plan? And then the Punch 2 in China, that will come after 2027, after you have established your manufacturing capacity. I just want to make sure that I got China in the right order and how to think about it for your company? Thank you.

CARLO ROSA: Thank you, Maja. I think that you're right. This is what one of the presentations said, but I believe that I need to be more specific. We will complete transfer and launch of all the products on the LIAISON,

the 20 some products in 2027, but the rollout of products to the market will start in 2025. The LIAISON XL manufacturing transfer into China is happening as we speak. We're working with STRATEC to have that completed and we expect that we are going to have the LIAISON XL in China by 2025.

So in terms of expectations, we are very cautious about 2024, because in 2024, we have the effect of…initial effect of value-based pricing on one side and still for the order 551, which means localized manufacturing. We are not in a better situation than today. By the same token, we expect that market will stabilize. So for us, 2024 is going be flat. China. And then starting from 2025 when we have the LIAISON XL and so we are not going to be…we will be allowed to participate to certain tenders and then a roll out of the new products, then we expect China to grow. Just to give you an understanding, at the end of the plan, we expect China to be, to recover what China was in 2019, so before pandemic.

MAJA PATAKI: Okay, got it. Thank you very much.

OPERATOR: The next question is from Giorgio Tavolini of Intermonte. Please go ahead.

GIORGIO TAVOLINI: Hi, good evening everyone and thanks for taking my questions, a couple if I may, for Piergiorgio. I was wondering, if you could walk us through the free cash flow generation in terms of major moving parts. Your previous plan envisaged €450 million cumulative CAPEX envelope, and some, let's say in excess of €1.1 billion free cash flow on a cumulative basis. So I was wondering if you can give us more color on that?

And the second question is on the gross margin dynamics in 2024, putting on the one end the lack of COVID sales that was one of the major contributors to the higher profitability in the previous years.

And on the other end, the presence of the inflationary headwinds and the impact from China? Many thanks.

PIERGIORGIO PEDRON: Giorgio. Thanks for the question. So let's start with the main components of our free cash flow. So in our plan, we have give or take every year, €100 million of CAPEX investing, including, you know, as you might remember, all of our instruments, our install base, belongs to our CAPEX, because we own the instruments we place. And that is the biggest ticket item, if you wish, in a sense. Usually, if you look at past history of the company, we have been able to transform 60%, 62% of our EBITDA in free cash flow. And that is give or take, the ratio that you will see if you do your calculation in our plan.

One thing, though, that I'd like to highlight regards tax, which is another big element, tax cash out, which is another big element of our free cash flow. As you might remember, in the past, we in Italy enjoyed the benefit of the patent box, which during the first one delivered for us, give or take €40 million of lower tax cash outs. We very recently have been able to sign an extension with the Italian tax authorities which means that we're going to get an additional keys, if you wish in a sense of €40 million, €45 million over the years of the plan.

But by now, the law is over, there is no possibility anymore to extend the free cash flow at the patent box, which means that by 2025 that benefit will be over, which means once again that if you think about our free cash flow in 2025, our tax rate is going to move from 23% to 25%. And that covers free cash flow, I believe.

The second question, I think it was regarding gross margin. So, you know, we have many moving parts in our gross margins, but I believe if I can summarize them, I would do it in the following way. It is true we see inflationary pressure by all means. We factored into our financials 2.5% increase in our cost base, cost structure in a sense,

which we believe is going to be completely offset by all the initiatives that we are delivering in terms of creating additional manufacturing efficiencies. As I believe I mentioned in my remarks, we are also considering, you know, to further streamline our manufacturing footprint, which is going to help us to offset that pressure.

On the other hand, what you might remember we also did starting from this year, we implemented the new initiatives to manage in a more proactive way, let me put it in that way, pricing towards customers to gain some price power in a sense. And that is going to offset the natural price pressure in terms of pricing that we apply to customers we have seen in the past. And all of those elements will basically offset each other.

So, what we are left with, which is going to eventually dilute in our calculation by 1 percentage point, our gross margin is royalties. As you have seen during these presentations, a material growth driver, let me put it in that way, for our sales over the years…by the plan, is MeMed, is Lyme,, is latent tuberculosis, and those very nice programs and products come with additional royalties. And that's why in our assumptions, we should move from 65-ish percent gross margin of 2024 to 64%, give or take, or there about at the end of the plan.

