

**DiaSorin S.p.A.**  
**Annual Financial Report**  
**December 31, 2020**

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## Letter to Shareholders

Dear Shareholders,

I am extremely proud to report another successful year where our Group delivered strong financial results with record revenues, profitability and cash generation.

2020 was a year that we will never forget. A year marked by the pandemic that forced the world to find a new balance against a backdrop of radical social and economic changes.

The mix of entrepreneurial spirit and managerial capability that has always set DiaSorin apart allowed us to provide innovative tests to support the fight against SARS-CoV-2. We are proud of the role we played in facing this emergency.

Our researchers developed high-quality COVID-19 diagnostic tests adopted worldwide. We launched 2 molecular diagnostic tests and 3 immunodiagnostic tests, confirming our role in terms of innovation and excellence. And our excellence was rewarded both by large sales volumes and by several governments, hospitals and commercial laboratories that chose our tests.

Furthermore, our commitment to research and innovation was also acknowledged through BARDA funding, as proof of our Group's reliability and quality of our work.

The year just ended confirmed the critical role of scientific research and diagnostics in our society. Research has, in fact, provided precise diagnostic tools for the detection of COVID-19 infection and research itself will bring us back to normality.

The fight has not been won yet and we are aware that there is still much to be done.

However, 2020 for us was not just a year marked by COVID.

We continued to work on several projects. Among these, it is worth mentioning the project in partnership with QIAGEN for the determination of Latent Tuberculosis that, after an initial setback due to the spread of the pandemic in Europe and in the United States, gained momentum again in the second half of 2020.

In the year just ended we received approval to market all our Hepatitis and HIV tests in the United States, thus becoming one of the two players in the U.S. to provide a fully automated test panel for Hepatitis and Retrovirus.

At an industrial level, we confirmed our determination to expand into the Chinese market, extending the existing Chinese Joint-Venture to Shanghai Baoshan District Government, with the aim of establishing the Group's first manufacturing and research facility in China positioning us as a local producer of high quality diagnostic tests and thus allowing us to access new market opportunities reserved to local manufacturing companies.

Lastly, in 2020 we kept our business development on track, through new strategic partnership agreements, such as the exclusive licensing agreement signed with TTP in March for the development of a "Point-of-Care" molecular platform that will make our molecular tests available in healthcare settings closer to patients while maintaining the highest quality and reliability. In September, we signed a strategic partnership with MeMed - an innovative Israeli startup - to work together on the launch of a test differentiating between bacterial and viral infections on our platforms.

All the initiatives undertaken in the year spur us on to do even more for laboratories, diagnostics and patients in 2021. We are aware of our responsibility towards them, and this encourages us to strive for excellence in everything we do.

In such a challenging year, I I feel it is my duty to thank the Group's management team who steadfastly rose to the test along with the over 2,000 people who make DiaSorin unique. The responsibility, perseverance and dedication of their work, have touched the lives of millions of people around the world. Every second 10 lives come into contact with one of our tests, receiving concrete responses that can impact their lives.

Last but not least, Dear Shareholders, let me express my gratitude to you, for placing your trust in us again in 2020, inspiring us to further grow the DiaSorin Group as an international and innovative diagnostic player.

**The Chairman**  
**Gustavo Denegri**

## REPORT ON OPERATIONS

### BOARD OF DIRECTORS & CONTROL BODIES

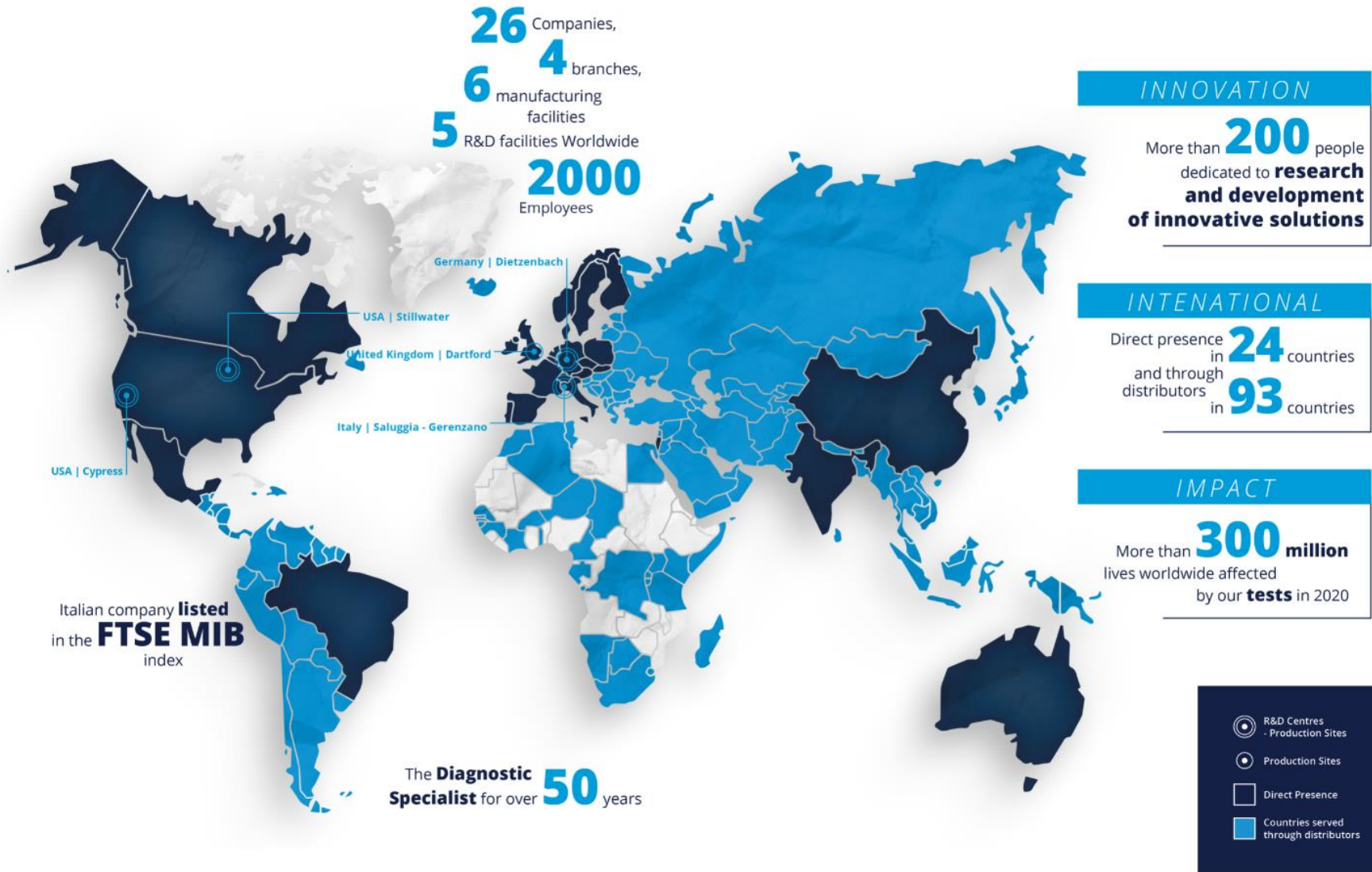
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<b>BOARD OF DIRECTORS</b>	(appointed on April 24, 2019)
<i>Chairman</i>	Gustavo Denegri
<i>Deputy Chairman</i>	Michele Denegri
<i>Chief Executive Officer</i>	Carlo Rosa <sup>(1)</sup>
<i>Directors</i>	Giancarlo Boschetti Stefano Altara Chen Menachem Even Franco Moschetti <sup>(2)</sup> Giuseppe Alessandria <sup>(2) (3)</sup> Roberta Somati <sup>(2)</sup> Fiorella Altruda <sup>(2)</sup> Francesca Pasinelli <sup>(2)</sup> Monica Tardivo <sup>(2)</sup> Luca Melindo Tullia Todros <sup>(2)</sup> Elisa Corgi <sup>(2)</sup>
<b>BOARD OF STATUTORY AUDITORS</b>	
<i>Chairman</i>	Monica Mannino
<i>Statutory Auditors</i>	Ottavia Alfano Matteo Michele Sutera
<i>Alternates</i>	Romina Guglielmetti Cristian Tundo
<b>INDEPENDENT AUDITORS COMMITTEES</b>	PricewaterhouseCoopers S.p.A.
<b>Control, Risks and Sustainability Committee</b>	Franco Moschetti (Chairman) Giancarlo Boschetti Roberta Somati
<b>Compensation and Nominating Committee</b>	Giuseppe Alessandria (Chairman) Michele Denegri Elisa Corgi
<b>Related-Party Committee</b>	Franco Moschetti (Chairman) Giuseppe Alessandria Roberta Somati

