Diasorin S.p.A.

"H1 2025 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 H1 2025 Results Conference Call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

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. Ladies and gentleman, good afternoon, and welcome to the H1…first half results conference call. As usual, I'm going to give some general comments on the business and then Mr. Pedron, our CFO, is going to take you through the numbers.

Quarter 1 was a solid quarter for Diasorin in terms of top-line growth and EBITDA margin. Quarter 2 revenues, ex-COVID growth 7%, in line with expectation, making H1 2025 at plus 8%. Quarter 2 EBITDA margin 36%. H1 EBITDA 35%, so in line what we expect to achieve by year-end. And Mr. Pedron will then comment on the fact that typically on our EBITDA, we have a seasonality and a difference between H1 and H2, but overall, we confirm guidance of 2025.

As usual, I'm going to comment on the business by all the different business lines. I'm starting from immunodiagnostic. Immunodiagnostic grew 8% in Quarter 2 and in half one, in line with expectations and confirming the strong positive trends of our CLIA business in all the geographies, except for China, I'm going to make a comment about China.

If you consider the immunodiagnostic growth ex-China, in fact, it would have been 10%, both in Quarter 2 and in H1. So, the franchise, as we have

seen in the past, continue to deliver growth according to the different program that we discussed many times.

If we now go by geography, in immunodiagnostic, North America, which is one of the most relevant geographies for Diasorin and for Immuno grew 14% in the quarter, and the growth is driven by the continued success of the…our US hospital strategy. We have a target of reaching…adding 100 new hospitals by the end of the year, and we are tracking perfectly compared to the target. And clearly, as we have discussed many times, this is due to our unique menu of specialties that makes the LIAISON XL our platform, very suitable for this market.

When it comes to Europe, good performance, plus 6% in Quarter 2, driven by…obviously, driven by the success of the LIAISON platform. As we discussed many times in this geography, we are very much penetrated, so we are…our result relies on the fact that we keep adding products to our existing install base of LIAISON platforms. So, Europe overall continues to deliver high…mid-to-high single-digits, which is what we expect this geography to do.

When it comes to the rest of the world, with positive performance in the quarter, despite political tensions in some countries, and the good result has been driven by strong growth in direct markets, mainly Brazil, Mexico, and Australia, and in those geographies, we serve through local distributors.

Last but not least, I would like to discuss China. China, as we have discussed now since almost 2 years, is becoming a very difficult market to operate. We experienced in the quarter a double-digit decrease due to the already announced unexpected impact on VBP.

The market has said it's difficult. I think that a few other companies already reported and did comment on what's going on to China, so I don't think we need to spend more time. For Diasorin, China represents less than 5% of the revenue, so even if we are struggling in this market, it does not impact the overall company performance.

If we look by technology, so by product, QuantiFERON TB together with our store panel, continues to drive the growth of the business both in Europe and in the US, and we are launching this product also in secondary geographies, so we expect that when we get to saturation of the primary market, the secondary market will help us out to continue to grow these franchises.

But what I think is fairly remarkable is that also established product lines like hepatitis retrovirus or even Vitamin D are experiencing growth again, and especially Vitamin D is very interesting. We've been losing Vitamin D for many years, and now we reach a position where we are selling this product in the hospital market where together with the rest of the menu, we can bundle it, we can secure it, and we clearly enjoy the testing volume increase for this parameter, which is actually happening across the globe.

MeMed, we continue to see positive signs of acceleration in North America, and we have reached 40 active customers by the end of H1. I remind everybody that we gave a target of 75 new customers by year-end, so we are well in the position to deliver this target by year-end. What I think is worth noting is that we recently signed a very relevant contract in the US. It's a $1 million business, so it's the first time that we were able to sign for this assay a clinical group that decided to use now the MeMed BV assay across site and being part of the medical practice. So, I'm very positive about the future.

Now, let's move to molecular diagnostic. With molecular diagnostic, I would like to point out that we need to exclude, in order to fairly compare '25 with '24, we need to exclude the ARIES contribution, the ARIES contribution which was €5.5 million in 2024. ARIES, I remind everybody, is a Luminex legacy platform that we decided to discontinue last year, so we had sales through H1, but we didn't have anything this year. So, if we look at the molecular diagnostic ex-COVID performance in Q1, excluding ARIES growth was 8%...I said in Q1, but clearly, I was talking about Q2. So, in Q2 2025, growth excluding ARIES is 8%.

