DiaSorin S.p.A.

"First Quarter 2022 Results Conference Call"

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MODERATORS: CARLO ROSA, CHIEF EXECUTIVE OFFICER

PIERGIORGIO PEDRON, CHIEF FINANCIAL OFFICER

OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome, and thank you for joining the DiaSorin First Quarter 2022 Results Conference Call. After the presentation, there will be an opportunity to ask questions.

At this time, I would like to turn the conference over to Mr. Carlo Rosa, CEO of DiaSorin. Please go ahead, sir.

CARLO ROSA: Thank you operator, and ladies and gentlemen, good morning, good afternoon. [Indiscernible] to speak and I will make some few comments. As usual, at constant exchange rate and then the CFO, Mr. Pedron is going to take you through the numbers.

Okay, so first as you know we have been slightly changing our reporting system after the acquisition of Luminex, so now we have the business which is divided in 3 buckets, we have the immuno site and in immuno site we have all the technologies that start from CLIA, the ELISA technologies and we have the molecular bucket and then we have the license technology bucket.

So let me start to talk about the immuno. Immuno, we look at the ex-COVID part of the business, so CLIA ex-COVID and then we look at the COVID part. So let me clear first the COVID. COVID if you remember on immuno, it was the antibody test after vaccination to monitor the antibody titer and then we had a high throughput antigen test to be used in hospital settings, when they wanted to have a cheaper technology, cheaper than molecular to test personnel.

Well, this side of the business is declining sharply, and this is fundamentally because there has been no other option of the serology test or less than what it should be done, and it was certainly linked to 2 things,

one, the perception that COVID is pretty much going away, the second is the fact that government have been finding the adoption of serology is a way to control immuno response against the vaccine, because the problem there was to convince the population to get vaccinated rather than the sophistication of the follow up. So we still have a business that is a good business for us, but it's 50% below what it was one year ago, mainly driven by the serology component.

Now, if we look at now CLIA Ex-COVID, and when we look at CLIA now on DiaSorin business, we have CLIA ex-Vitamin D component which is growing strongly 13% in the quarter, and we have Vitamin D that which is declining a little bit minus 5%, but is much more stable than before.

On the CLIA ex-D performance, if we look at the geographies, we have the US growing 30%, we have Europe growing 9%, and we have China which is flattish, just growing 3%, and I am going to comment on China later in the presentation.

Now, if we now switch to molecular, we have the COVID bucket and we have the ex-COVID bucket. I understand that when it comes to molecular numbers, are clearly affected by the change in the perimeter that happened after the Luminex acquisition, so I will try to digest the numbers for you.

When it comes now to the COVID component, okay, which is molecular COVID, we see a 15% decline on average, compared to the peak of last year, and this has certainly to do with the fact that with the Omicron…with Omicron we had a very high January and then a sharp decline, so the peak of testing as you have seen, reported by different operators in this field and this peak now is much sharper than what was in 2021.

When it comes to the ex-COVID, we have overall a single-digit growth, and again ex-COVID is a combination of the old…of the NDX technology coming from DiaSorin, and clearly you have all the multiplexing different technologies coming from Luminex.

Overall this bucket is a single-digit growth, so totally, there is a negative growth in the respiratory, and it's a consequence clearly of COVID, and then we have growth in non-respiratory, so primarily we are talking the gastro panel for the Verigene 1. The blood culture panel for the Verigene 1 and then the NDX assays, which, if you remember, were primarily on the non-respiratory side was for transplantation, and we had a very nice ASR business that has been used by labs to develop their own and it is overall this bucket of ex-COVID is a single-digit growth component.

Now, if we move to what we call Licensed Technologies, okay, Licensed Technologies is…has to do with the business that Luminex developed at…when the company was started, is, overall is around annually is a $200 million franchise, and this business, if you remember, it's an interesting business where we have partnerships with some of the main players in the Life Science business that are actually using our instrumentation and our technology to build their own products, and primarily in the space of Life Science research, clinical research, but also specifically there is one player, very important player which dominates the transplantation market and that player is using our technology.

Overall, this bucket which in terms of profitability is accretive vis-à-vis our own business. That bucket is growing 14% okay, and that is a consequence of the fact that a good liquidity [ph] of money has been put into Life Science research, as a combination of pharma investment, but especially is a combination of grants coming from the government, both in

US and in Europe, that after pandemic they started to foster the sector really increasing the number of public spending in the sector, so we are benefiting from the trend.

Last but not least, the flow cytometry**,** flow cytometry which is a relatively small business for us, is less than $50 million annually, is flat, and is a combination of…the business actually is split in 2, we have some very high complex flows cytometry or plus imaging system and that piece of the business is actually growing.

And then we have a more mature set of technologies, a small piece of equipment that are sold to smaller labs, and that one is more [technical difficulty] in the very specific case in Quarter 1 we have problems with delivering some of the system because of the supply chain and unavailability of certain electronic component, which is interesting, because so far is the only area in the company where we have experience in supply issues with this component.