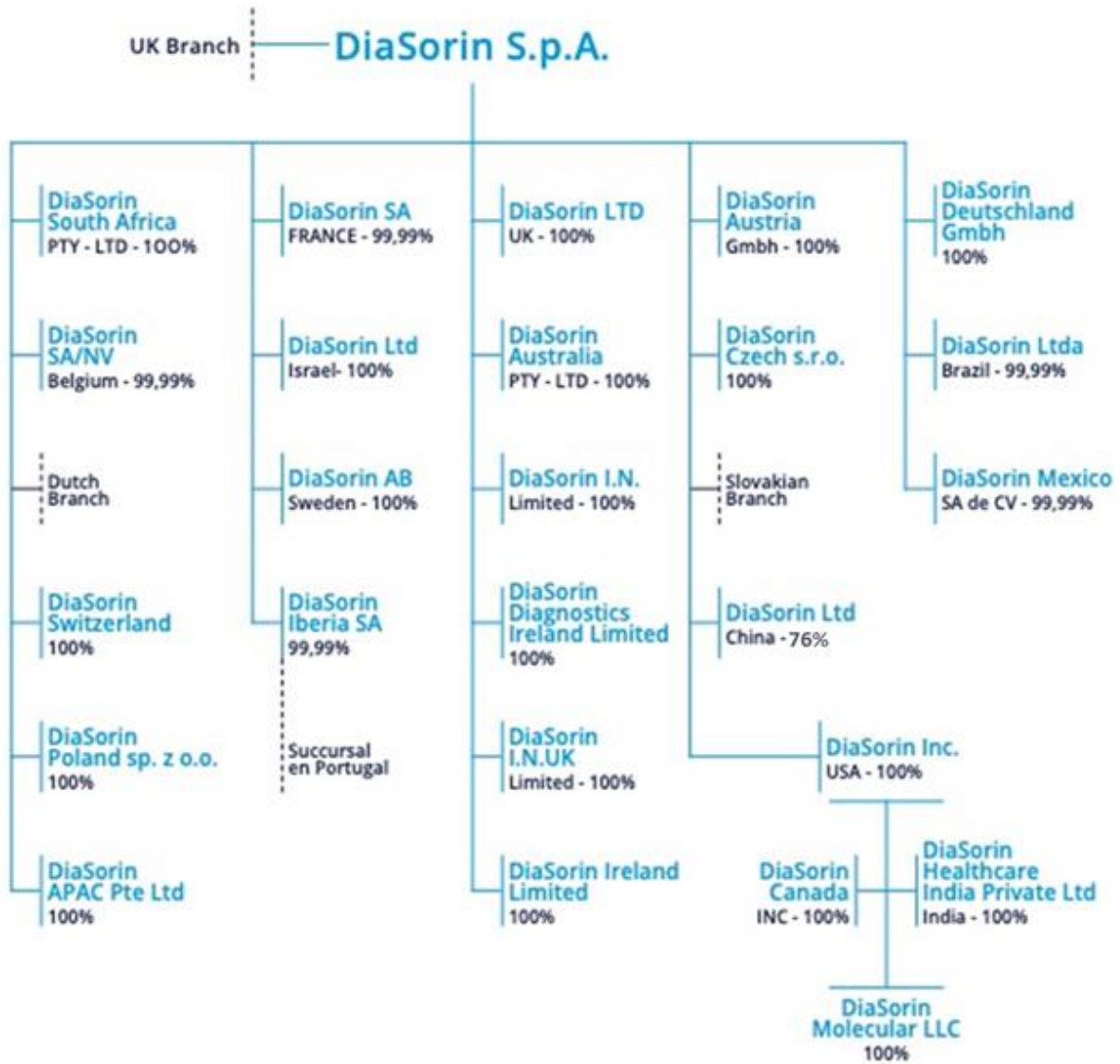
(1) General Manager

(2) Independent Director

(3) Lead Independent Director



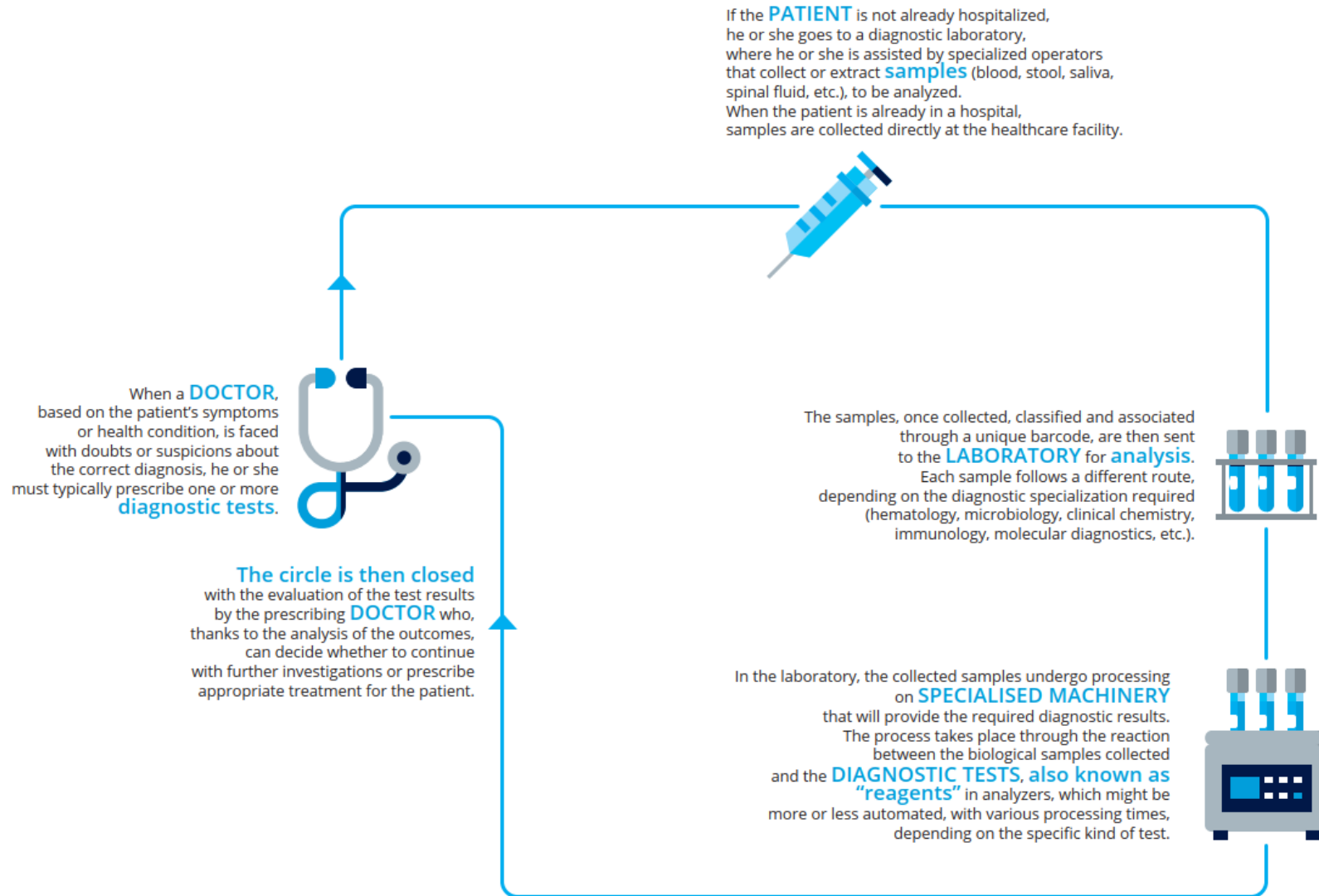
STRUCTURE OF THE GROUP AT DECEMBER 31, 2020





## OUR BUSINESS

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## STRATEGY

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DiaSorin's strategy follows **two lines of action**.

**The first line of action** focuses on the organic growth of the Group's business, leveraging its ability to provide state-of-the-art diagnostic platforms and a menu of tests that is among the world's most extensive ones, to meet the screening needs of diagnostic laboratories with solutions aimed at both the most common pathologies as well as the rarest and most specialized ones, positioning DiaSorin as the "Diagnostic Specialist".

The Group is committed to develop innovative, fast, flexible and high-throughput technological platforms, with a focus on automation of the pre-analytical phase, enhancing laboratories' throughput, reliability of results and safety for laboratory staff.

In terms of test offerings, DiaSorin launches approximately 10 new tests per year in the fields of immunodiagnosics and molecular diagnostics, allowing laboratories to increase their efficiency by concentrating an ever-growing menu of tests on fewer platforms.

**The second line of action** leverages partnership agreements signed with important diagnostic companies, creating synergies among different technical and scientific skills in order to provide innovative and, often, unique solutions in the diagnostic laboratory market worldwide.

Among these, 3 partnerships are worth mentioning:

1. with QIAGEN, through which the 2 Groups have already commercialized a state-of-the-art diagnostic solution for Latent Tuberculosis detection on blood sample and that, in the near future, will extend to the commercialization of a test for Lyme disease detection;
2. with TTP for the development of a "Point-of-Care" molecular platform to allow patients to access tests, that are currently available only in labs, in other more convenient settings closer to them;
3. with MeMed, for the launch of a test differentiating between viral and bacterial infections, on DiaSorin's fully automated platforms.

## RESEARCH AND DEVELOPMENT

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The main pillar of DiaSorin's growth is represented by its consolidated capacity for innovation. An innovation that arises from listening to the needs of the scientific community, from strong interactions with the academic world and hospitals around the globe and a long-term vision for Research.

The Group's 211 researchers, mainly located in Italy and the U.S., ensure the continuous evolution of DiaSorin's diagnostic products, launching every year high-specialty tests and cutting-edge solutions addressed to diagnostic laboratories, as a result of the Company's constant investments in research and development.

