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Societa' : DIASORIN

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Oggetto : The Board of Directors of Diasorin SpA
approves FY2023 Results; proposed ordinary
dividend of € 1.15 per share

Testo del comunicato

Vedi allegato

THE BOARD OF DIRECTORS OF DIASORIN SPA APPROVES FY2023 RESULTS; PROPOSED ORDINARY DIVIDEND OF € 1.15 PER SHARE

- **REVENUES: € 1,148 MILLION, -16% COMPARED TO 2022 (+3% AT CER AT CONSTANT PERIMETER¹ AND EXCLUDING COVID)**
- **ADJUSTED² EBITDA³: € 375 MILLION, -27% COMPARED TO 2022 (THE CHANGE IS ENTIRELY DUE TO THE DECLINE IN COVID SALES) AND EQUAL TO 33% (33% AT CER) OF GROUP REVENUES**
- **GUIDANCE 2024: EX-COVID REVENUES AT CER GROWING FROM +5% TO +7% (COVID REVENUES EQUAL TO CA. € 30 MILLION); ADJUSTED EBITDA MARGIN AT CER FROM 32% TO 33%**
- **LIAISON[®] LYMEDETECT[®]: SUBMITTED IN DECEMBER 2023 TO THE U.S FOOD AND DRUG ADMINISTRATION (FDA) FOR CLEARANCE**
- **LIAISON PLEX[®] AND ITS RESPIRATORY PANEL LIAISON PLEX[®] RESPIRATORY FLEX ASSAY: OBTAINED FDA CLEARANCE 510(K) FOR BOTH THE NEW MULTIPLEXING PLATFORM AND THE RESPIRATORY PANEL**
- **LIAISON PLEX[®] YEAST BLOOD CULTURE ASSAY: SUBMISSION OF THE SECOND MULTIPLEXING PANEL FOR THE LIAISON PLEX[®] PLATFORM TO THE U.S. FDA**

Saluggia (Italy), March 15, 2024 – The Board of Directors of Diasorin S.p.A. (FTSE MIB: DIA), meeting today:

- examined and approved the Group's Consolidated Financial Statements at December 31, 2023;
- examined and approved the Company's Draft Statutory Consolidated Financial Statements at December 31, 2023;
- approved to propose the distribution of an ordinary dividend for a total amount of € 61,369,380.00 equal to € 1.15 per share, before tax withholdings, with the exception of treasury shares, with May 20, 2024 coupon date, May 21, 2024 record date and May 22, 2024 payment date;
- examined and approved the Report on Operations, including the Consolidated Non-Financial Statement pursuant to Art. 3 and 4 of Legislative Decree no. 254/2016;
- approved the Corporate Governance Report as at December 31, 2023;
- approved the Report on the remuneration policy and fees paid pursuant to Art. 123-ter of Legislative Decree no. 58/1998;
- assessed and confirmed, in compliance with the provisions of the Corporate Governance Code, that the legal requirements for the Independent Directors are still met;
- acknowledged the self-assessment process performed by the Board of Statutory Auditors and outcomes thereof, and verified that the independence requirements continued to be applied to its members, as required by current regulations;
- resolved to call an Ordinary Shareholders' Meeting on April 24, 2024, on a single calling, which will be called to resolve upon the motivated proposal of the Board of Statutory Auditors formulated in accordance with Legislative Decree No. 39/2010 and European Regulation No. 537/2014 on the appointment of auditing firm for the financial years 2025-2033 and on the determination of the corresponding fee for the entire term of the appointment.

¹ Excluding the flow Cytometry business, divested in February 2023.

² With reference to the indicators Adjusted Gross Margin, Adjusted EBITDA, Adjusted EBIT, and Adjusted Net Income, please refer to the table at the end of this Press Release.

³ EBITDA is defined as the "Operating Result", gross of amortization and depreciation of intangible and tangible assets. EBITDA is a measure used by the Company to monitor and evaluate the Group's operating performance and is not defined as an accounting measure in IFRS and therefore shall not be considered an alternative measure for assessing the Group's operating result performance. Since the composition of EBITDA is not regulated by the reference accounting standards, the criterion of determination applied by the Group may not be homogeneous with that adopted by other operators and/or groups and therefore may not be comparable.