If we look at the VERIGENE and the LIAISON PLEX platforms together, what we call our multiplex syndromic business, the trenches in Quarter 2 grew 11%, and 18% in H1 2025. Clearly, after the strong start in Quarter 1, where we had a 25% growth, there is an expected slower pace in second quarter, because the LIAISON PLEX…the panel we launched is a respiratory that clearly in Q2 and Q3 is not very strong demand, and then it's related to the respiratory season. So, we expect an acceleration of growth coming from end of Q3 and into Q4, as it always happens every year.

When it comes to the LIAISON PLEX, we now have completed our blood panel. So, now we have a full blood panel approved in the US, which is allowing us to start quoting in this market that, for us, is very relevant because the legacy VERIGENE 1 platform was still holding a good market share in this particular segment. So, for us, it's a defensive panel, plus it's allowing us the ability to clearly increase pricing in this segment, moving from one panel into the other, plus it's giving credibility to the LIAISON PLEX platform.

Now, we have 4 different panels that can be used. And speaking about the ability of the company to deliver on the availability on additional menu on

this platform, clearly the next one to come that will complete our offering, Phase 1 offering, is the gastrointestinal panel that we will submit by the end of 2025. So, in Q4, we expect to submit the product in line with expectations and get it approved beginning of next year.

Now, if we move then to the molecular diagnostic, the other segment, which we call targeted MDX, this is the Diasorin MDX platform. The business grew 10% in Quarter 2 and 12% in H1 '25. The non-respiratory panel, they are growing 40%, they represent half of the business, more or less. They grew 40%, thanks to, again, the specialty positioning we've been discussing several times. One of the most successful assays we have the Candida auris, where we are the only one in the market, and it's getting a ton of traction in the US market.

Respiratory panels in the second quarter decreased due to a softer tail of the flu season versus previous year. And also, let's remind ourselves that in this case, we are comparing to a Bordetella outbreak last year, which it did not repeat this year, and is affecting comparison between respiratory Q2 versus respiratory Q2 last year.

We are submitting as a defensive posture in this platform a new 4 PLEX panel for Flu A, Flu B, COVID, RSV to get to par with the competition. We expect to have it approved next year. So, for the next flu season in '26, we're also in the MDX platform, and we're going to have the complete offer.

When it comes to the LIAISON NES which is our CLIA waive platform, we have filed the ABCR [ph] panel and apply for a CLIA Waiver in July 2025, in line with the expectation of the Investor Day…2023 Investor Day, and we expect the launch of this system in H1 next year. So, to be able to participate with the 2026 flu season. Next panel to come currently under development, in initiating critical studies [indiscernible] that again, we

believe is going to be available next year. So, we're also building momentum on the LIAISON NES.

Last but not least, is the LTG, the licensed technology. We had a very good H1. We grew 10% in H1 versus previous years, 7% in Quarter 2. I need to draw your attention to the results, because if you look at the licensed technology, half of the business is diagnostic, half of the business is life science. The diagnostic portion is doing well, because we are supplying, clearly, companies that do grow mid-to-high single-digit in this space.

When it comes to the life science, clearly, we are suffering the result of what all our business partners are reporting. So, softening of the instrument revenues, part of the revenues we have is related to instruments that we make and we sell to the business partners that then sell it to the research community. Although, what is very interesting and is working for us so far is that reagent revenues in life science are still growing. Clearly, not as the past, but as if there has been a repositioning of the limited funds these days of researchers more on reagent than CAPEX, which makes sense.

So, in the H1, very good result. We expect some softening, clearly, in H2, but we really need to understand how this volatile market will be performing in 2025, going into 2036.

Other initiatives that I would like to comment are two. One is the closure of our German manufacturing site. As outlined during our last Investor Day in '23, we remain committed to driving operational efficiency across the group, and this is because we foresee that the pricing environment in this space is not deemed to improve, it can only improve if a company can be innovative and launch in specialty products like we continue to do, but for the products on the market, there is always, historically, in this space, there has been price pressure that will continue.