## TECHNOLOGICAL PLATFORMS

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Analysis of the biological sample aimed at detecting the presence of a specific element is carried out by instruments based on specific technologies.

DiaSorin, in particular, operates in the fields of immunodiagnosics and molecular diagnostics worldwide.

In immunodiagnosics, DiaSorin offers the market proprietary-based platforms on CLIA technology, which delivers extremely reliable and fast results and fully automates the diagnostic procedure, providing flexible access to the Group's test menu. LIAISON<sup>®</sup> platforms (LIAISON<sup>®</sup>, LIAISON<sup>®</sup> XS and LIAISON<sup>®</sup> XL and LIAISON<sup>®</sup> XL LAS) are part of the immunodiagnostic analyzers based on CLIA technology.

In molecular diagnostics, DiaSorin offers the market a proprietary platform, the LIAISON<sup>®</sup> MDX, based on the PCR technology which is used for the amplification of nucleic acids (DNA and RNA) to diagnose viral infections through the identification of virus in patient's biological sample.

## TESTING KITS

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DiaSorin diagnostic tests are designed and developed to determine the presence of specific elements (virus, hormone, etc.) in the biological sample collected from the patient.

The highly innovative and technological content offered by DiaSorin's tests can identify the presence of the searched element even in minimum quantities and with a high degree of specificity, providing reliable results that allow health care community to make accurate diagnosis.

### LIAISON® XL

In 2020, LIAISON® XL new installations amounted to 596, reaching an overall installed base of 8,775 units.

The LIAISON® XL continued to strengthen its international presence, thanks to its flexibility and the value of the Group' specialty tests menu, providing highly automated solutions, both in stand-alone configuration and through the connection of the instrument to Laboratory Automation Systems of the main market players.

### Further development of the new LIAISON® XS analyzer

In 2020, the priority for laboratories was to handle high volumes of tests for the diagnosis of COVID-19. Therefore, the commercial rollout of the LIAISON® XS platform was slowed down since it was originally designed to meet the demands of small and medium-sized laboratories that need to handle smaller test volumes.

In 2021, the increase in COVID-19 diagnostic solutions will help the world get back to semi-normality, allowing the commercial launch of this platform to resume with renewed strength.

The ideal reference segment of the LIAISON® XS is represented by those laboratories that run low and medium specialty test volumes, i.e. those diagnostic facilities scattered throughout the territory that follow a so-called "hub and spoke" model, that is centralization of routine tests in a reference hub and decentralization of specialty tests for which greater proximity to the patient is deemed necessary.

## FOCUS ON MOLECULAR DIAGNOSTICS TECHNOLOGY

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The technological solution offered by DiaSorin Molecular aims at determining the presence of DNA/RNA of infectious agents in biological samples and consists of a thermocycler instrument with appropriate consumables and reagents.

The LIAISON<sup>®</sup> MDX analyzer features a compact and flexible design and can be used in association with:

- the “Direct Amplification Disc (DAD)” for fast, “on demand” results, also at laboratories with low-volume testing, or during urgent procedures such as, for example, the identification of patients to be isolated in hospitals;
- the “Universal Disc (UD)” for routine, screening or high-throughput results:

DAD

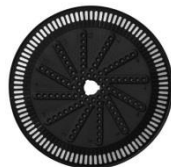
*Direct Amplification Disc*



*It runs 8 specimens at a time through a pipette system for biological samples and amplification reagents, allowing the 3 steps of PCR test (extraction, amplification and detection) simultaneously. The system is extremely easy to use and fast and used for fast and on demand results.*

UD

*Universal Disc*



*It runs 96 specimens simultaneously and is designed for high throughput to manage high-volume testing. It can process directly the biological samples, increasing its throughput (96 results in an hour)*

## INTERVIEW WITH

### LUIGI CICCHESE - CORPORATE VICE PRESIDENT, SYSTEMS AND ENGINEERING

The first challenge of 2020 for our team was to engineer the new COVID molecular test, developed in March by our R&D colleagues. Following the work of the Research and Development team, it was necessary to ensure that the technological platforms could run the test in a repeatable and reliable manner, with the right sensitivity and in compliance with all the quality requirements of the Group's offer. The test was quickly integrated into the LIAISON® MDX menu and made immediately available on all the analyzers installed at our customers.

The second challenge involved LIAISON® MDX production, whose demand had almost tripled in the meantime, posing a further challenge in the period of greatest pandemic emergency.

Both the new units and those already installed at our customers had to face an increase in throughput, due to the fact that volumes of samples analyzed daily were up to three times higher than normal. Consequently, we had to further support this huge growth, both in terms of customer support services and in terms of tests and consumables production.

In order to comply with our pre-COVID plan, we started working on a new tool, developed in partnership with the UK company TTP. The diagnostic platform has very different features compared to the Group's platforms and is designed to respond to the company's strategic vision. This new tool is a Point-of-Care molecular diagnostic solution, which aims to make molecular diagnostics more ubiquitous and closer to people who need the tests.

All this was accomplished in operating conditions that were strongly affected by the measures taken to contain the spread of the pandemic.

The majority of our team is composed of biomedical or biotech engineers, and many have PhDs. The high quality, professionalism and technical skills of our teams represent a priceless asset to our Company, but what made the difference was the great dedication of everyone. Dedication is one of the fundamental elements of DiaSorin's Corporate Culture, where the determination and commitment of people allow us to always stay one step ahead, both in emergency and normal situations.

## FOCUS ON THE IMMUNODIAGNOSTIC MENU

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In 2020, the outbreak of the COVID-19 pandemic strongly impacted the business plans concerning the development of new tests. Therefore, a great effort was made to launch new diagnostic solutions addressing the pandemic. DiaSorin gave its contribution, maintaining its position in the market, during a period of strong market inflection for the entire range of products not related to the identification of SARS-CoV-2.

### INFECTIOUS DISEASES

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Following the initial reports of the spread of COVID-19, DiaSorin started developing serology tests dedicated to monitoring the spread of the disease and which joined the molecular tests at the frontline in detecting COVID-19-affected patients.

In April, the Company launched the LIAISON<sup>®</sup> SARS-CoV-2 S1/S2 IgG in CE market and in the U.S. to detect the presence of antibodies against the virus in the blood samples of patients, allowing to identify those who have been exposed to the virus, in those circumstances where it was not possible to performed molecular swabs and thus providing a useful tool to conduct targeted epidemiological studies to establish the actual spread of the virus among the population. This was the first test on the market to demonstrate the possibility of measuring antibody values correlated to their neutralizing power: this is an important parameter for virologists and infectivologists involved in the fight against the pandemic. The test has also been registered in all major markets for the Company, except China, and was the first COVID-19 serology test to be registered in Canada.

In June, DiaSorin launched on the CE market the LIAISON Sars-CoV-2 IgM test, that was later registered in October in the U.S. Through the detection of immunoglobulin M (IgM), which are antibodies that appear before the IgG but have a limited duration, DiaSorin provided its customers with a test completing its IgG molecular test launched in April, to enable early detection of antibodies against SARS-CoV-2.

At the end of October, the LIAISON<sup>®</sup> SARS-CoV-2 Ag test was launched on the EC market, and as of December 31 is still pending approval by the Food and Drug Administration for the commercialization in the U.S. The test is used for detecting the presence of SARS-CoV-2 antigen in nasal dry swabs and nasopharyngeal swabs and consequently identifying and isolating contagious people, thus curbing the COVID-19 spread. Although molecular assays are the reference standard for the identification of patients who have a current SARS-CoV-2 infection, antigen test remains a useful tool to curb the spread of the pandemic. Through this automated and fast assay up to one thousand people can be tested on a single analyzer. Molecular platforms hardly reach this throughput.

### HEPATITIS AND RETROVIRUS

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In the Hepatitis and Retrovirus clinical areas, in 2020 DiaSorin completed the registration and authorization for the commercialization of the Hepatitis and Retrovirus panel in the U.S. market, following the partnership agreement signed with Beckman Coulter in 2016.

In October, the Company received the FDA approval on 6 Hepatitis B tests, completing its Hepatitis panel. DiaSorin's full offering of the Hepatitis B (HBV) panel allows a complete HBV testing solution that is key, not only to identify infected individuals, but also to diagnosing the presence of the virus, avoiding the spread of the infection and optimizing patient management.

Approximately 2 billion people worldwide are HBV positive, positioning the hepatitis B infection as the third leading cause of death from liver cancer. In the U.S., in particular, more than 900,000 people have HBV, with around 20,000 new cases per year due to low rates of hepatitis B vaccination coverage and increasing use of injected drugs. The CDC – Centers for Disease Control



and Prevention - estimate that about half of all patients with chronic hepatitis B are unaware of their infection, highlighting the need for greater focus on increasing levels of diagnostic testing in order to detect these undetected cases.

To complete the panel of hepatitis and retroviruses available in the U.S. market, in December DiaSorin received FDA approval for its LIAISON<sup>®</sup> XL MUREX HIV Ab/Ag HT tets.