TABLES OF RESULTS³**DIASORIN GROUP**

Amounts in millions of Euro	FY		change		
	2022	2023	amount	% @ current	% @ CER
Revenues	1,361	1,148	-213	-16%	-14%
ex-COVID Immunodiagnostics	680	721	+40	+6%	+8%
ex-COVID Molecular Diagnostics	221	197	-24	-11%	-8%
Licensed Technologies ¹	175	168	-7	-4%	-1%
COVID	244	59	-185	-76%	-75%
Revenues at constant perimeter¹	1,320	1,144	-176	-13%	-12%
Revenues at constant perimeter net of Covid	1,076	1,086	+9	+1%	+3%
Adjusted² EBITDA³	514	375	-140	-27%	-25%
Adjusted ² EBITDA ³ margin	38%	33%	-515 bps		
EBITDA³	497	353	-144	-29%	-27%
EBITDA ³ margin	37%	31%	-578 bps		
Adjusted² EBIT	417	283	-134	-32%	
Adjusted ² EBIT margin	31%	25%	-598 bps		
EBIT	351	216	-135	-38%	
EBIT margin	26%	19%	-697 bps		
Adjusted² net profit	319	224	-95	-30%	
Adjusted ² Net profit on Revenues	23%	20%	-390 bps		
Net profit	240	159	-82	-34%	
Net profit on Revenues	18%	14%	-384 bps		

DIASORIN S.P.A.

Amounts in millions of Euro	FY		Change	
	2022	2023	amount	%
Revenues	260	25	-236	-90%
EBIT	50	(36)	-86	n.m.
Net profit	38	28	-10	-25%

COMMENTS ON ECONOMIC RESULTS

REVENUES: € 1,148 million, equal to **-16%** (**-14% at CER**) compared to 2022. At constant perimeter of consolidation¹, the change is equal to **-13%** (**-12% at CER**) while, net of COVID, the change is **+1%** (**+3% at CER**). Q4'23 revenues, at constant perimeter of consolidation¹ and net of COVID, increased by **+1% at CER** compared to the same period of the previous year. The expected decrease in the quarter is mainly attributable to the unusual performance of the last flu season, which had recorded a very high peak during Q4'22.

The following are the revenue trends of the different business lines:

- **Ex-COVID Immunodiagnostics:** € 721 million, **+6%** (**+8% at CER**) vs. 2022, mainly driven by the excellent performance of CLIA ex-Vitamin D sales, equal to **+12%** (**+14% at CER**), which more than offset the expected decreased in sales of Vitamin D and ELISA panel. The good performance of this business line is also confirmed in the quarter, with an increase of **+10% at CER**, compared to the same period of the previous year.
- **Ex-COVID Molecular Diagnostics:** € 197 million, **-11%** (**-8% at CER**) vs. 2022. Non-respiratory panels sales decreased by **9%** (**-7% at CER**) mostly due to the expected loss of a major contract for cystic fibrosis testing at a leading U.S. laboratory and to lower instruments sales that had still benefited from COVID effects in 2022. The respiratory business decreased by **12% at CER**, following the unusual performance of the previous flu season, which had recorded a very high peak during Q4'22, therefore making the comparison with 2023 negative.
- **Licensed Technologies:** on a like-for-like basis¹, revenues decreased by **4%** (**-1% at CER**) vs. 2022, with a negative Q4 performance equal to **-9%** (**-4% at CER**), as a consequence of the temporary phenomenon of consumables destocking which was enacted by most "Life Science" market participants, who have implemented aggressive inventory reduction policies, postponing to 2024 orders that would otherwise have occurred during 2023. The overall result, as a consequence of the Flow Cytometry business divestment in February 2023, shows revenues of € 172 million, equal to **-21%** (**-18% at CER**) vs. 2022.

- **COVID:** € 59 million, in line with expectations and equal to -76% (-75% at CER) vs. 2022.