Therefore, we continue to do whatever we can to improve our profitability in the manufacturing side, and in this very specific case, we are concentrating fundamentally our manufacturing capacity in 2 sites, one in Italy, one in the US, one to serve globally our immunoassay franchise, and one that is serving primarily the US market, and this is why we're not so exposed to tariffs these days. We've invested in capacity and automation in this site, and so after the last review, it did not make sense to continue to manufacture in Germany. We are in current negotiation, and we are going to treat fairly our employees that have been working with the company for many years, delivering great results. I expect that by next year, closure will happen, and products will be transferred to Italy.

The last remark I would like to make is to do with that we have a collaboration that I think is very interesting with Gilead that was announced last year about the hepatitis delta virus, you know, Gilead is trying to get their annual drug approved in the US, and together with Gilead, we are bringing an assay that will be used in the US to screen for those patients that are candidates for the drug. We have submitted to the FDA. We responded to the last set of questions, and so we expect that this assay will be approved in the next quarters or so, and that we clearly will help and support our differentiation in the US market continuing to drive our hepatitis franchise growth.

Now, I'm done with my comments. I'm going to pass the microphone to Mr. Pedron, and then we'll take questions. PG.

PIERGIORGIO PEDRON: Thank you, Carlo. Good morning, good afternoon, everyone. Thank you for joining Diasorin H1 2025 earnings call and for your continued interest in our company. Over the next few minutes, I will walk you through

Diasorin financial performance for the first half of the year, and then, like always, following my remarks, I will open the line for the Q&A session.

So, 2025 year-to-date revenues reached €619 million, up 5% or €30 million compared to the same period last year. This growth was achieved despite the expected declining in COVID sales, which were down €7 million, and the €7 million FX headwind, primarily due to the depreciation of the US dollar against the euro, as we anticipated during our previous earnings call.

On that note, let me please remind you that on a full-year basis, every 0.01 movement in the USD/euro exchange rate typically impacts Diasorin revenues by approximately €6 million to €8 million, and adjusted EBITDA by €2 million to €3 million again. Given that the average USD/euro exchange rate in H2 last year was at 1.08, I believe it's fair to expect some additional FX headwinds in the second half of 2025.

Excluding COVID at a constant exchange rate, we saw our core business grow by 8% in the first 6 months of 2025, as said, in line with full-year guidance. Carlo already covered all the performance by geography and the technologies, so I'm not going to comment more. In the second quarter, revenues excluding COVID at constant exchange rate grew by 7% for more or less €19 million. As we said, and as we heard, in spite of the continuation of the ARIES platform in 2024.

As mentioned earlier, we faced a significant foreign exchange headwind in the quarter, amounting to roughly €11 million. These combined with the expected decline in COVID related revenues, resulted in a share reported revenues growth of 2% at current exchange rate.

Gross profit for the first half of 2025 reached €406 million, representing 60% of total revenues. This marks an improvement of €16 million, or 4%,

compared to the same period of last year. In Q2 specifically, the gross margin remained stable at 66% of revenues, in line with Q2 2024 and consistent with the level we have seen over the past few quarters, in spite of the fact that we started to see some impact from the tariffs of moving goods, importing goods into the US.

Adjusted operating expenses for the first half of 2025 totaled €232 million, representing a 1% increase year-over-year, or 2% at constant exchange rate. As a percentage of revenues, operating expenses declined to 37%, down from 39% in H1 2024. This improvement in operating leverage is a key driver of our margin expansion, as we have consistently emphasized in prior earnings calls and during our Capital Market Days.

Adjusted other operating expenses for the first half of 2025 were negative €6 million, €1 million better than the same period in 2024. I'd also like to address the reported other operating expenses, which in the quarter have been affected by the initiation of a divestiture and decommissioning plan for our immunodiagnostic manufacturing site in Germany, as we've just heard, which we expect to complete by the end of 2026. This initiative, as we said, is aligned with the ongoing strategy to optimize our global manufacturing footprint.

Similar to the actions we've taken in the past, such as the divestitures of our Irish and South African facilities. This reflects our continued efforts to adapt to the evolving macroeconomic conditions and enhance our long-term competitiveness.