What we will have, though, obviously, is you know, a much better operating leverage, because in our projection, the top line is going to grow at a faster, pace compared to our operating expenses. And that's why eventually we think we will be able to get back to an EBITDA margin of 36%, 37% by the end of the year that covered by the plan.

GIORGIO TAVOLINI: Many thanks, Piergiorgio.

OPERATOR: The next question is from Peter Wellford of Jeffries. Please go ahead.

PETER WELLFORD: Hi, thank you for taking my question. I've just got, I think, 2 left. Firstly, can I just ask just in regards to the deleveraging comments and the incremental growth projects, I guess, what sort of leverage ratio do you feel comfortable with, and so far as potentially pulling the trigger? I mean, I think you're already going to be at around 2 times, as you said, completely deleveraged by '27. What sort of level, I guess, is the comfortable level for the board as a sort of run rate for Diasorin? And equally, is there any…is there appetite, and it sounds like the way you talk about it, appetite to invest more in the LTG business? Or should we think very much more about, you know, this is going to remain the sort of non-organic options within diagnostics?

And then just secondly on the PLEX, just so I understand, given obviously the existing legacy Verigene customers, if approval clearance comes in, in early part of the year, is the aim to try and, you know, convert as many of those customers as possible before the '24-'25 cough/cold season? So I mean, I guess, could we potentially see quite a, you know, reasonably well installed customer base by that season? Or realistically, should we anticipate a slower ramp up of the installed base? Thank you.

CARLO ROSA: Let me start from the second one. I honestly don't know, because the problem with our respiratory panel is that there is a season, there is a part of the season where hospitals are hit by the patient flow, and they don't have time to validate. And typically there is a time of the year, when they…have the time to do validation and on a new platform which is the tail of the season and the beginning of the next season.

PETER WELLFORD: Right.

CARLO ROSA: So, in our assumption we have that we are going to be starting marketing at the end of the second quarter. Clearly, we are doing pre-clinical studies already in the US in several centers in order to build consensus and publications around the technology. And then the full

launch is going to happen around the September timeframe when you know, you enter into the season customers are doing validation and so forth. So, to be honest with you, I don't expect in 2024 that on an earlier approval would necessarily change its dynamic of the contribution of the platform in '24.

Second question is…the first question is was about the leverage. And look, it's really difficult to say because leverage also depends on cost of capital and today, you know, raising debt is expensive and we expect that moving forward, you know, it may get cheaper. But just to give you…I think you should use the…what we did with Luminex as an example of what the shareholder and the company are willing to do when it comes to an acquisition.

My personal opinion is that our leverage in today microeconomic environment that sits between 2, 3 times the EBITDA is sustainable. Sustainable meaning that it doesn't stress the company into the internal development to the spending money and investing for internal growth. Above 3 is getting complicated. But see this is my personal view, it will have to be discussed with the board and the main shareholder when it comes to targeting.

Again difficult to say, but today if I look at the portfolio we have, I believe that when it comes to molecular is execution. We have all the platforms that we need for decentralization for syndromic, and I would never get this company involved into the high throughput segment of the market which I think is very, very well served by companies like Cologic [ph] and Roche, and I don't see honestly the opportunity for anybody to get into that, and so we are missing that platform, but it is on the area where we don't intend to go.

When it comes to immuno, we have products, systems the XXL is coming. We have the technologies. So, the only opportunity, I would say, if there was an opportunity to buy content and so add to our

portfolio products value in clinical areas where there is IPN protection. There is not a very…there is any large assets on the market with those characteristics. So, if we go down that path, I think would be more tactical.

When it comes to LTG, it's…I think that the jury is out. You have seen recently a transaction that was completed by or announced, not completed by Thermo Fisher and you have seen the multiple in the sector we are talking about 16 time revenues, which is not an exception, when you look into technology in a growing space, I think that these days is what you have to pay. So, it will mean that if you want to buy a business that already has a significant revenues and significant revenues means anything between €100 million to €200 million with growth, we are talking about a very large investment.

So, I don't think that we would be looking into something of that size, but certainly LTG, what we need to understand if there is any adjacent technology, so it would be more a technology play that we had to put to the portfolio…of the portfolio of our partners by the way, because we don't serve the end-user. So, is there any technology that we can add to the portfolio of the partners that…for a market that they can develop? So, this made €0.02 to be honest with you, but Diasorin you know, I think, has always surprised the market because when you…when everybody thought that we were quiescent and so not doing much then we announced an acquisition. So, stay tuned.

OPERATOR: The next question is from Andrea Balloni of Mediobanca. Please go ahead.