The following is the revenue performance by geographic area, net of the contribution of COVID products:

- **North America Direct:** € 519 million, -6% (-3% at CER) vs. 2022. At constant perimeter of consolidation¹, performance was positive and equal to +1% at CER.

The Immunodiagnostic business registered an excellent performance driven by the solid growth of CLIA tests net of Vitamin D, equal to +17% (+21% at CER), as a result of the success of the commercial strategy aimed at increasing penetration in the U.S. hospital segment. Expected negative trend in Vitamin D test sales.

The Molecular Diagnostics business recorded a decrease of 10% vs. 2022 (-7% at CER). Respiratory panel sales decreased by 13% at CER, mostly as a result of the unusual pattern of the previous flu season, which registered a very high peak in Q4'22. Non-respiratory panel sales decreased by 5% at CER, as a consequence of the expected loss of a major contract for cystic fibrosis testing at a leading commercial laboratory.

The Licensed Technologies business on a like-for-like basis¹ decreased by -9% (-6% at CER) vs. 2022, mainly due the expected phenomenon of consumables destocking by some major partners; including the Flow Cytometry business, the result is equal to -20% (-18% at CER).

- **Europe Direct:** € 378 million, +4% (+4% at CER), vs. 2022, driven by the positive performance of the immunodiagnostic business, equal to +8% (+8% at CER); in particular, CLIA revenues net of Vitamin D sales grew by 13% (+13% at CER), led by the expansion of specialty test menu.
- **Rest of the World:** € 193 million, -6% (-3% a CER) vs. 2022, primarily due to the decline in revenues recorded in China, mainly caused by policies adopted by government authorities aimed at favoring local producers, which has had a negative impact on all industry players. Net of this impact, the overall performance is substantially in line with what recorded in 2022, following the positive performance of markets where Diasorin operates directly, namely Brazil, Mexico, Australia and India (+8% at CER), partially offset by the performance of the markets in which Diasorin operates through distributors.

ADJUSTED² GROSS PROFIT: € 749 million, -17% vs. 2022, mostly due to the reduction in COVID sales. This result is equal to 65% of revenues, broadly in line with that recorded in the previous year, mainly due to initiatives implemented to contain the inflationary pressures as well as synergies from the Luminex integration.

ADJUSTED² EBITDA³: € 375 million, -27% vs. 2022, equal to 33% of revenues. The reduction in profitability compared to 2022 is mainly a consequence of lower COVID revenues and the resulting reduction in operating leverage.

ADJUSTED² EBIT: € 283 million, -32%; equal to 25% of revenues.

NET FINANCIAL EXPENSES: € 15 million (€ 25 million in 2022); the reduction from the previous year is mainly due to higher interest income earned on investments in cash management instruments as well as lower passive expense on financial debt.

INCOME TAXES: € 43 million, with a *tax rate* of 21%, down from the previous year that was impacted by an adjustment in the Luminex Group's estimate of deferred taxes.

ADJUSTED² NET PROFIT: € 224 million, -30%; equal to 20% of revenues (23% in 2022).

COMMENT ON FINANCIAL RESULTS

CONSOLIDATED NET FINANCIAL DEBT: -€ 776 million (-€ 907 million at December 31, 2022). The change, equal to +€ 130 million, is related to the operating cash flow generation and the proceeds relating to the sale of the Flow Cytometry business, partially offset by the payment of dividends of € 59 million and the repurchase of treasury shares of € 19 million.

FREE CASH FLOW⁴: € 209 million at December 31, 2023 (€ 316 million at December 31, 2022). The change is substantially attributable to the decrease in EBITDA.

⁴ Free Cash Flow equals net cash flow generated from operating activities including uses for investment and before payment of interest and acquisitions of companies and businesses.