One remark when it comes to the [indiscernible] growth if you remember that last year, we launched the INTELLIFLEX, which is the new platform that was developed by Luminex for this sector, and the adoption of this platform by partners is far graded than expected. So we had a solid Q1 and we have a strong funnel for Quarter 2 and Quarter 3 [ph], so, which makes us optimistic about the performance of this business moving forward.

Now, if I may make some comments when it comes to different geographies, and I want to start with the US, as you know, today the US is the primary market for the company, it does represent 50% of our overall revenues. And if I look at the strategy in the US, we started as DiaSorin in 2019, really investing in a capillary sell force, or a bigger sell force to try

to increase our presence in the hospital market and we now…we went through COVID and certainly COVID did somehow help in the hospital penetration at the time when serology, there was a hype of serology in Q2 last year, by the same token also, it slowed down the installation of some of the systems simply because hospitals were very busy and so in certain cases they could not literally see our technicians involved. But overall is a combination of [indiscernible] but we made our plan. And the idea was to create additional 150 hospitals…and new hospital in the US, which we are perfectly in line to achieve by year-end.

It's very clear when it comes to our product portfolio today is a combination of what is available with the DiaSorin XS, the QuantiFERON and now, the very exciting and MeMed opportunity which is clearly a hospital test. It is very clear that what we are reflecting is on further investment and our ability to reach this segment of the market which, for us, is extremely promising as a combination of certainly better pricing and better and much interest in test like again the MeMed and the upcoming on the LIASION QuantiFERON test online with high clinical value.

Right, so today what is purely paying out is the fact that the company continues certainly to develop its commercial presence, but we are expanding very rapidly into the hospital segment and the growth you see in the US is driven by a combination of success in commercial, but also again is a expansion in this segment.

This is very important because the next generation platforms that are coming on the molecular side, which is the LIASION NES and LIASION PLEX have being designed for that segment. Okay, so it all fits perfectly. So you have a funnel of product for that segment and you have expansion of the customer base and expansion of infrastructure to serve the segment.

When it comes to Europe, which today is 33% of revenues, we have a solid high single-digit growth, we have discussed few times that for us Europe clearly is a mature market. We continue to fuel that market with continuous product…with products that we continue to bring to that market, QuantiFERON was the last one, and MeMed now has been launched in Europe clearly it is not contributing yet to revenues, because we are in a phase where we have clinical evaluations, which are happening in the major hospitals.

The initial response from the hospital and the clinicians is very positive and we are actually running some regional clinical studies because as you know every country in Europe fortunately or unfortunately needs their own opinion leader to bless the algorithm and the product. So there is a continuous effort in 2022 in Europe that is going to be mainly focused in generating a stream [ph] of data and promote again the adoption of this product in the hospital segment.

Now, last but not least is China. China is complicated. Today for DiaSorin represents around 5% of revenues. And so, I would say very gladly we have diluted the Chinese risk. China short-term, we see it as a burden and not as an opportunity, as a consequence of declining prices, as an effect of this very large tenders…provision tenders that now are in place and are driving price down on average 30%. The second effect clearly is the fact that there is a priority, official or unofficial priority, call it as you like to the local manufacturer versus imported products.

So we believe that, as I said already in the previous quarter, we continue with the strategy we have. We continue with the set up of the manufacturing site where clearly we have been hampered by the COVID with a shutdown of COVID in the last month or so. We are in Shanghai and in Shanghai, as you know, everything has been locked down. So we

cannot move forward with what we were foreseen for…needed for the manufacturing site. But you know, we believe that this situation is temporary and we will set up…will continue the set up of the manufacturing side. The overall investment in China is over €30 million that we have forecasted to get there. And because we believe that €1.4 billion people market has to be served. And so, the short-term view is negative, I believe that mid long-term view has to be positive, especially for a company like DiaSorin, which is thriving off some of the specialty products, okay.

Last but not least, I would like to make a comment on the announcement about the fact that we finally found President for the Luminex business. So Angelo Rago that is an American Executive from Chicago, a 30 plus year experience in MedTech space where he has been working in imaging and first and then ophthalmology later and has a very specific experience on the issue of the decentralization and the point of care…in the point of care setting.

And that to us was key, because Angelo you know, actually moving forward will continue to serve the hospital market. But that's traditional in our sense, because we've been there with our products for a long time. But by the same token, we need to tackle the decentralization mode and get out from… LIASION NES to the POL and to the pharmacies. And so, Angelo is…Angelo's experience is very much welcome to help us out to set up the strategy for the launch of the use on NES.

Okay. So and PG, please go ahead with numbers and then we take…we're going to move to the Q&A session.

PIERGIORGIO PEDRON: Thank you, Carlo. Good morning and good afternoon everybody. In the next few minutes, I'm going to walk you through the financial

performance of DiaSorin during the first quarter of 2022. Consistently with work done last quarter and in order to better understand the performance of the business, I will refer to adjusted P&L items, therefore, sterilizing, the impact of the following Luminex deal-related elements. So the one-off acquisition and integration costs, the effect of the purchase price allocation that we have covered last quarter, the cost of financing, and lastly the fiscal impact of all of these components.