The one-off charge recorded in Q2 of about €8 million reflects the first part of this program, and we expect additional €6 million to €8 million to be booked by the end of 2026 to eventually cover the full scope of these initiatives, including, among others, the site decommissioning costs,

project-related expenses, fixed asset write-offs [ph], and so on and so forth. We anticipate a positive EBITDA impact of approximately €6 million to €8 million annualized once the plan is fully implemented.

We said that this is one of the levers supporting our path toward improved profitability, targeting the EBITDA margin outlined during the last Capital Market Day. The results of these dynamics adjusted EBIT for the first half of 2025 reached €167 million, representing 27% of revenues. These reflect an increase of €14 million, or 9%, compared to the same period last year.

Adjusted interest expenses for the first half of the year were just under €1 million, compared to an income of €2 million in the same period of 2024. This shift was driven by a lower yield on our cash investments, reflecting the decline in interest rates. The adjusted tax rate increased from 23% to 25%, mainly due to the termination of the patent box regime for our Italian legal entity.

As previously discussed during our last Capital Market Day, this measure was not renewed by the Italian tax authorities, and the resulting impact on our effective tax rate was therefore anticipated.

On a separate note, we do not expect any material impact on our tax rate from the recently approved so-called one big beautiful tax bill in the United States. Year-to-date adjusted net income totaled €125 million, representing 20% of revenues. This marks an increase of €5 million, or 4%, compared to 2024.

Lastly, H1 adjusted EBITDA reached €214 million, exceeding prior year by €16 million or 8% at current exchange rate, and by 10% at constant exchange rate. The EBITDA margin at 35%, both at current and constant exchange rate, is better than the 34% we recorded in 2024. The constant

FX due to EBITDA margin is almost 36%, benefiting from the favorable calendarization of LTG sales, typically associated with higher margins, and from discipline cost management.

As we observed last year, we anticipate higher operating expenses in the second half of the year, driven by our summer salary review, and by the timing of certain discretionary costs. The improvement in our margin is in line with the guidance and the path to increase profitability we have discussed many times in the past.

Let me now turn to our net financial position. We closed Q2 2025 with a net debt of €683 million, an increase of €66 million compared to 2024 year-end. This variance is mainly the result of 2 key factors.

On one end, we generated a solid free cash flow of almost €85 million in H1. On the other end, this was more than offset by €97 million debts related to payments owed to shareholders who exercised their withdrawal rights following the recent adoption of the enhanced voting rights mechanism, and then we have to account for €63 million dividends paid in May to our shareholders.

Before we move on, let me briefly update you on the ongoing Italian payback situation. It looks like we almost get to the final episode. The government mandated reimbursement mechanism tied to regional overspending on medical devices covered by the Italian National Health Service. Just a few days ago, as part of a decree enacted at the end of June, the Italian government introduced a settlement framework for outstanding payback obligations related to the years from 2015 to 2018.

Under this new provision, companies can resolve ongoing legal disputes by paying 25% of the original requested amount, a significant reduction from

the 48% we discussed in previous calls. Once the payment is made and no further legal or administrative actions can be pursued by the authorities.

As you may recall, we have built a provision on our balance sheet over the past few years to cover this risk. As a result, this legal development will have no impact on our P&L. However, we do expect a cash outflow of more or less €5 million. Given the fact that this expense will be deductible from a tax perspective, the net cash impact will be slightly above €3 million. It is worth noting that the decree does not address payback obligations for the years beyond 2018, but we believe our current provisions remain adequate to cover any future exposure.

Let me now conclude my remarks by sharing our outlook for full year 2025, which remains consistent with the guidance we confirmed during our Q1 earnings call. As always, figures are at constant exchange rate, assuming a USD/euro exchange rate of €1.08 for 2024 as a reference. We expect readiness excluding COVID to grow by approximately 8%, and we also confirm our guidance for an adjusted EBITDA margin of around 34%.

Please note that our guidance already incorporates the anticipated impact of recent history studies across the geography, in which we would operate, but mainly the US. While we are exposed mainly to the US, while we acknowledge that the broader macroeconomic environment remains fluid, and while we wait for further clarity following the recently announced trade agreement between the European Union and the US administration, based on the information currently available and considering the mitigation actions already implemented or underway, we do not expect a material impact on our profitability in 2025. We will continue to closely monitor developments in this evolving situation and we'll keep you informed as new information becomes available.