ANDREA BALLONI: Hi, good evening. Can you hear me?

CARLO ROSA: Yes, we can.

PIERGIORGIO PEDRON: Andrea, ciao.

ANDREA BALLONI: Hi, ciao. Ciao Piergiorgio, ciao Carlo. Thanks for taking my question. I have 3 actually, and my first one is on margin. The target you gave on 2027 is around 100-250 basis points lower compared to the one on previous Capital Markets Day. Is this only related to a cost inflation and price pressure in China or there are also other reason for this reduction?

My second question is about PLEX. Since I would expect that you are going to replace the former Verigene 1. Do you expect some extraordinary cost such as in the case of a substitution replacement of the Aries you have mentioned before?

And my very last question is about multi-omics. It was very interesting slide and sorry, I am not familiar with this kind of business. Just we would like to understand how this business is a part of Diasorin segment if I understand correctly is a part of licensed technology, but wanted to understand if this may add further growth or this…or if this represent another opportunity in the future for Diasorin? Thank you.

CARLO ROSA: I think this will be a question for Angelo Rago, but I'll try to do myself my best to explain. It's very clear that these days, basic research is moving from genomics to proteomics, which is a very interesting application for our technology and in fact if you look at what is happening in transplantation when some of the traditional HLA testing where we play through partnership has been cannibalized by sequencing.

In parallel, there has been a raise of applications where protein analysis, antibody analysis is actually important to characterize from the donors and patients. So, I believe that what we are saying here is that…you know, if we think about it, genomics…you look at the gene, but then the actual vector for the disease is always a protein. So,

eventually you should be testing protein and protein testing it is what today the pharmaceutical companies are doing and there is where we see a particular opportunity with our platform.

When it comes to the PLEX, no, I don't think so. PLEX is…you know, when we bought Luminex, there was a commercial sales force in the US that was very well structured and we were looking ahead at the following 2 years when we were making an investment in building products, but the catalogue that we had available in molecular was relatively small in the US and…but we decided conscientiously to maintain the commercial sales force as it was.

Some of other…of our competitors typically cut and first and then honestly, the basis they rehire, we decided to make an investment and keep the people because first we have very good people and very knowledgeable in syndromic.

So, now what we have which I think is what PG was saying before, we do have the critical mass in molecular necessary to expand the business without expanding the cost. So, long story short, I don't expect any significant investment with the exception clearly of certain chunk of money that our…it is a one-off events when you launch a particular platform, but certainly is not significant in the long term. From a margin perspective, which I believe is the third question.

PIERGIORGIO PEDRON: Yes, I'll take that obviously. And so, Andrea there are obviously many moving parts, right? And we are talking about 2027. So, like always, you really need to build some flexibility into the modelling so to say, but I would say the 2 main elements that we were not aware about obviously when we made the 2021 projections are #1 China, you know, over the volume-based procurement story that we discussed about, that goes straight to the bottom line. So, we built some assumptions into our modelling in terms of how much that is going to worth.

And the second one is we now leave in an inflationary environment and that was not you know, when we…back in 2020/2021, it was a completely different world. So, we believe that now we built into our model very fair assumptions, and I would say those are the 2 main factors that could explain why from the 38% of the previous plan, we now move to the 36%-37%.

ANDREA BALLONI: Okay, thanks a lot. Very clear. And just a follow up about China. Can you remind me the weight of China sales this year?

PIERGIORGIO PEDRON: Yes, it's…Andrea, it's less than 5%. Let me say between 3% and 4%. So, it's really not material. I believe Carlo mentioned that by the end of the plan, we believe China should go back to where it was in 2019, give or take which is obviously you know, helping our top line, but eventually I believe the main point that we need to underline is that China is, by all means, an opportunity, but we have completely de-risked the company for under growth in China, right? So, that's not like something which is going to move the needle for the old company at all. It's more opportunities, I would say, than risks in a sense.

ANDREA BALLONI: Very clear. That's all guys.

PIERGIORGIO PEDRON: Thank you, Andrea.

OPERATOR: There are no more questions at this time.

CARLO ROSA: Okay. So, I would like to thank everybody for taking the time late on Friday to participate to the event. And last but not least, I would like to thank everybody who has been helping to put together this presentation. Has been hard work on good quality. Thank you. Thank you everybody and I think we'll…we're going to talk to each other for the year-end results.

PIERGIORGIO PEDRON: Thank you all. Take care.