HIV continues to be a major global public health issue, having claimed almost 33 million lives so far and currently with around 38 million people positive for the virus worldwide, out of which 1.2 million are in the U.S. The World Health Organization recommends that every person who may be at risk of HIV should have access to testing. According to CDC nearly 40% of HIV infections are transmitted by people who do not know they have the virus and who, with proper diagnosis, could have healthy lives and prevent the spread. Early diagnosis and access to treatment have shown to have a clear positive impact on patients' health and the course of the disease.

## INTERVIEW WITH

### FABRIZIO BONELLI – CHIEF SCIENTIFIC OFFICER

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Our focus in 2020 was to continue our commitment, which began in 2019, to T-cells area.

We launched the test to detect latent tuberculosis infections, in collaboration with QIAGEN, on LIAISON® analyzer systems, providing an automated and standardized solution. This collaboration allowed us to offer T-cells immunity testing on a large part of our installed LIAISON® units worldwide, bridging the diagnostic gap that exists in all those cases in which the molecular and antibody response are not sufficient in terms of diagnosis and prognosis.

Our commitment for 2020 was to continue along this path in order to broaden our breadth of knowledge and diagnostic possibilities to serve laboratories.

The pandemic obviously upset our plans as well. We had to respond to an even greater need, the realization of our mission: to provide the appropriate diagnosis and tools to advise the right therapeutic paths.

Time was pressing and COVID data from all over the world provided us with the right pressure to move forward. Right away, we thought it might be useful to develop a serological test. We took for granted that the most reliable tool for diagnosis was the molecular test, on which our colleagues in Molecular Research and Development had already made great strides forward. Therefore, we believed that a serological test could be useful in the immediate future to monitor the virus circulation and conduct epidemiological studies and verify, in the future, the real effectiveness of vaccines, once available.

We looked ahead and decided to base our serological product on the Spike protein, opposing the general trend with regard to all the other players in the sector, as it was clear that an anti-Spike test would have a much longer life.

Indeed, when the most acute phase of the emergency will be overcome thanks to vaccines, our product - once it has been validated - can be used to monitor the response to vaccines and therefore their effectiveness, as is already done, for example, with Hepatitis B, measles or rubella vaccine.

In mid-summer, we started developing the antigen test to support the molecular system and offer an additional screening solution that is ideal in some settings, also in consideration of its significantly lower cost.

At which point, however, we had to face a very relevant safety issue for laboratory technicians. Let's not forget that a potentially positive sample (swab), if not properly treated, represents a biohazard issue for operators. Hence the idea of creating a product called "Inactivation Buffer" to pre-treat the sample and inactivate the virus before it is analyzed in laboratory, thus allowing the laboratory technician to handle the sample in total safety. The antigen test as of December 31, 2020 is still pending approval for commercialization on the U.S. market.

To sum up 2020, I would use the words "synergy" and "people". The Synergy between all company departments, thanks to which we have been able to offer the necessary diagnostic solutions in all the countries in which we operate.

People, those of DiaSorin, who literally devoted themselves to the cause, to respond concretely and swiftly to a global health emergency.

## FOCUS ON THE MOLECULAR DIAGNOSTIC MENU

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At the beginning of 2020, research and development activities were mainly focused on the development of a testing kit commercialized in the global market (FDA and CE-IVD) for SARS-CoV-2 virus, responsible for the COVID-19 pandemic. Subsequently, a new test was developed and marketed for the molecular diagnosis of Flu A, Flu B and respiratory syncytial virus (RSV), which allowed to respond to an emerging need to differentiate viruses with similar symptomatology (SARS-CoV-2, Flu and RSV), during the winter season. In 2020, products development did not focus only on respiratory diseases tests: in fact, the Company developed and launched a test for the detection of congenital cytomegalovirus in newborn children, available in CE markets. All the tests mentioned above are qualitative assays that do not require nucleic acids extraction and are performed on the DAD (Direct Amplification Disc). These assays are called "Direct" because they are performed using the patient's primary biological sample directly, without the need for pre-treatment.

### SARS-COV-2

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In response to the COVID-19 emergency, identified in January 2020, DiaSorin laboratories developed a sensitive molecular test in record time, capable of analyzing up to 8 samples in approximately one hour. This was achieved thanks to an unprecedented effort, culminating in March 2020, immediately following the WHO declaration of a pandemic, with Emergency Use Authorization issued by the Food and Drug Administration (FDA) and with the CE marking for the Simplexa™ COVID-19 Direct test.

The test, initially validated for use on nasopharyngeal swabs, over the following months received further validations in response to the dynamics of the global supply chain: the shortage of swabs and the lack of transport media were overcome on the validation of the test on nasal swabs, nasal washings and aspirates; the high incidence of hospitalized patients led to the choice of validating the test also on the bronchoalveolar fluid, while the growing need for the diagnosis of suspected positive cases, but not necessarily symptomatic, led to the test validation for use also in saliva samples, whose collection is significantly less invasive. During the pandemic, the test has been constantly monitored in terms of inclusiveness: the emerging variants of the SAR-CoV-2 virus, also known as the English, South African and Brazilian variants, are all detected by the Simplexa™ COVID-19 Direct test.

The test, which offers the same features of the assays designed for use on the DAD disk, in terms of workflow management, simplicity and speed, has proved to be a useful tool in triage cases, pre-surgery tests and in all the circumstances requiring a prompt action to isolate and prevent the spread of the virus.

### OTHER TESTS

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In June and August 2020 respectively, DiaSorin CE marked and obtained FDA approval for its Simplexa™ Flu A/B & RSV Gen II Direct kit for diagnosis of influenza A (Flu A), influenza B (Flu B), and respiratory syncytial virus (RSV) in nasopharyngeal swabs. This second-generation test has a higher sensitivity and can be performed in combination with the Simplexa™ COVID-19 Direct test for differential diagnosis during the flu season.

In 2020, the Company also completed the development of the test for detection of congenital cytomegalovirus (cCMV) in babies up to 21 days old. Congenital CMV is one of the most common abnormalities in newborns: it is transmitted from mother to fetus during pregnancy and can cause a wide range of conditions, from mild to most severe, including death. A percentage of infected infants have no symptoms at birth, but may present with problems later in life, especially in the auditory system. Early diagnosis through a simple molecular test on urine samples or buccal swabs, may identify even these asymptomatic cases and initiate preventive treatment to reduce adverse consequences. The Simplexa™ cCMV test, which can be performed prior to postpartum release, is a valuable tool for the identification of subjects with congenital CMV. xxx

## INTERVIEW WITH

### GIULIA MINNUCCI – MOLECULAR R&D DIRECTOR EUROPE

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The word that best describes 2020 for my team and for DiaSorin is definitely “courage”. Courage to develop something new, to act now. Courage of the people who worked tirelessly to accomplish a mission that, at the time, seemed impossible. In fact, it usually takes 2 years to design a new test while we have been able to develop it in just 6 weeks.

Prior to COVID, we had a well-detailed 2020 plan consisting of two major projects: the development of a panel for respiratory viruses, in general, and the Point of Care, which, by the way, was not delayed at all; it was supposed to start in March, and it did.

We had just begun working on respiratory viruses when we started receiving the first scientific news from China, with very fragmented and uncertain news on this new variant of the SARS virus. We immediately intercepted this information and, since we were already working on respiratory viruses, we decided to include this new virus into our panel.

No one could have predicted what would happen shortly afterwards, with the rapid spread of the pandemic that initially seemed so far away and yet very quickly came among us.

Top Management immediately allowed us to focus on a project of such magnitude and our research and development team showed all their courage. Because, as the emergency hit our country, we were on the frontlines as much as the healthcare professionals did. We worked 24/7, in the midst of a pandemic that was taking hold in our country, leaving our families at home and putting ourselves at risk of falling ill. We were always there, at a time when masks and hand sanitizers were in short supply for everyone except us. The Company had put most of the other employees in smartworking so that we in R&D could have all the personal protective equipment available, putting our safety first.

We bridged distances by working remotely, regardless of the ocean and the different time zones that kept us apart: our Research and Development team is in Italy while the manufacturing facility is in California, United States. After the flights ban, we had to come up with the most creative ways to work together, fighting against time. We were able to work in shifts around the clock. We passed the baton to them at the end of the day. And, when we woke up the next day, we had already the results of their work. Production worked by alongside us. Despite the 9,700 km between us, Cypress R&D team completed testing during our night, while we continued the development phase during the day.

We trusted our assets, swimming against the tide. When, in fact, the CDC and the WHO began to publish the first guidelines to diagnose this virus, the most obvious thing to do would have been to follow their instructions, which is what all the other players did. But we decided to go our own way and it was the winning choice.

We designed and developed a totally new diagnostic test; we followed the best method for us, because we have a platform which is totally different from traditional tools. With our LIAISON<sup>®</sup> MDX we are able to avoid a very long sample processing step, thus developing a rapid diagnostic test without the need of the extraction reagents of the viral genome from the virus which, among other things, caused huge problems to other players during the pandemic, due to supply disruptions.

The innovative design of our test has been recognized nationally and internationally through a patent issued in a very short time.

But this was not the result of the work of a single team. The whole Company worked by our side, supporting us in our fight against time.

## RESEARCH AND DEVELOPMENT COSTS AND INVESTMENTS

Consistent with the above, in 2020 the Group's research and development costs increased to € 71,057 thousand (€ 57,617 thousand).