With that, I now turn the line to the operator to begin the Q&A session. Thank you.

Q&A

OPERATOR: Thank you. This is the Chorus Call conference operator, will now begin the question and answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchtone telephone. To remove yourself from the question queue, please press "*" and "2." We kindly ask you to pick up your phone when asking questions. Anyone who has a question may press "*" and "1" at this time.

The first question is from Aisyah Noor with Morgan Stanley. Please go ahead.

AISYAH NOOR: Hi, good afternoon. Thanks for taking my question. My first one is on China. So, your competitor was talking about a DRG or de-bundling dynamic that's happening and impacting panel-based testing in immunoassays? Have you heard about this, and are your products within the scope of this de-bundling plan?

And then, my second question is for Piergiorgio on the margins? Could you explain a bit why the gross margin was down 30 bps, flat year-on-year, I guess, but the EBITDA margin is up 100 bps, 35%? Could this reflect a higher mix of partnership revenues in immune or any other mixed dynamics we should be aware about? Thank you.

CARLO ROSA: Yes, I'll take the question about China. Yes, I know what DRG is, I think that, and we heard about it. I believe that, this confirms what China is trying to address, which is fundamentally cutting costs, alright. So DRG together with VBP are 2 ways to do it. And interestingly enough, this has nothing to

do with...foreign companies per se, this is actually addressing the market and is at the same time hitting the Chinese local players and the international companies. So, to me, nothing new under the sun. Truth of the matter is that China will become a less profitable market for everybody, because of driving less consumption and...through these DRG systems, and pushing down the price through to the VBP. That doesn't mean that China is not an interesting market. Simply by sheer size is that, I believe the strategy for China is not to rely on existing middle [ph] products, but to focus the strategy of the companies into very, very specific...specialty products that would help differentiate and the clinical value of, which is clearly leaving this product outside the scope of VBP and at the same token outside the pressure of the DRG.

As far as Diasorin is concerned, we discussed about these few times. We are going through registration of the TB product. There is a great TB market in China. And we expect this product to be available starting from next year and then all the gastroenteric line that is not registered for us, and where there is no active competition is also [indiscernible] focus today.

Then when it comes for the margin question. PG, please.

PIERGIORGIO PEDRON: Hey, Aisyah, thanks for your questions. So, the margins in the first half of the year grew more or less at the same pace as the top line in spite of the impact of tariffs, just short of €1.5 million. And despite the fact that…I am talking about China, our manufacturing plant in China is now fully operative, which means that in our cost of goods sold we are expenses [ph] the cost of the manufacturer and site itself. Whereas during 2024, the site was not operative yet, so we could capitalize some of those costs. By the way, let me share with you all that we got the registration for the first 2 products from the Chinese FDA, which is great new and from the manufacturing of [indiscernible] in China.

Considering this impact, I believe overall the gross margin number, you know it is a number we're happy with. It's in line with our budget. And why…you know, in spite of having a similar margin, our EBITDA is richer in terms of marginality. It all comes from…mostly comes from operating leverage. As you might see from our P&L, the ratio of operating expenses over revenues moved from 39% of 2024 to 37% of 2025. So, the EBITDA margin expansion is mainly coming from operating leverage. This is the short answer.

AISYAH NOOR: Thank you. And then just to quickly follow up on that response, Piergiorgio. How are you thinking about the margin development for the second half, given you are now a bit ahead of your full-year target of 34%?

PIERGIORGIO PEDRON: So, I believe in the second half, the gross margin will not change materially from the 66%, if anything, you know, will decrease a little bit, because we are expecting more molecular sales and less LTG sales. Carlo explained why it is fair to expect that in H2, LTG sales should not go at the same pace we saw in H1. And as part of LTG sales, we have consumables, we have royalties, which are richer in margins than molecular sales. So, because of the product mix, we expect...I expect H2 to be a little bit, let me say lower in terms of gross margin.