The press release available on our website, we are providing a line-by-line bridge between adjusted and IFRS items. So that as usual, I'd like to start with what I believe are the main highlights of the quarter. So Q1, '22 total revenues at constant exchange rate grew by 28%. The Immunodiagnostic franchise ex-COVID grew by 7%, driven by a 13% increase in the CLIA ex-Vitamin D franchise, which as Carlo just said has being partially offset by the expected slightly negative performance of Vitamin D LIAISON instruments business according to the new reporting structure.

So the molecular business ex-COVID growth is mainly driven by the inclusion of the Luminex in the perimeter of consolidation on top of all of those elements that Carlo covered, whereas the licensed technology franchise variance year-over-year is obviously all due to the different perimeter of consolidation. But Carlo covered the performance of the business. So I believe we should be fine there.

COVID-19 sales be better in the quarter than originally expected when we set 2022 guidance, mainly because of the impact of the Omicron variant and those sales decreased at constant exchange rate compared to 2021 by 10% or €10 million. Q1 adjusted EBITDA records an increase at constant exchange rate of 10% compared to last year. The margin of 42% of the revenues. The margin has been positively affected by the COVID sales of

the quarter and by a positive one-off of about €2 million that we booked in the other operating expenses.

Lastly, we keep confirming our ability to generate a very healthy free cash flow €160 million in the quarter with an increase compared to Q1, '21 of €36 million or 46%. The net financial position is negative for €860 million with a ratio over 2021 adjusted EBITDA of 1.5%.

Let me now please go through the main items of the P&L. Total revenues at €358 million grew by 34% at current exchange rate or €91 million compared to last year. Luminex products revenues in the quarter amount to €97 million. COVID revenues amount to €97 million as well vis-à-vis €102 million of Q1, '21.

The quarter has seen some €60 [ph] million FX tailwind, mainly driven by the USD appreciation. Considering 2021 USD, Euro exchange rate and the current trend, I think it is fair to expect that this positive tailwind will continue for the remainder of 2022.

Q1, '22 adjusted gross profit €237 million grew by 28% compared to last year, closing the first quarter with a ratio of revenue of 66% and vis-à-vis 69% of the same period of last year and in line with the Q4, 21. The defense with Q1, '21 is mainly driven by the inclusion Luminex in the scope of consolidation.

This variance is in line with our expectations and modeling, and is reflected in 2022 outlook. Adjusted operating expenses at €109 million grew by 61% compared to the same period of 2020. With the ratio of revenue of 31%. vis-à-vis 25% of last year. This increase is in line with our expectations is once again, mainly driven by the different perimeter of consolidation. We are expecting synergies to reach the level discussed

during the Investor Day back in December as the integration process we had moved forward.

Adjusted other operating expenses are better than last year by €1 million. As said this difference is due to a favorable one off of about a couple of million Euro that we booked during the quarter. As a result of what I just described the adjusted EBIT at €126 million or 35% of revenues has increased compared to 2021 by 10% or €11 million. The adjusted interest income and expenses of €2 million is substantial in line with last year. Adjusted tax rate at 23% is in line with the 2021 as well. The net result at €96 million or 27% of revenues is higher than previous year by €9 million or 11%.

Lastly, adjusted EBITDA at €150 million or 42% of revenues is higher than 2021 by 16% or €20 million. The variant with constant exchange rate is positive by 10% with a ratio over revenues of 42%, difference with Q1 '21, which closed at 49% is slightly better than our expectation and almost entirely driven by the change in perimeter of consolidation.

Lastly, let me move to 2022 full year guidance, as usual at previous year constant exchange rate, because of the peak of COVID sales during the quarter, mainly driven by the Omicron variant of the virus, the outlook of the year has been increased. Specifically, the updated guidance is calling for total revenues substantially in line with 2021 between minus 2% and plus 1% to be precise, and revenues ex-COVID to grow by about 24% and COVID sales between €150 million and €180 million. Adjusted EBITDA margin between 35% and 37%.

So before concluding, please remember that our financials are highly exposed to the US dollar as we said and even more so now that North America represent about 50% of the total group sales. Therefore, as I will

also consider that for every €0.01 movement of the dollar against the euro, our revenues move by about €6 million, €7 million on a yearly basis.

Now, let me please turn the line to the operator to open the Q&A session. Thank you.

Q&A

OPERATOR: This is the Chorus Call conference operator. We will now begin the question and answer session. The first question is from Maja Pataki of Kepler. Please go ahead.

MAJA PATAKI: Hi, good afternoon or good evening to everyone. I have a couple of questions and it's mostly probably clarification to understand results and what comments have been. First of all, congrats on the results, I mean, great results. I'm trying to understand the increase in EBITDA margin guidance. I mean, yes, you are increasing COVID revenues a bit, the upper-end [ph] probably the FX is helping as well. But it would be great if you could help us bridge a bit this sudden move from 35% to 37%. Given that only 6 weeks have passed roughly since your full year results that will be my first question?

My second question is, can you help us understand organic growth? Because, I mean, it will be interesting to see what is organic growth or what was organic growth in the quarter, fully ex-Luminex and more was organic growth ex-COVID to understand what the business was?