BUSINESS HIGHLIGHTS**IMMUNODIAGNOSTICS:**

- Launch of the LIAISON[®] B-R-A-H-M-S MR-proADM[™] test in all countries accepting CE mark to improve patient management by providing the assessment of disease severity;
- Launch of the LIAISON[®] Legionella Urinary Ag assay in all countries accepting the CE mark to improve diagnosis of legionnaires' disease;
- Collaboration with Gilead Sciences to develop a Fully Automated Diagnostic Assay for Hepatitis Delta Virus on Diasorin's LIAISON XL[®] for the U.S. Market;
- Consolidation of the strategic partnership with MeMed through an agreement to distribute the MeMed BV[®] test for the Italian market on the MeMed Key[®] point-of-need platform;
- Submission of LIAISON[®] LymeDetect[®] to the U.S. Food and Drug Administration.

MOLECULAR DIAGNOSTICS:

- U.S. Food and Drug Administration 510(k) clearance of the Simplexa[™] COVID-19 Flu A/B assay to detect Flu A, Flu B, and SARS-CoV-2 viruses in about an hour;
- Initiated the project to divest the ARIES molecular diagnostics business line and the consolidation of the related customer base on the Diasorin LIAISON[®] MDX platform;
- U.S. Food and Drug Administration 510(k) clearance of LIAISON PLEX[®], the new multiplexing platform and the respiratory panel LIAISON PLEX[®] Respiratory Flex Assay;
- Submission of LIAISON PLEX[®] Yeast Blood Culture Assay, the second multiplexing panel for the LIAISON PLEX[®] platform, to the U.S. FDA.

LICENSED TECHNOLOGIES:

- Sale, in February 2023, of the assets related to the Flow Cytometry & Imaging business unit to Cytek[®] Biosciences - an operation in line with the strategic priorities communicated to the market following the acquisition of Luminex.

OTHER BUSINESS HIGHLIGHTS:

- unveiling of the new corporate identity and launch of the Group's new website www.diasorin.com
- presented the new financial strategic plan 2024-2027 at the Investor Day on December 15, 2023.

2024 GUIDANCE AT 2023 CONSTANT EXCHANGE RATES

- **EX COVID REVENUES:** between +5% and +7% (Covid revenues equal to approx. € 30 million)
- **ADJUSTED² EBITDA³ MARGIN⁵:** approx. 32%-33%

Mr. Piergiorgio Pedron, the Officer in charge of preparing the corporate accounting documents of DiaSorin S.p.A. declares that, pursuant to paragraph 2, Art. 154 bis of the Consolidated Law on Finance, to the best of his knowledge, the accounting information contained in this Press Release corresponds to the documental results, accounting books and records.

This press release is available to the public at the registered office of the Company and is also published on the Company's website (www.diasorin.com) under the section "Investors - Financial Corner - Press Releases" and on the centralized storage system named eMarket STORAGE at www.emarketstorage.com.

FY 2023 results will be presented to the financial community during a conference call on Friday, March 15 2024, at 3:00 PM CET.

To participate in the conference call, dial the following numbers:

- From Italy + 39 02 8020911
- From U.K. +44 1212 818004
- From U.S.A. +1 718 7058796

Presentation slides will be made available under the section "Investors - Financial Corner - Presentations" on the Company's website (www.diasorin.com) and on the centralized storage system named eMarket STORAGE at www.emarketstorage.com prior to the beginning of the conference call.

⁵ Ratio of Adjusted EBITDA to Revenues.

ANNEXES

CONSOLIDATED INCOME STATEMENT

Amounts in millions of Euro	FY		Change	
	2022	2023	amount	%
Net Revenues	1,361	1,148	-213	-16%
Cost of sales	(461)	(407)	+54	-12%
Gross profit	901	741	-159	-18%
	66%	65%	-161 bps	
Sales and marketing expenses	(292)	(286)	+6	-2%
Research and development costs	(97)	(91)	+6	-6%
General and administrative expenses	(123)	(129)	-6	+5%
Total operating expenses	(512)	(505)	+6	-1%
	38%	44%	+642 bps	
Other operating income (expense)	(38)	(20)	+18	-48%
<i>non recurring amount</i>	(24)	(22)	+3	n.m.
EBIT	351	216	-135	-38%
	26%	19%	-697 bps	
Net financial income (expense)	(25)	(15)	+10	-41%
Profit before taxes	326	201	-125	-38%
Income taxes	(86)	(43)	+43	-50%
Net result	240	159	-82	-34%
EBITDA³	497	353	-144	-29%
	37%	31%	-578 bps	