At the same time, as we've seen last year, I'm expecting an increase in OPEX, because usually…not usually, always in our company, we have a salary review cycle across the whole corporation in July, which means we should expect an higher cost of labor in H2, which is going to increase OPEX in absolute value H2 to H1. Please consider that you will take 60%, 65% of our OPEX, LABOR costs. And so, that's why it's very intuitive to understand why overall OPEX are going to increase. So, since we closed H1 at 35%, I'm expecting overall, you know, an EDITDA and allow me

some flexibility, and EBITDA margin in H2 around 33-ish percent, which should allow us to close the year around 34% at constant exchange rate, which is our guidance for the full year.

AISYAH NOOR: Perfect. Thank you very much.

PIERGIORGIO PEDRON: Thank you.

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

HUGO SOLVET: Hi guys. Thanks for taking my questions. I have 3 please. First 2 on MeMed. Can you hear me, okay?

CARLO ROSA: Yes, we can, Hugo.

HUGO SOLVET: Okay. First 2 on MeMed. First, the million dollars contract you mentioned. Does this represent some commitments and how long will it last?

Second, on MeMed, they announced last week a finger-stick blood test? Curious if this technological development falls in the scope of the non-exclusive partnerships that you have with them?

And lastly, Piergiorgio, sorry if I missed that, but on the discontinuation of the Siemens ELISA business? Can you share both the revenue loss that will be associated with the discontinuation, and also the phasing for the €15 million one-off costs? Thank you.

CARLO ROSA: Okay, MeMed €1 million, I pointed it out because it's a contract that is covering a healthcare system where you have the core facility, you have the clinics, and so it shows then when a healthcare system is looking at implementing this new tool, it's a significant business. Okay, and so far, we

had wins in individual hospitals. And now…but now…this is the first time, that we are really getting a full system to buy the hub-and-spoke …the hub-and-spoke positioning of this product, and this is why I am saying with this kind of account and there are, as you know, hundreds health systems in the US. We really expect that now the size of the business, we are going beginning is more significant than in the past.

On the finger prick, I don't know what the amount but is not honestly, I mean, a consensual relationship with us and MeMed is confidential so I don't want to comment on that.

On the ARIES, it is not ELISA, is the ARIES is the all-molecular platform of Luminex. The contribution in H1 was €5.5 million that were sold last year in…while we were closing the plant, all the manufacturing equipment clearly by year-end that was finished. And now, we zero starting from 2025.

And the last comment was?

CARLO ROSA: I believe it was on the discontinuation of our manufacturing site in Germany. I believe Hugo you know there's been some confusion. It's nothing to do with Siemens ELISA. It's that what you referred, right? I believe you said Siemens ELISA, correct?

HUGO SOLVET: [Indiscernible]. Thank you.

PIERGIORGIO PEDRON: No, issues. Let me just explain. So, we did buyback in the past. It was 2017 when ELISA business from Siemens but we never manufactured it so nothing to do with that. So, I understand the confusion can come from the fact that we announced that we divest…we are acting as a divestiture from our manufacturing site in Germany and that is immuno CLIA manufacturing site but we are moving production to Italy as Carlo said and

we are not expecting any loss of revenues. It's CLIA product. We will keep on serving customers during the transition phase, no revenue impact.

And the phasing, I believe you asked me of the phasing of the one-off cost. I said €8 million now, I am expecting in Q2 potentially couple of more million in the second part of the year €2 million, €3 million and then the remainder €2 million to €4 million are going to be booked in 2026. We expect to be done with the program by the end of 2026.

HUGO SOLVET: Thank you.

PIERGIORGIO PEDRON: Thank you.

OPERATOR: The next question is from Jan Koch with Deutsche Bank. Please go ahead.

JAN KOCH: Good evening. Thanks for taking my questions. I also have 3. The first one is on your molecular business, and I was positively surprised that you grew by 11% in the automated multiplex business. Could you speak a bit about the drivers behind this growth? Was that driven by your blood panels or did your customers already build some stock for the upcoming flu season?

And then secondly, on License Technologies, you mentioned that you expected softening in H2 and that we shouldn't expect the same growth rate as in H1, but are you projecting a decline in revenue in H2 considering that you are trading meaningful about your full year outlook in that business?