And Carlo just a quick question, I'm not sure I heard it right. Did you talk about the NES instrument that it will target the hospital base, did I get that…I'm sorry if I misunderstood…it was great to have some clarification. And then just maybe a point to make, it would be really,

really helpful for us. If we would have some comparables either get the quarterly sales figures broken down by the new reporting structure or to get in addition, the old restructuring line…restructure…structure because it makes it difficult to follow what is really happening. Thank you very much.

CARLO ROSA: Hi, Maja. Listen, I'll take the first on the last recommendation. I understand, it's complicated but that is simple [ph], then the business has changed, right? So the portfolio today is completely different from what we had. So we're trying to make an effort, to make it simpler and in my opinion it's going to become more understandable for you when after July now you're going to be comparing at constant perimeter. Okay.

When it comes to NES, I made NES fundamentally for NES there are 2 markets, 2 segments of the market. One is within the hospital and this is simply because within the hospital, there is a need for decentralization anyway, because on one side there is a core lab concentration of testing and then within the hospital, especially hospital chains now you have the necessity to take this point of the platforms and decentralize in emergency rooms in certain settings to actually make more efficient, the flow.

And then there is…that is no problem, because there's the hospital market is where we operate is where we are investing and where we have infrastructure and that goes along very well with the PLEX goes well…goes very well with MeMed, because you know, it's all eventually one setting, and in the US what is very interesting is that the buyer eventually…the IHN [ph], they are now owning more and more hospital chain, they actually contract with us the full package, the full portfolio, right. So, you also get the benefit of one contract for molecular and immuno and everything is inside.

And clearly when it comes to this contractual relationship, which are traditionally very difficult with these buyers, unless you have something that is unique with the fact that we will bring to the market specialties like the QuantiFERON, like the MeMed, allow us to get into the door and then from the other portfolio approved including also the new 2 products. Okay, so very…no problem there.

Where the problem started, problem meaning that what was new for DiaSorin clearly and I was to take the NES out of that setting, more into the POL [ph] and pharmacy, and if I can make a comment. I believe that as we have discussed many times there is a US situation and there is a non-US or European situation. Let me put it that way. I roll out China completely because as we speak China is unaffordable anyway for molecular, because prices are very, very low, and by the same token they are going toward their own solutions.

When it comes to the US, the POL market these days is concentrating, by the same token is also being consolidating within the hospital chain because the IHN see the POL as a way to really get control over patients. And so, again we are going to find ourselves contracted with the IHN and selling through the IHN to the POL. So that in a sense is simplifying it.

Certainly, [technical difficulty] capillary certainly, will lead a distributor I believe to serve that market, but that is relatively simpler. Then you have the pharmacy market. Okay, the pharmacy market in my very [indiscernible] what is going to be that market after COVID. Because we know what it is for COVID, which is plenty of money. You have seen recently I was following the [indiscernible] report and they clearly said they did benefit significantly from COVID testing, but now…they're now going to adopt diagnostic as part of the services provided. For what I'm seeing so far, I believe that it comes to CVS and the clinic model that, that

decision strategically has been made and when it comes to Walgreens, I believe that the jury is still out. Okay, but we need to see.

When it comes to the European setting, for pharmacies, the problem there is because for most of the European…most of the relevant European geographies, the government, so the social system does not cover for the test, so he's out-of-pocket. And what we're still need to understand certainly the out-of-pocket, so the €20 that we think citizen in Europe is available to spend on diagnostic procedures is good enough to use lateral flow and that, that is certain and with the lateral flow cost structure, I believe you can make money there. Jury is still out with the individual patients will be available now to pay more than €20 because there is no way you can make money in my opinion selling point of care in pharmacies for €20 when it comes to molecular.

So that is where I believe we need to understand better. The good news is that as a result of COVID in many countries were in Europe today, you could not test…pharmacies could not do any testing, you know, COVID was made as an exception now. They are changing the law and testing is allowed. And Italy is a very good example [technical difficulty] is approving a new decree that allows testing in the pharmacies for respiratory illnesses. So now, the you know, the market is open, which is very interesting. We need to understand the pricing situation, because reimbursement is not there.

Now PG, can you take care of the EBITDA and organic?

PIERGIORGIO PEDRON: Absolutely. Hey, Maja. Good to talk to you. So, when we try to dissect, what's happened to EBITDA margin for Q1, I believe we need to consider 2 main factors. The first one is that, in Q1 as said we had a very good COVID revenue at €90 million or so, and the one-off effect of the €2

million, I was mentioning about in my remarks. That is what is explaining basically the 42% EBITDA margin. If you just use the Q1 numbers and you try to let me say normalize COVID sales saying okay, you know, what next…for the next 9 months in your guidance top range is calling for you know, a €30 million revenues per quarter. So if you do the math and reverse engineering Q1 with the €30 million of COVID revenues, you would get to an EBITDA margin of 35% without considering the one-off, which is exactly where our guidance was. So why now we raised the EBTIDA margin guidance, I mean we had a range now at least from 35% to 37%. Well, the answer is all in the additional COVID revenues that we think we might see in the remainder of the year compared to our original guidance that is, you know, said to be for the Omicron variant and before the Capital Market Day.