REVENUES BY GEOGRAPHY

Amounts in millions of Euro	FY		Change amount	Change %	
	2022	2023		@ current	@ CER
	North America Direct	549	519	-30	-6%
<i>% on total revenues</i>	40%	45%			
Europe Direct	363	378	+14	+4%	+4%
<i>% on total revenues</i>	27%	33%			
Rest of the World	205	193	-12	-6%	-3%
<i>% on total revenues</i>	15%	17%			
COVID	244	59	-185	-76%	-75%
<i>% on total revenues</i>	18%	5%			
Total	1,361	1,148	-213	-16%	-14%

REVENUES BY TECHNOLOGY

% of revenues contributed	FY		Change
	2022	2023	
Immunodiagnosics ex-COVID	50%	63%	+1,279 bps
Molecular Diagnostics ex-COVID	16%	17%	+92 bps
Licensed Technologies	16%	15%	-91 bps
COVID	18%	5%	-1,279 bps

CONSOLIDATED BALANCE SHEET

<i>Amounts in millions of Euro</i>	12/31/2022	12/31/2023	Change
Goodwill and intangibles assets	1,995	1,925	-70
Property, plant and equipment	268	256	-12
Other non-current assets	38	35	-4
Net working capital	434	369	-65
Other non-current liabilities	(309)	(270)	+39
Net Invested Capital	2,426	2,314	-112
Net Financial Debt	(907)	(776)	+130
Total shareholders' equity	1,520	1,538	+18

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in millions of Euro</i>	FY	
	2022	2023
Cash and cash equivalents at the beginning of the period	403	242
Cash provided by operating activities	389	312
Cash provided/(used) in investing activities	(232)	(29)
Cash provided/(used) in financing activities	(319)	(244)
Net change in cash and cash equivalents before investments in financial assets	(161)	39
Net change in cash and cash equivalents	(161)	39
Cash and cash equivalents at the end of the period	242	280

DIASORIN S.P.A. INCOME STATEMENT

Amounts in millions of Euro	FY		Change	
	2022	2023	amount	%
Net Revenues	260	25	-236	-90%
Cost of sales	(138)	-	+138	-100%
Gross profit	122	25	-98	-80%
	47%	100%	n.m.	
Sales and marketing expenses	(25)	(13)	+12	-50%
Research and development costs	(15)	(4)	+11	-74%
General and administrative expenses	(38)	(34)	+4	-10%
Total operating expenses	(78)	(51)	+27	-35%
	30%	206%	n.m.	
Other operating income (expense)	6	(10)	-16	n.m.
EBIT	50	(36)	-86	n.m.
	19%	146%	n.m.	
Net financial income (expense)	(3)	54	+57	n.m.
Profit before taxes	47	18	-29	-62%
Income taxes	(9)	10	+20	n.m.
Net result	38	28	-10	-25%

DIASORIN S.P.A. BALANCE SHEET

Amounts in millions of Euro	12/31/2022	12/31/2023	Change
Goodwill and intangibles assets	9	8	(1)
Property, plant and equipment	2	3	1
Equity investments	1,007	989	(18)
Other non-current assets	1	1	(0)
Net working capital	55	53	(2)
Other non-current liabilities	(5)	(2)	3
Net Invested Capital	1,069	1,051	(18)
Net Financial Debt	31	22	(9)
Debts vs. shareholders for special dividends	(602)	(614)	(12)
Total shareholders' equity	498	459	(39)

DIASORIN S.P.A. STATEMENT OF CASH FLOWS

Amounts in millions of Euro	FY	
	2022	2023
Cash and cash equivalents at the beginning of the period	146	17
Cash provided by operating activities	8	(8)
Cash used in investing activities	(8)	65
Cash provided/(used) in financing activities	(119)	(41)
Net change in cash and cash equivalents before investments in financial assets	(119)	16
Divestment/(Investment) in financial assets	(11)	-
Net change in cash and cash equivalents	(130)	16
Cash and cash equivalents at the end of the period	17	32

OVERVIEW OF THE GROUP'S OPERATING PERFORMANCE AND FINANCIAL POSITION

This press release presents and comments on certain financial indicators that are not identified in the IFRS. These indicators, which are described below, are used to comment on the Group's business performance, in compliance with the requirements of Consob communication of 28 July 2006 (DEM 6064293), as subsequently amended and supplemented (Consob communication 0092543 of 3 December 2015, which incorporates the ESMA Guidelines ESMA/2015/1415).