And then lastly on pricing in relation to tariffs and you seem to be better positioned than some other diagnostic companies when it comes to tariffs. Does this allow you to realize positive pricing effect that could support your margins down the road?

PIERGIORGIO PEDRON: I will take the…let me start from the last. When it comes to tariff and how to react to tariff. Honestly, we don't know yet, because we don't want to take a position which is unique to Diasorin. You know, customers in the US are very sensitive to tariffs. The administration is very sensitive to tariffs. So, for Diasorin, as said, fortunately the impact is relatively small. So, if the whole industry decides that we want to pursue a price increase to cover tariffs, we are going to follow through. If the industry decides that this is not the case then we are not going to do it. But again, I am not so also concerned as you said, first if you want to do it, we can do it, because we are specialist; and second, I am not so concerned because the entity of the amount of what we have.

LTG, yes, certainly if you do the math, you would expect decline to happen in the following quarters. But as said, I think that we need to really wait and see how the situation is moving, what happens to the mix and but certainly, mathematically, yes, we want to…year end, we project 2%, 3% growth than we are going to have in H2, which should be lower than H1.

On the molecular 11%, no there is no…it's not stock issue. It has to do with the fact that we continue to close accounts, set-up systems and we are actually getting ready for the coming few seasons. Typically, customers stock-up in Quarter 3 for the season hoping Quarter 2.

JAN KOCH: Great, thank you.

PIERGIORGIO PEDRON: Thank you.

OPERATOR: The next question is from Dylan Van Haaften with Stifel. Please go ahead.

DYLAN VAN HAAFTEN: Good afternoon, guys. Thank you for taking my questions. So just one follow up. Just on Dietzenbach, if you look at…could you maybe just highlight what basically the gross margin differences are between the 2 facilities. And then I have a follow-up question, just on the measles ASR that you guys announced. I know, its early days, but is this one of the ways that you guys are positioning towards, let's say…let's call it like a pro infection policy happening in the US and do you see similarly opportunities to capitalize on and should you be thinking of this in broader terms? Thanks.

CARLO ROSA: Let me start from the measle question. We typically use…we have a very large book of business of ASR, and we always use the ASR as a way to probe the market. In this case, it's difficult to comment on pro-infection in the US. Certainly, today, there is…there are in certain states raising number of…I mean, we all read newspapers, labs are set up, are reusing ASR and to settle their own LDTs, because there are no assays currently approved. Today, we have seen that a certain number of accounts are setting this assay up in terms of what is going to happen, we really don't know, especially with measle, to be honest with you, I hope that we are not going to be selling this product. Otherwise, the problem would be, we are very severe one.

When it comes to this look, I don't think you should be looking at this in terms of percentages. We should be really looking at this like we continued throughout our history, we've always been even with very hefty margin because you need to admit that 35%, 36% EBITDA is a great EBITDA in the industry. We continue to push for operational excellence and in this very specific case, we do have capacity in our…we built capacity for future expansion in our Italian site fully automated. Germany is already partially servicing our Italian site, so we came to the conclusion that it will not make sense to make investment…more investment in Germany but to consolidate

everything in a site that was able to get off the volume at a very competitive cost.

And that was…that's a decision. Again, this is not one of the situations like ARIES where we kill a technology. We are transferring existing products, CLIA products from one site to the other one and we clearly continue to provide these products to other…to customers and this is why we don't plan to see any effect on revenues, is a margin improvement.

DYLAN VAN HAAFTEN: Perfect. Thank you very much.

OPERATOR: The next question is from Natalia Webster with RBC Capital Markets. Please go ahead.

NATALIA WEBSTER: Hi, thanks for taking my questions. I have 3, please. The first one is on tax. Appreciate Q2/Q3 is generally lower in terms of demand, but are you able to provide some more color around the demand you are seeing for the PLEX and the FLEX concept in general. How you are progressing towards the 150 active customers by year end and €15 million of incremental revenue. And if you are seeing an increasing interest from customers, now that you have these 3 blood culture panels or there are some customers in the pipeline that are still holding off until you have the GI panel too?

My second question is on China. If you could just confirm if the double-digit declines you saw in Q2 are in line with your expectations stood at around €4 million to €5 million VBP headwind you previously guided to on an annualized basis?