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Research and development costs that were not capitalized	43,115	41,752
Annual amortization of capitalized costs	7,683	6,196
<b>Total research and development costs charged to income</b>	<b>50,800</b>	<b>47,948</b>
Development costs capitalized during the year	20,257	15,865
<b><i>Total research and development costs</i></b>	<b><i>71,057</i></b>	<b><i>57,617</i></b>

In 2020, the Group's Parent Company capitalized development costs totaling € 8,362 thousand. Research costs, amounting to € 27,768 thousand, were charged directly to the income statement.

## FOCUS ON THE GROUP'S INDUSTRIAL PRODUCTION

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In 2020, industrial production management played a critical role in ensuring business continuity despite the global COVID-19 pandemic, which caused a sudden and unprecedented macroeconomic shock.

The sector in which DiaSorin operates was not affected by any of the restrictive measures implemented by governmental authorities to address this serious crisis. Therefore, all the Group's industrial sites continued their manufacturing and distribution activities without disruptions, in full compliance with the provisions aimed at ensuring the safety of its employees.

To prevent any impact on the business, the Industrial Operations function secured the whole industrial system, ensuring the continuity of the entire production chain, from provisioning of raw materials and semi-finished products up to the timely distribution of the tests developed and produced in all countries where DiaSorin operates.

Furthermore, in a moment of extreme need for COVID-19 diagnostic solutions, it was necessary to plan and ramp up the plants' production capacity where the 5 COVID-19 tests were produced, and then distributed in the reference markets by the Group. The industrial measures adopted by all the Group's sites in record time made it possible to respond with extreme flexibility to the growing demand for tests in response to the pandemic. To achieve this challenging goal, the Group invested in new hires in the production area, specifically in the following sites: Saluggia (Italy), Stillwater (Minnesota, U.S.) and Cypress (California, U.S.).

Strategic investments were made in the automation of the industrial system. Such investments will also have a positive impact on future modernization projects concerning the Group's industrial system.

It should be noted that the success achieved in the industrial operations sector was also the result of a modern and effective management of the entire distribution and supply chain, whose continuous support was essential against the 2020 emergency backdrop.

While, on the one hand, the pandemic required to postpone some industrial projects that were scheduled for 2020, giving priority to the launch of COVID-19 tests, on the other some key projects of the Group were, in any case, successfully completed; among them it is worth mentioning the development and marketing in the United States of the entire test panel for the diagnosis of hepatitis and retroviruses, including the HIV test, positioning DiaSorin as one of the 2 players in the U.S. market to provide laboratories with a complete and automated solution for the diagnosis of these pathologies.

To conclude, 2020 saw the advance of several internal projects addressed at reorganizing the entire industrial system of the Group, with the aim of increasing efficiency, production and product development capacity for the near future.

## DIASORIN, CULTURE OF EXCELLENCE

### INTERVIEW WITH STEFANO RONCHI - SENIOR CORPORATE VP HUMAN RESOURCES

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The history of DiaSorin teaches that the secret of the company's success over the years is represented by its corporate culture, understood as the set of values acted upon by people in carrying out defined programs and achieving expected objectives. The guiding values of our organization inspire people in their daily work, move intelligence, motivate teams, stimulate the creativity and planning skills required to implement programs and projects that are consistent with the Company's long-term vision.

This Culture of Excellence is based on the ability to combine strategy and execution, vision and action with the right pace to be competitive in an increasingly global and challenging market.

The strategic capacity of DiaSorin is based on its daily fidelity to the mission of "the Diagnostic Specialist", on the availability of distinctive competencies together with the ability to generate growth in value through openness to changes, agility and flexibility.

Execution is therefore the ability to turn strategy into concrete action, through a widespread assumption of responsibility at all levels, the capability to combine speed and quality of results with people's passion.

Against this particularly dynamic backdrop, DiaSorin's human resources management is constantly evolving thanks to the introduction of new solutions and a strong focus on achieving goals and objectives.

The 2020 financial year was marked by the COVID-19 emergency which spread both nationally and worldwide. In this unexpected and completely new scenario, the company acted promptly and without hesitation defining, on the one hand, protection and prevention measures for employees' health and safety and, on the other, implemented all the necessary work-related adjustments aimed at ensuring business continuity, with the awareness of the strategic value of the Company's contribution to ensure a public utility Service linked to people's health. A Service that never failed during the year.

The guiding criterion for achieving both objectives was to define and implement, at Group level, a COVID-19 prevention plan through information and training provided to all employees and a constant and constructive dialogue with the Workers' Representatives, where present. Thus, the Company introduced new safety measures such as the segregation of areas, social distancing, body temperature measurement at the entrance of workplace, management of common areas and use of smart working for activities that can be carried out remotely. The prevention and safety program included also various testing campaigns for employees.

At the same time, in 2020, DiaSorin continued to invest in Human Capital by hiring 350 people worldwide, of which 70 in Italy, bringing the Group's total workforce to 2,066 at the end of 2020.

In line with the 2019-2022 corporate strategy, all organizational, management and planning activities continued in the different geographical and professional areas:

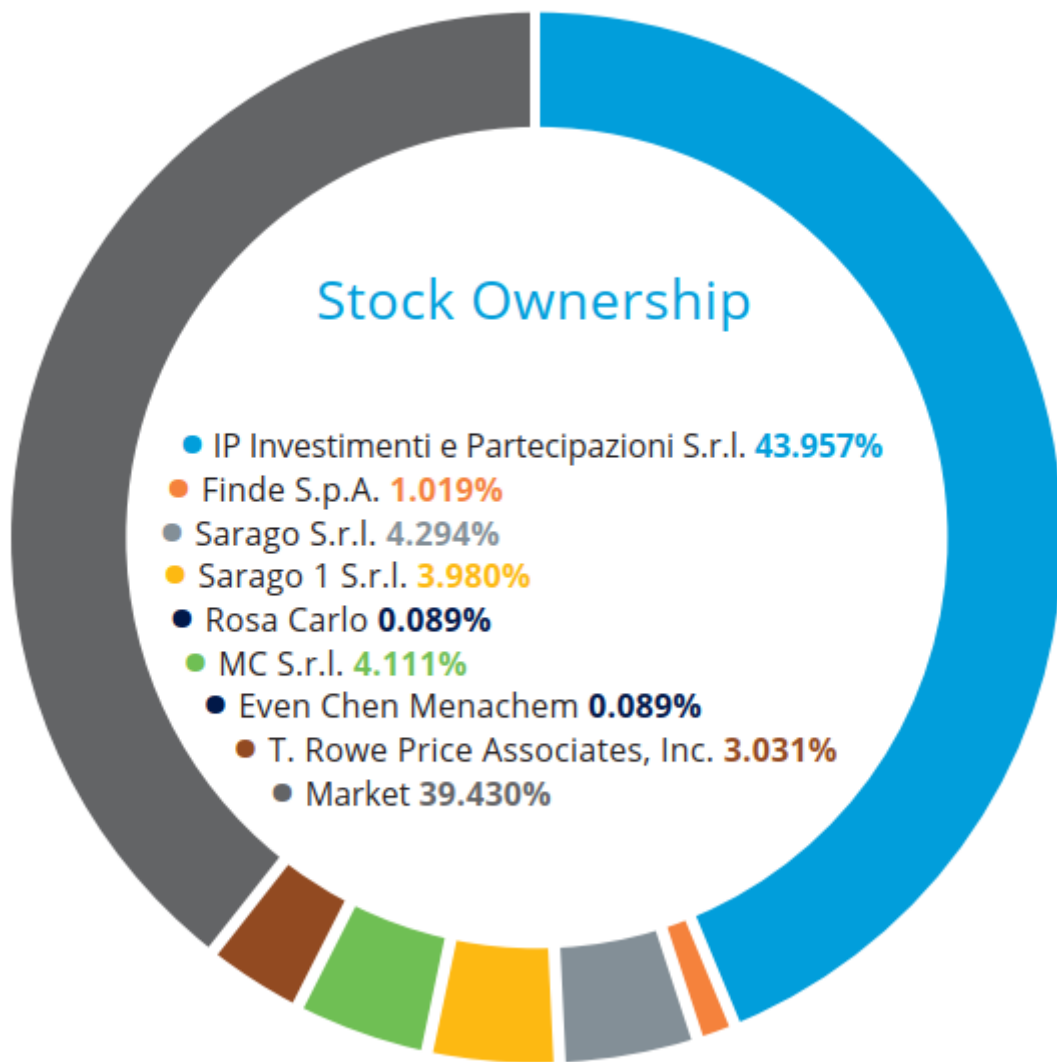
- identification, on the market, of skilled resources through the management of complex recruitment activities both from a geographical and a professional point of view (background and required specialization).
- continuous investment in the quality of assignment, measurement and feedback process concerning individual and team performance, thanks to constant investments, in terms of

company employees' education, and the use of the world-wide HR platform which has allowed standardization of processes and tools, thus helping promote and develop behaviors consistent with the culture of merit;

- investment in the Engagement of people by listening to the employees' voice, strengthening of a constant, transparent and direct communication process and implementation of specific action plans;
- intense activity of Change Management expressed through the balance between entrepreneurial spirit, part of the corporate Leadership style, and a more structured approach to processes: in this respect, targeted Talent Acquisition operations were carried out aimed at enriching the assets of managerial skills and competences, while carrying out defined business strategies, such as "decentralization".