So long story short, the main driver behind the increase, potential increase in the EBTIDA margin in the guidance of the whole of 2022 is higher COVID sales. Indeed, we kept the guidance for ex-COVID sales at 24%. And once again, if you did…you know if you try to reverse engineer the year to go from now until the end of the year, you would see that with the 37% EBTIDA margin guidance, we are expecting for the 9 months, we have in front of us a 35ish EBITDA margin.

I would move to the organic growth now. So I understand it's kind of more complex now because we bought Luminex but what we are trying to do is to report sales according to what we did in the Capital Market Day, when we said if you want the new way to look at the business. So three main buckets, as Carlo said, Immunodiagnostic which is absolutely comparable because it's the…if you wish the legacy DiaSorin business and there we said 7% growth, which if you look at the guidance we gave to you on the Capital Market Day because we brought it down by technologies exactly in line with that guidance which is calling for 7%

growth in 2022 driven by ex Vitamin D, you know, or the things that Carlo explained. So I believe that not out of complexity there to understand to understand the immunodiagnostic growth, which is by definition constant perimeter.

Then if we look at the other 2 bucket of our sales, Molecular Diagnostic and License Technology. So for License Technology, it's all a delta perimeter of consolidation but I think Carlo made a couple of comments compared to let me call, you know, the revenues that Luminex generated prior to the acquisition. Carlo said in the License Technology, you have 2 components in the so-called License Technology group and this is where we have all the complexities that we are trying to simplify.

But you know we said in that bucket you have what Luminex used to call the License Technology growth and there you have a very nice growth of 14% and then you have, which is the vast majority of that bucket. Then you have the [indiscernible] business, which is mainly instruments and there Carlo said flattish. Then you move to the complex part which is the molecular because now molecular is a combination of the [technical difficulty] existing business plus the Luminex business which is made up of multiplex business and the Aries platform. And again, a lot of moving parts there and I'm making all of these comments without considering COVID, but what you see there, as Carlo said, you know, is that's single-digit growth whereby you have all those panels which are not respiratory, which are growing nicely and you have a little bit of negative number for the respiratory panels.

Again, I understand it's complex, a lot of different elements but we think that the right way to look at the business now is you know to spread it out into the 3 main buckets and we will help you out, you know, as long as we will not get Q3 [ph] to understand the main drivers behind those variances.

MAJA PATAKI: Okay. Since you can't give me an organic growth number excluding COVID for the business, can you help me understand the €97 million in COVID revenues that you are booking in the quarter. Which part was Luminex, which part was DiaSorin and within DiaSorin, how much was in immunoassay?

The second part that I'm still a bit puzzled about is look, I know you had strong COVID revenues but that should not have really been a super surprise in March, so I mean what…it's a bit difficult to understand the strong bit that it's really only down to COIVD. I mean vitamin…we had an Omicron wave, we had a peak in January. You talked about it and you had numbers fairly late in the quarter. So I'm still a bit puzzled to understand can it really only be COVID and what was your assumption really for Q1 when you were setting the guidance?

CARLO ROSA: Let me take the COIVD part. I'm myself puzzled because we made a very clear comment when we gave the €115 million guidance. Because of this, we really have no idea where this is going to be H2 and by-the-way, it's not only us saying that, it's everybody saying that. So today, what I'm saying is that compared to my own assumption, okay, I believe that Q1,that more importantly February, March because January everybody was a hero but then you saw a very sharp decline especially in the US for February and March.

So what we are saying is that the business is holding up better than what we expected and this is why we feel that there is an opportunity to overachieve that number, okay. Is it going to be what we said, is it going to be more than that? I don't know. I keep saying, I think we all need to wake up in June and look at the H2 scenario. At this point, look at what is…what's the adoption of COVID testing because look, what is very

interesting today, and 2) I have to say my own surprise is that antigen testing is holding up fundamentally because there is tons of said testing that is going on and people don't want to do molecular fundamentally for a very simple reason because molecular is more sensitive and that means that the quarantine period is going to be much more elongated to the point that even the government will say just do antigen testing, right.

This is in countries, especially in the European country where still where you are quarantined and you cannot leave your house and cannot go to work. Second thing is that…so the question is, who is going to do molecular and today, what we see is that as hospitals continue for example to test…use molecular testing which is really predictive of infectivity of the patient for admissions, for healthcare monitoring and so forth. Would this continue? I don't know. If this continue, I think that that is going to be the core business, off season COVID business because remember, now we are talking about off-season procedure, nothing to do with peaks or nonpeak and now, you are going to be facing the respiratory season.