The alternative performance indicators listed below should be used to supplement the information required by IFRS to help readers of the press release gain a more comprehensive understanding of the Group's economic, financial and operating position, by excluding the result of one-off elements for the Luminex acquisition and integration from the amortization deriving from the *Purchase Price Allocation*, for the costs deriving from the dismantling of ARIES business and the financial expenses related to the financing of the transaction, including their tax impact.

It should be noted that the calculation of these *adjusted* indicators could differ from those used by other companies.

2023 ADJUSTED INDICATORS

Amounts in millions of Euro	Gross Margin	EBITDA	EBIT	Net Profit
IFRS Financial Statements Measures	741	353	216	159
<i>% on Revenues</i>	65%	31%	19%	14%
Adjustments				
"One-off" costs related to the integration and restructuring of Luminex	1	8	8	8
Depreciation of Luminex intangibles identified in the <i>Purchase Price Allocation</i>	-	-	39	39
Financial charges relating to debt instruments and to the convertible bond issued to finance the acquisition of Luminex net of hedging effects	-	-	-	20
Charges from the divestment of the Flow Cytometry business	-	4	4	4
Charges from the dismantling of ARIES business	7	9	15	15
Total adjustments before tax effect	7	21	67	87
Fiscal effect on adjustments	-	-	-	(22)
Total Adjustments	7	21	67	65
Adjusted Measures	749	375	283	224

2022 ADJUSTED INDICATORS

Amounts in millions of Euro	Gross Margin	EBITDA	EBIT	Net Profit
IFRS Financial Statements Measures	901	497	351	240
<i>% on Revenues</i>	66%	37%	26%	18%
Adjustments				
Reversal of the effects of the <i>Fair value</i> measurement of the initial Luminex inventory	3	3	3	3
"One-off" costs related to the integration and restructuring of Luminex and to the divestment of the Flow Cytometry business	-	14	14	14
Depreciation of Luminex intangibles identified in the <i>Purchase Price Allocation</i>	-	-	40	40
Financial charges relating to debt instruments and to the convertible bond issued to finance the acquisition of Luminex net of hedging effects	-	-	-	23
Charges from the divestment of the Flow Cytometry business as required by IFRS 5	-	-	9	9
Total adjustments before tax effect	3	17	66	88
Fiscal effect on adjustments	-	-	-	(10)
Total Adjustments	3	17	66	79
Adjusted Measures	904	514	417	319

OPERATING PERFORMANCE IN 2023 AND COMPARISON WITH 2022

<i>Amounts in millions of Euro</i>	December 2022	% on Revenues	December 2023	% on Revenues
Net Revenues	1,361	100%	1,148	100%
Cost of Sales	(461)	34%	(407)	35%
Gross Profit	901	66%	741	65%
Adjusted² Gross Profit	904	66%	749	65%
Sales and marketing expenses	(292)	21%	(286)	25%
Research and development expenses	(97)	7%	(91)	8%
General and administrative expenses	(123)	9%	(129)	11%
Total operating expenses	(512)	38%	(505)	44%
Other operating income (expense)	(38)	3%	(20)	2%
EBIT	351	26%	216	19%
Adjusted² EBIT	417	31%	283	25%
Net financial income (expense)	(25)	2%	(15)	1%
Profit before taxes	326	24%	201	18%
Income taxes	(86)	6%	(43)	4%
Net Profit	240	18%	159	14%
Adjusted² Net Profit	319	23%	224	20%
EBITDA³	497	37%	353	31%
Adjusted² EBITDA³	514	38%	375	33%

For additional information, please contact:

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