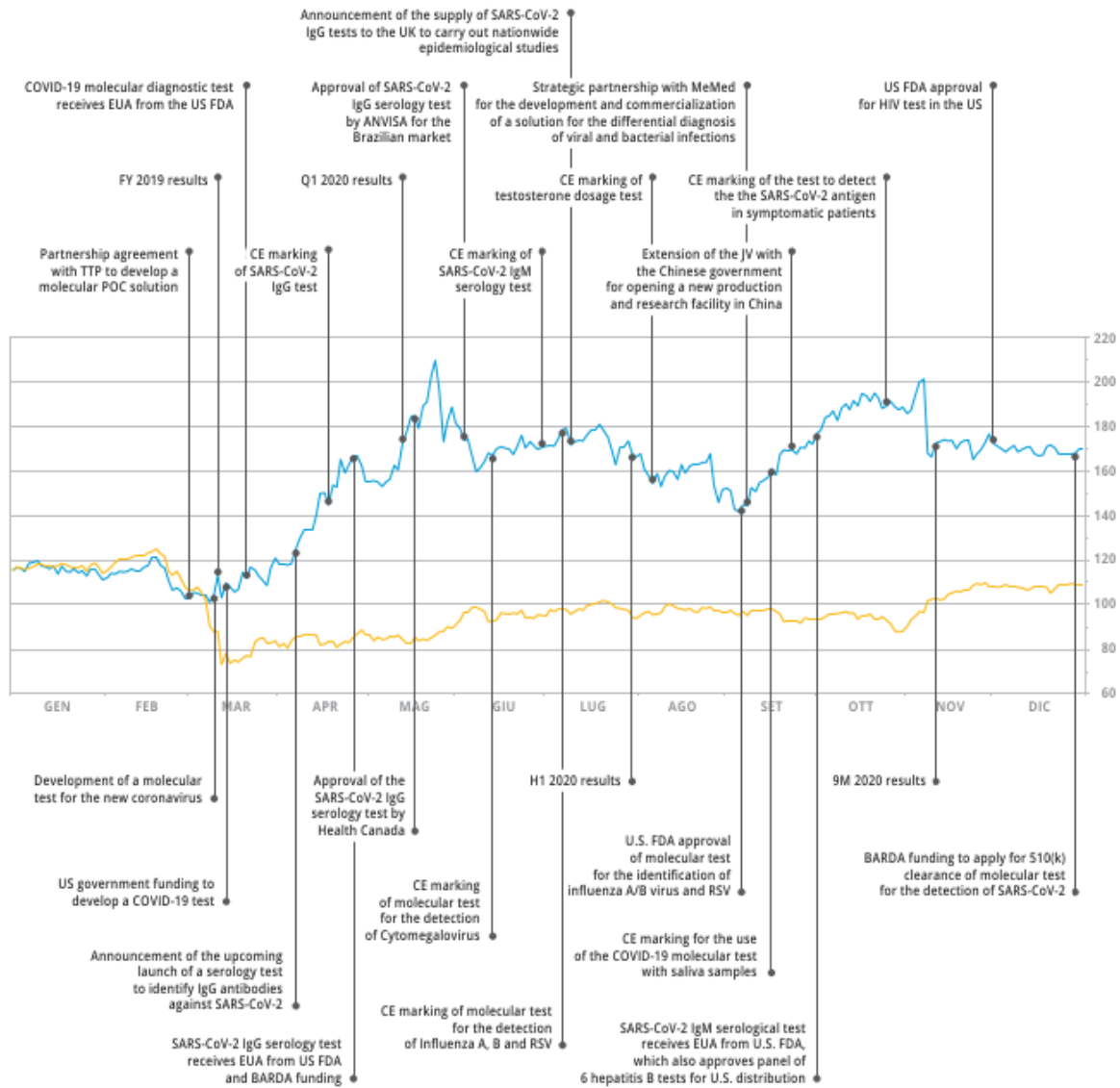
This intense activity reflects the Company Culture represented in the DiaSorin Leadership Model which combines the "Entrepreneurial Spirit" - the real company asset from the beginning - with a unique "Managerial Style". This mix allowed the Company to maintain over time strategic vision, agility and decision-making speed, together with the ability to run a larger organization in the context of an increasingly global market.





## PERFORMANCE OF THE DIASORIN STOCK IN 2020

In 2020, the DiaSorin stock was +47.4%, a better performance vis-à-vis its reference stock market Index -FTSE MIB (-5.4%).



In order to provide complete and up-to-date information on its objectives and business performance, in 2020 DiaSorin continued its interaction and communication activities with Shareholders, Institutional Investors, Financial Analysts and the Italian and international Economic Press. The Company also adapted its communication methods to the requirements related to the spread of the COVID-19 pandemic, by using remote Conferencing services.

As in the past, the Investor Relations team came into contact with more than 500 analysts and investors throughout FY 2020. Furthermore, given the importance of handling sensitive information concerning the diagnostic tools developed during the year in response to the spread of SARS-CoV-2 virus, the Company organized several virtual meetings with the aim of providing a more in-depth and clear understanding of the different types of tests and technologies.

Lastly, the Top Management and the IR team attended important virtual financial conventions dedicated to the healthcare and diagnostic sector, as well as roadshows organized by brokers who deal with DiaSorin stocks in the main European and North American markets.

Financial communication continues to represent a central pillar in the ongoing relationship that has been created between DiaSorin and the financial community to facilitate the understanding of business dynamics and corporate phenomena in their entirety.

DiaSorin is committed to providing the broadest accessibility to corporate information, ensuring maximum visibility, also through the “Investor Relations” section of the company website [www.diasoringroup.com](http://www.diasoringroup.com), where the Group outlines its equity story, the strategy and all strategic or commercial agreements made by the Group in recent years.

DiaSorin is aware that an ongoing dialogue with the Company, along with the sharing of information on the web, underpin a successful communication. Contact information with the offices responsible for communications and investor relations is provided below:

### CONTACTS

**Riccardo Fava**

Corporate Vice President Communication & Investor Relations

Tel: +39 0161/487.988

[riccardo.fava@diasorin.it](mailto:riccardo.fava@diasorin.it)

**Emanuela Salvini**

Investor Relator

Tel: +39 0161/487.567

[emanuela.salvini@diasorin.it](mailto:emanuela.salvini@diasorin.it)

Website: [www.diasoringroup.com](http://www.diasoringroup.com)

## CONSOLIDATED FINANCIAL HIGHLIGHTS

<b>Income statement</b> (€ thousands)	<b>2020</b>	<b>2019</b>
Net revenues	881,305	706,319
Gross profit	602,905	488,691
EBITDA <sup>(1)</sup>	385,260	276,833
Operating result (EBIT)	324,226	217,861
Net profit for the period	248,296	175,735
<b>Statement of financial position</b> (€ thousands)	<b>12/31/2020</b>	<b>12/31/2019</b>
Capital invested in non-current assets	532,529	532,791
Net invested capital	650,972	675,761
Net financial position	305,347	172,862
Shareholders' equity	956,319	848,623
<b>Cash flow statement</b> (€ thousands)	<b>2020</b>	<b>2019</b>
Net cash flow for the period	182,329	84,449
Free cash flow <sup>(2)</sup>	232,223	180,072
Capital expenditures	74,825	55,790
Number of employees	2,066	1,939

- (1) Looking at the data on the Table, the Board of Directors defines EBITDA as the “operating result” before amortization of intangibles and depreciation of property, plant and equipment.
- (2) Free cash flow is the cash flow from operating activities, counting utilizations for capital expenditures but before interest payments and acquisitions of companies and business operations.

## FINANCIAL HIGHLIGHTS OF THE GROUP'S PARENT COMPANY

<b>Income statement</b> <i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Net revenues	471,019	395,079
Gross profit	229,088	180,844
EBITDA <sup>(1)</sup>	152,758	105,068
Operating result (EBIT)	129,966	83,778
Result for the reporting period	164,216	113,648
<b>Statement of financial position</b> <i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
Capital invested in non-current assets	344,884	377,747
Net invested capital	425,505	441,716
Net financial position	100,186	(6.358)
Shareholders' equity	525,691	435,358
<b>Cash flow statement</b> <i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Net cash flow for the period	95,860	23,245
Free cash flow <sup>(2)</sup>	91,815	77,665
Capital expenditures	25,694	28,880
Number of employees	741	753

<sup>(1)</sup> Looking at the data on the Table, the Board of Directors defines EBITDA as the "operating result" before amortization of intangibles and depreciation of property, plant and equipment.

<sup>(2)</sup> Free cash flow is the cash flow from operating activities, counting utilizations for capital expenditures but before interest payments and acquisitions of companies and business operations.

## OVERVIEW OF THE GROUP'S PERFORMANCE IN 2020 AND COMPARISON WITH 2019

### MACROECONOMIC SCENARIO AND THE FOREIGN EXCHANGE MARKET

2020 was marked by the spread of the COVID-19 pandemic which, in addition to causing an unprecedented health crisis around the world, caused a severe and negative shock to the global economy. The actions implemented by local governments to contain the spread of the virus led to an immediate contraction of economic activities. The World Bank estimates a 4.3% contraction in the world's GDP in 2020, much worse than during the global financial crisis of 2008-2009.