And my third question is, if you're able to give us any updates on LymeDetect and any feedback you've had from FDA there? Thank you.

CARLO ROSA: Okay. Again, I will start from last. LymeDetect, we are in discussions with the agency, when it comes to the clinical requirement on this product which is a very innovative product. So, I don't have any update at this moment on LymeDetect.

When it comes to China, in fact, yes €4 million to €5 million is what we have disclosed and this is what we expect.

When it comes to the first question, which has to do with FLEX color. Yes, we continue on our development…on our sale process of placing systems in the US at a combination of some large commercial labs and hospital market, and we are in line with our expectations in terms of number of accounts that we want to sign by year end. I believe that the good news is that we sign up recently a very large commercial labs that is going to be using our platform and deployment of systems will start in Quarter 3 to be all active in Quarter 4 so that good news about this platform.

When it comes to FLEX, I think that we continue to educate the market on the concept that full panel is clinically not necessary and FLEX concept today is adopted in 2 different ways. One is the traditional way that we had explained with so-called one basic panel of 7+ credit and the other one is the adoption of different mini panel that the different customers depending on their own population this side too applies.

So, what we are discovering that providing full versatility to this system to customers because again we never ever recommend a panel. We sell one basic panel of 7 and then they build on it. We see the customers are really using for respiratory…these technologies in different ways. And what we are also thinking from what we learned so far is that…and again, I go to GI, GI is a very interesting panel because there the amount of mini-panel that you can imagine is very much more than a respiratory, because as we

discussed I think in the past, you not only you have seasonal, you have to do…you have a traveler panel. You have an elderly panel.

I mean you have different mini-panels that you can set up to serve the different populations that typically are interested [ph] in serving. So, it's certainly, I believe one of…one of the analysts wrote a piece saying that they are talking to customers and customers are saying that FLEX is very interesting, but it's…it requires some thoughts in understanding how to apply and that's certainly the case. But this is the competitive advantage. Otherwise, we would have the fourth box on the market with same as pretty much all the incumbents are already offering.

So, that doesn't honestly surprise me. Actually, is what I expect to see. They use our technology differently than others. They see it as different and therefore they buy from Diasorin rather than from some other company.

NATALIA WEBSTER: Great, thank you.

OPERATOR: The next question is from Kavya Deshpande with UBS. Please go ahead.

KAVYA DESHPANDE: Hi Carlo, hi PG. Thank you for taking my question. Just wanted to ask about North America immuno. So, you've been accelerating there against some tough comps for 2 quarters now. And is this a reflection of a step-up in new customer wins or is this existing customers consuming more of the menu? And then just a follow-on from that. Should we expect North America immuno to continue accelerating in H2, especially as I think that the comps get slightly tougher as well? Thank you.

CARLO ROSA: Hi, Kavya. Listen first I...you always haunt me…catch me off guard when you ask me about quarter-to-quarter because it's impossible to predict. But I understand everybody has to look at the business in quarters, but trends in

quarters can be all over. I think that you need to look at the consistency abroad. And Diasorin has been…this franchise has been consistently growing year-on-year over the past 5 years. And that again has to do with a combination of 2 things in my opinion. The hospital strategy that is working very well. So, you are expanding our installed base. Then on the…now that we have an installed base in hospitals, now we are increasing the load…what we call the load on these customers, so we try to sell more products, while we are building a new customer base.

And by the same token, we have a great relationship with the 2 major labs in the US, that continue every year to take more products from Diasorin, so on the commercial lab side. Therefore, the growth you see consistently is that this is working very well for the company. And again, I think, during the call, I said that we have a target for 100 hospitals in, 025 and we are over 50 already in H1. So, I have no problem to say that again for the 50 years in a row, we are going to make our projections.

How is it going Quarter 3? I honestly don't know. To me, I am not…I can understand that you guys need to look at the way the business deliver on a quarter, but I would not read in this business a good quarter on a bad quarter as a specific indicator that something is really happening. Look at the consistency. And in this case, our US business has been very consistent in immuno, and I don't see any reason why it should not continue.

KAVYA DESHPANDE: Perfect. Thank you very much.

CARLO ROSA: Thank you.

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

CARLO ROSA: Thank you, operator. Thank you all.