When it comes to the respiratory season, the big, big question is differential diagnosis. You are going to sneeze and you are going to…you want to know whether you have flu or COVID and you are going to be sent now to do by your doc to do a differentiating test an there I believe that molecular is going to be the choice or you are vaccinated eventually Omicron already because there has been ton of people that got Omicron, so you have natural vaccination and then you are really not going to do testing with the exception of the prior population pockets of patients, nobody knows. So I think the industry is saying I believe we will understand much better in H2 what the number is going to be. Now, when it comes to the fact that the extra growth may come from better performance of the current business, I honestly don't think so, but PG, please…

PIERGIORGIO PEDRON: No, absolutely. As I said, the guidance has not changed for the business ex-COVID, which is plus 24%. You are right, when we commented yearend results, you know, we were at the beginning of March so we had visibility of 2 months, now we have visibility of 4 months which is the double of 2, it's really simple. So you know we feel more comfortable now to say that we might end up with €180 million revenues of COVID in 2022 compared to the visibility we had back at the beginning of March. Going to the breakdown of COVID sales, yes, I can help you out there, so in Q1 2021, Immunodiagnostic COVID sales around €24 million, €25 million. Q1 2022 it's €12 million so half of what we saw in Q1 2021.

The Luminex contribution to Q1 2022 COVID revenues and it's all molecular, it's around €14 million, €15 million and the reminder to get to the €92 million or €93 million, I can't remember on the top of my head, is all molecular DiaSorin, which is recording a decrease of 15%, same perimeter Molecular DiaSorin compared to Q1 2021. I believe that's covering your questions.

OPERATOR: The next question is Hugo Solvet of BNP Paribas Exane. Please go ahead.

HUGO SOLVET: Hi, thank you for taking my question. Couple on my side. First on the CLIA ex-Vitamin D business strong growth across the board. Can you give us a bit more granularity on what is exactly driving that gastro tuberculosis or is the roll out ongoing, that would be very helpful? Thank you.

And second question on pricing. How many price increase would you expect to pass this year? What's the net impact of that and how your clients are taking them? Any…even qualitative comments would be…would prove very helpful?

And last one, on my end and on the guidance. So, we understand that the guidance on price has been driven by extra COVID sales in Q1. However, over the past 6 weeks, since you gave the 2022 guidance, we have had a significantly worsening macro environments. What makes you…I would say, so confident that DiaSorin will not feel any impact from worsening macro in the remainder of the year and that you will be able to deliver on that guide? Thank you.

CARLO ROSA: Okay. So, let me take some of the questions. Pricing increase is a very simple situation. There is no price increase. Unfortunately, in our business very hardly you can pass through your customers your…the inflation, and this is because good chunk of the business is driven by tenders with fixed pricing, by contracts, multi-year contract with fixed pricing. So, very few exceptions, we cannot pass onto customers additional costs. So, we need to find or finance the increase of costs with more efficiencies and this is what we have been done consistently over the years.

Keep also in mind that what is working in our favor is that the product lines that are actually growing, so the mix is favorable, because the CLIA is certainly much more profitable than the declining ELISA and instrument revenues. So, that favors it…the mix within CLIA selling QuantiFERON and selling this tool and the specialties clearly is affecting positively the overall CLIA margin. So, and that is where if I mention DiaSorin has always being able to safeguard margin notwithstanding price pressure.

When it comes to the CLIA ex-Vitamin D growth, look it…to me it is…it is very simple. It has to do with a combination of legacy products that…or let me say, you know, legacy product but new products, which I

would call relatively smaller market opportunity of higher price like hepatitis C for example that we launched last year. And clearly high price, high margin, no competition, very small competition and clearly affecting contributing to the growth plus 2 very large buckets of products. One is the…again [indiscernible] on the legacy products, where adoption of some of these products like Calprotectin for example continues to [indiscernible] 20%, 25% year-on-year growth. And we're really investing a lot in clinical studies to foster this growth.

And also keep in mind that in the US pretty much for the product Calprotectin, we…the product offering we have and we are running short, and we don't really feel competition from smaller caps or small players and/or the…or big players try to do transitioning by trying to transition some of these assay into the [indiscernible] which failed because of quality and because of the handling of [indiscernible]. So, that…I hope…and then clearly there is a QuantiFERON franchise, even there is a product that we share with our friends from Qiagen. You have seen that they reported a good growth in that line and you can clearly extrapolate if they are growing nicely…on the product line. We are growing very nicely as well, because a lot of the growth come from the fact that we are working together to expand the customer base in adoption of these assays. And also we are moving from seminars to in-house testing in hospitals, especially in the US and that clearly drives the franchise [ph], okay. So these are the 2 critical factors. On the last question, PG.

PIERGIORGIO PEDRON: Yes, on the macroeconomics, I believe we did consider the changes in the macroeconomic environment we're seeing. To be more specific, if you think about the inflation pressures that we're all seeing and we're talking about, we already made some assumptions when we did our budget. And we recently reviewed our numbers and we settled in €7 million, €8 million more on the cost sides, in our assumption, which we believe will be

covering, safeguarding the margins with all…with those initiatives that Carlo discussed about. So, with the visibility we have now because the situation is changing every minute, but with the visibility we have now, I believe we feel comfortable with the guidance we just gave to the Street.

HUGO SOLVET: Okay, thank you. And just to clarify the €7 million to €8 million more, is that a change from the initial 2022 guidance to the upgraded guidance?

PIERGIORGIO PEDRON: It's included in the 37% to…35% to 37% EBITDA margin that we just shared.

HUGO SOLVET: Okay.

PIERGIORGIO PEDRON: So, it's in there. It's included.