Governments of the main Countries reacted with fiscal and financial measures to support the economy, with the aim of cushioning the negative effects of the current economic crisis. At the same time, central banks intervened by implementing accommodative monetary policies with progressive reductions in interest rates; these measures are likely to continue into 2021.

Despite the uncertainties deriving from the evolution of the pandemic and the implementation of vaccination plans, 2021 GDP growth is expected to partially recover from the contraction recorded in 2020, with a progressive normalization of economic and commercial activities.

With regard to the foreign exchange market, 2020 was marked by an increase in volatility, with a progressive and widespread strengthening of the Euro; the European currency closed the year with an appreciation of 9% vis-à-vis the U.S. dollar. Emerging market currencies depreciated against the Euro, particularly the Brazilian real lost 41% of its value.

The table below provides a comparison of the average and end-of-period exchange rates for the periods under comparison concerning the main currencies used by the Group (Source: Banca d'Italia).

Currency	Average exchange rates			Exchange rates at		
	2020	2019	Change	12/31/2020	12/31/2019	Change
U.S. dollar	1.1422	1.1195	2%	1.2271	1.1234	9%
Brazilian real	5.8943	4.4134	34%	6.3735	4.5157	41%
British pound	0.8897	0.8778	1%	0.8990	0.8508	6%
Swedish kronor	10.4848	10.5891	-1%	10.0343	10.4468	-4%
Swiss franc	1.0705	1.1124	-4%	1.0802	1.0854	0%
Czech koruna	26.4551	25.6705	3%	26.2420	25.4080	3%
Canadian dollar	1.5300	1.4855	3%	1.5633	1.4598	7%
Mexican peso	24.5194	21.5565	14%	24.4160	21.2202	15%
Israeli shekel	3.9258	3.9901	-2%	3.9447	3.8845	2%
Chinese yuan	7.8747	7.7355	2%	8.0225	7.8205	3%
Australian dollar	1.6549	1.6109	3%	1.5896	1.5995	-1%
South African rand	18.7655	16.1757	16%	18.0219	15.7773	14%
Norwegian krone	10.7228	9.8511	9%	10.4703	9.8638	6%
Polish zloty	4.4430	4.2976	3%	4.5597	4.2568	7%
Indian Rupee	84.6392	78.8361	7%	89.6605	80.1870	12%
Singapore dollar	1.5742	1.5273	3%	1.6218	1.5111	7%

## OVERVIEW OF 2020 FOR THE DIASORIN GROUP

In 2020, the DiaSorin Group **revenues were € 881,305 thousand** (€ 706,319 thousand in 2019), up 24.8% compared to the previous year (+ 27.0% at CER). The foreign exchange rates had a negative impact on revenues, equal to € 15 million, primarily due to the depreciation of the U.S. dollar and the Brazilian real.

Positive trend for CLIA technology which, net of Vitamin D, increased by 8.9% (+ 11.0% at CER) also on the back of COVID serological tests launched in 2020. Sales of Vitamin D decreased by 27,4% (-25,9% at constant exchange rates); the decline in sales volumes is mainly a consequence of the lock down measures adopted during the year by countries in which the Group operates, the expected loss of an important customer in the United States and a generalized price erosion. It is worth noting that CLIA sales, net of Vitamin D and the positive effect of COVID serological tests, also recorded a negative trend due to a general contraction in volumes following the pandemic.

Revenues from molecular tests grew by 313.4% at CER compared to last year, mainly due to the U.S. performance following the launch of the COVID molecular test in March 2020.

Revenues from Elisa technology were down by 30.4% (-29.2% at CER), while instrument sales and other revenues increased by 8.0% (+ 10.0% at CER).

More generally, 2020 revenues generated by COVID tests, both molecular and serological, amounted to € 266,117 thousand, while sales of all other products recorded a decrease of € 91,129 thousand, or -12.9% compared to last year, mainly due to the pandemic effects.

The **gross profit** of the period was € **602,905 thousand**, + 23.4% compared to € 488,691 thousand in the previous year, equal to 68.4% of revenues (69.2% in 2019).

**EBITDA** amounted to € **385,260 thousand** (€ 276,833 thousand in 2019), up 39.2% compared to the previous year, an increase of 4.5 percentage points as a percentage of revenues (from 39.2% in 2019 to 43.7% in 2020).

It should be noted that, excluding the impact of exchange rates, EBITDA grew by 41,7% compared to 2019, equal to 43.7% of revenues.

**EBIT** totaled € **324,226 thousand** (€ 217,861 thousand in 2019), up by 48.8% compared to the previous year, equal to 36.8% of revenues, as against 30.8% in 2019.

In 2020, **net financial expense** amounted to € **2,853 thousand**, as against €1,574 thousand in 2019.

**Income taxes** were € **73,077 thousand** (€ 40,552 thousand in 2019), with a 22.7% tax rate compared to 18.7% in 2019. The increase in the tax rate was mainly due to deferred-tax assets recognized on the value of the assets transferred to Italy following the Irish manufacturing facility divestiture completed in 2019.

The **net profit** in 2020 was € **249,826 thousand**, up by € 72,561 thousand or 41.3% compared to the previous year, with an incidence on turnover of 28.2% (24.9% in 2019).

## REVIEW OF THE GROUP'S OPERATING PERFORMANCE AND FINANCIAL POSITION

### FOREWORD

The 2020 financial statements have been prepared in compliance with the International Accounting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”) and approved by the European Union and are consistent with the provisions issued in implementation of Art. 9 of Legislative Decree No. 38/2005.

### INCOME STATEMENT FOR THE YEARS 2020 AND 2019

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>As a% of revenues</b>	<b>12/31/2019</b>	<b>As a% of revenues</b>
Sales and service revenues	881,305	100.0%	706,319	100.0%
Cost of sales	(278,400)	31.6%	(217,628)	30.8%
<b>Gross profit</b>	<b>602,905</b>	<b>68.4%</b>	<b>488,691</b>	<b>69.2%</b>
Sales and marketing expenses	(144,064)	16.3%	(142,753)	20.2%
Research and development costs	(50,800)	5.8%	(47,948)	6.8%
General and administrative expenses	(72,083)	8.2%	(69,591)	9.9%
<b>Total operating expenses</b>	<b>(266,947)</b>	<b>30.3%</b>	<b>(260,292)</b>	<b>36.9%</b>
Other operating income (expense)	(11,732)	1.3%	(10,538)	1.5%
<b>EBIT</b>	<b>324,226</b>	<b>36.8%</b>	<b>217,861</b>	<b>30.8%</b>
Financial income/(expense)	(2,853)	0.3%	(1,574)	0.2%
<b>Profit before taxes</b>	<b>321,373</b>	<b>36.5%</b>	<b>216,287</b>	<b>30.6%</b>
Income taxes	(73,077)	8.3%	(40,552)	5.7%
<b>Net profit for the period</b>	<b>248,296</b>	<b>28.2%</b>	<b>175,735</b>	<b>24.9%</b>
<b>EBITDA <sup>(1)</sup></b>	<b>385,260</b>	<b>43.7%</b>	<b>276,833</b>	<b>39.2%</b>

<sup>(1)</sup> Looking at the data on the Table, the Board of Directors defines EBITDA as the “operating result” before amortization of intangibles and depreciation of property, plant and equipment. EBITDA is a measure used by the Company to monitor and evaluate the Group’s Parent Company 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 Parent Company operating result performance. Since the composition of EBITDA is not regulated by the reference accounting standards, the criterion of determination applied by the Group’s Parent Company may not be homogeneous with that adopted by other operators and/or groups and therefore it may not be comparable.

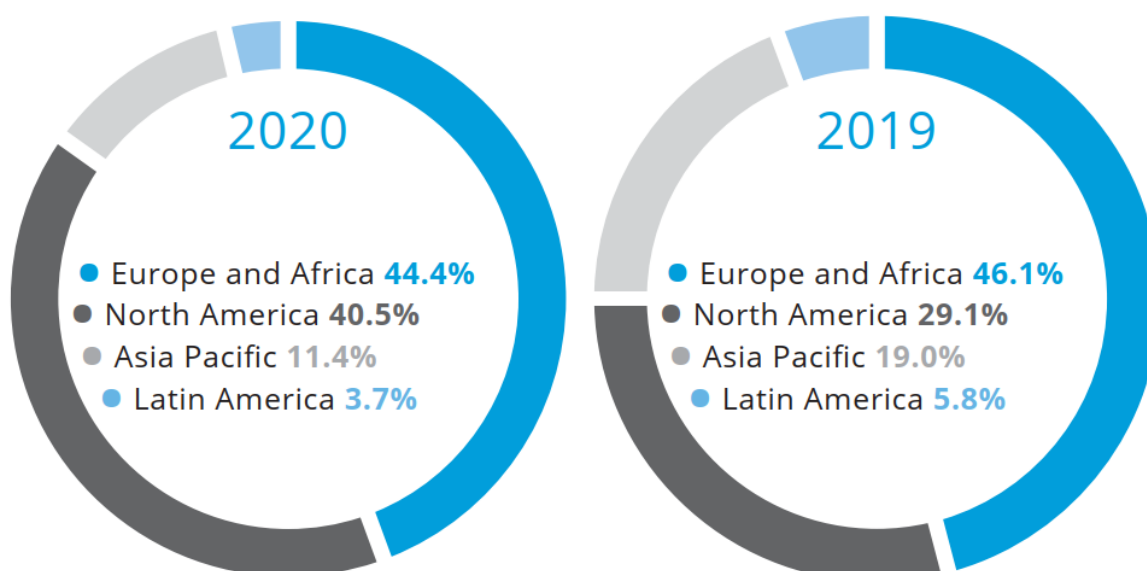


## Net revenues

In 2020, the DiaSorin Group generated **revenues amounting to € 881,305 thousand** (€ 706,319 thousand in 2019). The following provides a breakdown of revenues by geographic region of destination.