HUGO SOLVET: Okay. Thank you very much.

PIERGIORGIO PEDRON: Thank you.

CARLO ROSA: Thank you, Hugo.

OPERATOR: The next question is from Peter Welford of Jefferies. Please go ahead.

PETER WELFORD: Hi, thank you. And [indiscernible] just really a few quick points of clarity if you don't mind. Just firstly on COVID. Could you possibly just…you've given us a lot of color. But could you possibly give us also some visibility by geography if possible. Just trying to understand from the point of view of when we think about the trends going obviously forwards, and also sort of going back in the winter season,[indiscernible] quantify in terms of how much of those COVID sales in the US

presumably the bulk of Luminex? And also how much of it is potentially then from Europe?

And also then just on serology for COVID. I'm interested to hear you said that that's down about 50%year-on-year. I guess, back at the sort of Capital Markets Event, you were a lot more confident itself but that was probably a more durable business at about sort of 10 to 15 or something or even €15 [ph] million a quarter. I guess, could you just brief about what's changed to make governments, I assume, and other academics less interested in that. I mean, is that a business basically just faded to zero at this point?

And then just the other one, the quick one just on MeMed. I think that was filed in the US, I guess, any commentary at all, I know FDA is very busy and obviously trying to go back to backlog. Is there any update at all on the potential timing of a possible approval by FDA of MeMed in the US, please? Thank you.

CARLO ROSA: Hey, Peter listen. MeMed…on the FDA approval, I don't feel comfortable making any assumption to be honest with you, because as you said it today it's impossible to understand their schedule. The very good news, though, on that side you've been quite often these days when the FDA is busy, they don't assign a reviewer so you're kind of put in a queue. Today, we already had a reviewer assigned 3 months ago, almost right away after the submission and there isn't a continuous dialogue with them…with the reviewer. So, it's a very active process, which in my opinion in these days is a very good news.

Now when it comes to serology, I can give you my 2 sense to be honest with you, of what is happening. The first thing, I believe that the governments have spent an awful amount of time telling people don't test

just vaccinate, because testing would add confusion especially in the US CDC and the FDA…the FDA never ever allowed anybody by the way, including ourselves to report in their package insert [ph],all the data about follow-up studies. I mean studies about follow-up after vaccination which we have in the European product, but not allowed in the US product, and this is…and what I say is, we're going to be allowing you to report this data. You meaning 1us everybody else. Only the day that they are going to show me what is the protective cutoff, which is a very smart way to say, forget about it.

When it comes now, I believe to Omicron. The Omicron I am triple vaccinated and I got Omicron in a heartbeat. And so, I believe that notwithstanding data that are really proving that if you're vaccinated versus not vaccinated, especially for the…in the fragile population, you get less severity of the infection. But I believe that now people, if you talk to the regular people they see that okay, you get vaccine, but you're going to get Omicron but it's not a big deal, okay? So, it's like it's washed out like, okay, it's another flu and couple of days and back in business. So, people don't want to hear about follow up testing and all that jazz. And it remains…today, measuring antibody [technical difficulty] academically by on a certain population, because people really want to understand what is the…I mean how long these antibodies will last.

And last but not least, if you remember, which is very interesting, until a few months ago, everybody was talking about a fourth shot with the new vaccine with Omicron variant. I don't know about you, but I have not heard anything new on that side. And if you know, even on the vaccine industry there is not an effort any longer to go after this new variant. So, long story short, this is what we are seeing. We see a core business that continues, it's mostly with academic clinical studies, large hospitals that

are following a certain patient set, but then this business is clearly not, not growing.

Now, when it comes to COVID trend by geography which I believe Peter was your last question, I believe that we see today, what we already saw before in the last wave. The US declining much faster than Europe. This also has to do, in our case, with positioning of systems, because in Europe, as we have discussed in few conference calls, all our MBX systems are placed within hospitals for hospital admissions and confirmatory of positives that from the high-throughput systems. And so that volume is much more…that volume is more resilient and there in Europe, we see a 30%-35% decline so far. Where I think the US is…I mean we are following the market, it's 70% down, okay. And this is it.

PETER WELFORD: That's great. Thank you.

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

GIORGIO TAVOLINI: Hi, good evening and or good morning, everyone, and thanks for taking my question. I was wondering if you could provide us more color on your multiplexing business that you acquired from Luminex and on the cost synergies with Luminex, if you started with some cost synergies in the quarter and the progression for this year? Thank you.

CARLO ROSA: See, if I may, I think we gave a lot of color on Luminex business. So, I believe in a nutshell as said, that we have today, so we bought a multiplexing company and there is a business today that is based on older technologies that is resilient, but certainly it cannot be grown until the new technology, LIAISON PLEX we market, okay. And I have to...and again there is appreciation from these technologies, but certainly they are

today…they are not allowing much…the new customer's adoptions. Today, fundamentally for multiplexing is…the respiratory part of the business is becoming relatively small. It's spiked because of COVID, but then it's going back to really small numbers. So, whereas what's resilient is more the gastro and the blood culture testing which is…which I think has been the bread and butter of the VERIGENE I business since the beginning. Now, that was the question. What was the second question for synergies?

GIORGIO TAVOLINI: Cost synergies.

PIERGIORGIO PEDRON: Please, if you want Carl, I can take it. Yes. So, Giorgio, I believe, we said during the Capital Market Day that the overall cost synergies we were committing to were $60 million by '20-'25. I would say we are very pleased with how the program is moving along. We have initiatives, we have projects, we have owners, we have due dates, we have timelines, we have an IMO program, which is I would say very well managed. And so, you know, well, again I can say that everything is moving along according to the plan. And you start seeing, you know, again as planned as more of that impacts on our financials.

GIORGIO TAVOLINI: Okay. Thank you.

OPERATOR: As a reminder, if you wish to register for a question, please press "*" and "1" on your telephone. The next question is from Maja Pataki of Kepler. Please go ahead. Mrs. Pataki, your line is open.

MAJA PATAKI: Yes, sorry, I was on mute. Just 2 questions from my side. First of all, can you maybe talk a bit about the instruments placement that is seen in the quarter. I must have missed that in the press release. Maybe just talk about the, you know, the legacy business, how that has been progressing

and then the molecular franchise business. And then just quickly to come back to the numbers that you have given me. If I did the maths, I see that on my calculations ex-COVID organic growth was around 2% to 3% and I cannot consolidate that with your very strong and positive note about all the business lines. So, is it a lie that it has been declining more or is it China specifically that has been, you know, more of a drag on the organic side? It would be really helpful if you can help me understand what's been going on? Thank you.

PIERGIORGIO PEDRON: So, I will take the organic growth. Again, I don't know exactly how the model you are looking at is built, what I can tell you to add more color is that, you know, on the previous Capital Market Day, before Luminex acquisition, I believe we said that growth mid-to-high single-digit. This is was before COVID [indiscernible]. If I look at how we closed the numbers at constant exchange rate, DiaSorin only and without Luminex I would say that we are there. So, we are in the range of 5% to 6% growth. Immuno and its…the overall DiaSorin business without COVID. More than that, I agree that it's difficult to say. We have already sliced and diced the numbers in 2 different ways. So, I believe that that's all I can share with you.

CARLO ROSA: Okay. Maja, I think your question is on the store base, I believe? Right?

MAJA PATAKI: Yes, the trend that's in Q1.

CARLO ROSA: Okay. The…the trend in the Q1 is that you know, typically in the Q1 we have a lower number of installations that happens in the other quarters. Last year, the comparison to last year is unfair for the Liaison XL because in Q1 last year, we installed almost 30 systems in a very large US lab for the QuantiFERON business, okay? So, that was one of peak that was made Q1 as an outlier. When it comes to the LIAISON XS, we are

actually starting the placement in the US and I think the overall budget for this year is around 100 systems that we have.

And when we look at the Liaison MDX, it is around 15 systems which is in line with what we are projecting and clearly, we had completely different numbers when during the COVID time, but the COVID time in this very specific case is over. And so, now as far as COVID is concerned, as far as the MDX is concerned, the game here is to defend the base first because, you have a lot of crowds at labs with ton of capacity and now they are going to make…they're making decisions about which platforms that they are going to keep and the one that they are not going to use any longer. And on your installed base clearly now, they have the time because this is the time before to get more dues [ph]. So, differentiate their product offering away from just COVID. So, all in all, I mean, transfer [ph] for Quarter 1 are in line with our budget expectations.

MAJA PATAKI: Thank you very much for that.

OPERATOR: The next question is from Hugo Solvet of BNP Paribas Exane. Please go ahead.

HUGO SOLVET: Hi, thanks for the follow-up. Just wanted to come back on the supply chain issues and problem in sourcing electronic components, which you mentioned earlier in the call. Just wondering within in your new 2022 guidance, how long do you think those supply-side issues will last? Thank you.

CARLO ROSA: But, first, Hugo, I was talking about a very specific case for one…for one system that we offered in flow cytometry and that is to be with [indiscernible] actually a cable that we are getting from [indiscernible] and supplied areas let me say, not recently solid. Overall, I have to say

notwithstanding all the issues, you hear from different businesses, our business specifically has, touchwood, not really suffered that much from availability of components. And also, Stratec, our supplier did not report any…so far any issue with the supply chain. There is a cost issue, which is different and has to do with inflation, which PG, I think, has already discussed about.

The…the other issue with supply chain that we discussed is the complication of shipping products to China. And that is clearly an issue. Especially people like us that have their warehouse system in Shanghai and everything is locked down, but again I think we are…to me, its black and white. Either in the next 2 to 3 weeks they are going to open up or I think we are going to have bigger problems then and not only us bigger problem than what we are seeing today, because Shanghai is and also now the Beijing Airport, they are now closed. And so, especially for people in Pharma industry that…everybody has to ship within the [indiscernible] okay? But, you know, I am an optimistic guy and I believe his cannot continue for too long.

HUGO SOLVET: Okay, thank you for the…for the clarification.

OPERATOR: Mr. Rosa, there are no more questions registered at this time.

CARLO ROSA: Thank you, operator. Thank you.