### *Breakdown of revenues by geographic region*

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>	<b>% Change at current exchange rates</b>	<b>% Change at constant exchange rates</b>
Europe and Africa	391,430	325,289	20.3%	20.5%
USA and Canada	357,117	205,792	73.5%	77.0%
Asia Pacific	100,598	134,267	-25.1%	-23.7%
Latin America	32,160	40,970	-21.5%	-7.5%
<b>Total on a like-for-like basis</b>	<b>881,305</b>	<b>706,319</b>	<b>24.8%</b>	<b>27.0%</b>



### *Europe and Africa*

Europe and Africa sales region generated sales of € 391,430 thousand, up 20.3 percentage points (+ 20.5% at CER). It should be noted that compared to 2019:

- i) revenues increased by 32.9% in Italy, on the back of COVID molecular sales and CLIA panel, particularly Latent Tuberculosis;
- ii) revenues in the German and Spanish markets increased by 3.0% and 77.1%, respectively, buoyed up by the positive trend of Tuberculosis and COVID tests;
- iii) positive performance in the French market, up 9.2%; COVID sales more than offset shrinking sales of routine tests caused by the pandemic;

- iv) revenues from distributors network were down 10.7% (-10.3% at CER). The decline was mainly due to the reduction in the volumes of routine tests following the spread of the Coronavirus.

#### *USA and Canada*

Revenues generated in this market in 2020 were € 357,117 thousand, up 73.5% (+ 77.0% at CER) compared to the previous year (€ 205,792 thousand).

Immunodiagnostic sales were up 0.5% (+2.6% at CER), mainly as a result of sales of COVID serological tests, only partially offset by the drop in Vitamin D and routine tests. Positive trend of Latent Tuberculosis tests and Stool testing panel.

Sales of molecular tests were up 240.0% (+246.7% at CER), largely due to the COVID test commercialization, which started in March 2020, and to the increase in FLU test sales.

#### *Asia Pacific*

Total revenues in 2020 amounted to € 100,598 thousand (€ 134,267 thousand in 2019), down 25.1% (-23.7% at CER) compared to the previous year.

This change (comments at CER) is the net result of:

- i) 32.2% decrease in sales in China due to the lockdown and the slowdown in normal diagnostic screening activities during the pandemic. It should be noted that molecular and serological COVID tests developed by the Group were not available in this geography during 2020;
- ii) decrease of 3.8% in sales generated in Australia

#### *Latin America*

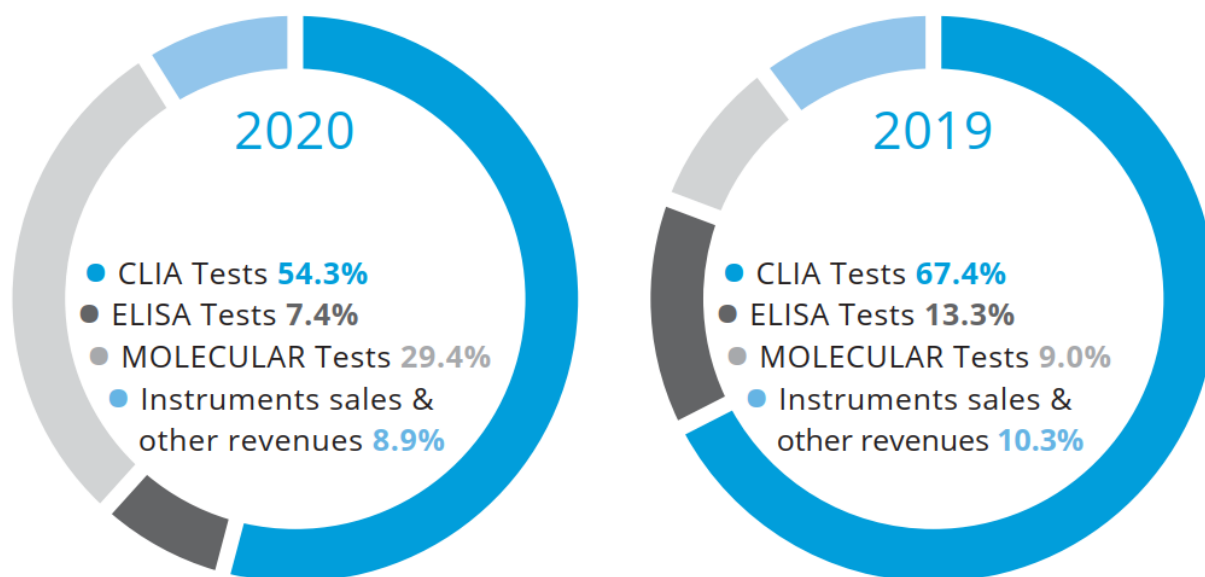
The Latin American sales region recorded revenues of € 32,160 thousand in 2020, down 21.5% (-7.5% at CER) as against € 40,970 thousand in 2019.

The change (at CER) is mainly attributable to the decrease in routine test volumes (pandemic effect), partially offset by the Brazilian market performance in the second half of 2020:

- i) sales in the Brazilian market, up 8.9%;
- ii) sales in the Mexican market, down 12.5%.

#### ***Breakdown of revenues by technology and installed base***

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
CLIA tests	54,3%	67,4%
ELISA tests	7,4%	13,3%
MOLECULAR tests	29,4%	9,0%
INSTRUMENTS SALES & OTHER REVENUES	8,9%	10,3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>



The breakdown of sales by technology is affected by the pandemic impact and in particular by the significant growth in molecular sales. CLIA sales accounted for 54.3% of the Group's total revenues in 2020, with a percentage weight down compared to 2019 (equal to 67.4%). On the other hand, the incidence of molecular sales on total revenues increased from 9.0% in 2019 to 29.4% in 2020, mainly due to the introduction of COVID tests. The percentage of total revenues represented by ELISA tests and instrument sales and other revenues decreased from 13.3% in 2019 to 7.4% in 2020 and from 10.3% in 2019 to 8.9% in 2020, respectively.

Net placements amounted to 486 instruments, thus bringing the total number of instruments installed to 8,775 units. LIAISON XL new installations were equal to 598.

## Operating performance

The gross profit of the period was € 602,901 thousand, up 23.4% compared to € 488,691 thousand in 2019, equal to 68.4% of revenues (69.2% in 2019). This change is mainly due to the different geographical and product mix.

Operating expenses amounted to € 266,947 thousand, up 2.6 percentage points compared to the previous year. The ratio of operating expenses to total revenues decreased to 30.3% in 2020 from 36.9% in 2019, mainly due to the operating leverage generated by the increase in revenues and the reduction in travel expenses and other discretionary expenses caused by the lockdown measures introduced to contain the pandemic.

Sales and marketing expenses, amounting to € 144,064 thousand, increased by € 1,311 thousand or 0.9% compared to 2019 (€ 142,753 thousand) and include, in addition to sales force costs, the costs to support the launch of new products and those relating to technical assistance on instrumentation at customers' premises. The increase in these costs is particularly contained compared to the increase in business volume and in the installed base, reducing its incidence on revenues by 3.9 percentage points.

Research and development costs, equal to € 50,800 thousand, increased by 5.9% compared to 2019 (€ 47,948 thousand). Their ratio to total revenues was 5.8% as against 6.8 percentage points in

2019. The increase in the absolute value of these costs is due in particular to the activities incurred to develop COVID tests.

Other operating expenses amounted to € 11,732 thousand (€ 10,538 thousand in 2019). The difference compared to the same period of 2019 is mainly attributable to write-down on some trade intangibles referring to the Indian branch, as a consequence of the slowdown in market development activities due to the COVID-19 pandemic, which severely hit this geography.

In 2020, EBITDA amounted to 385,260 thousand (€ 276,833 thousand in 2019), an increase of 39.2% or € 108,424 thousand compared to the previous year. EBITDA incidence to revenues increased from 39.2% in 2019 to 43.7% in 2020. It should be noted that, excluding the impact of exchange rates, EBITDA grew by 41.7% in absolute value compared to 2019, equal to 43.7 percentage points of revenues.

EBIT totaled € 324,226 thousand (€ 217,861 thousand in 2019), equal to 36.8% of revenues, as against 30.8% in 2019.

### **Financial income and expense**

In 2020, net financial expense amounted to € 2,853 thousand, as against net financial expense of €1,574 thousand in 2019.

Interest expense and other financial expense amounted to € 2,943 thousand compared to € 3,517 thousand in 2019 and include € 1,263 thousand in financial interest on leases. Net foreign exchange differences on other financial items were negative by € 992 thousand (positive by € 267 thousand in 2019) due to the impact of exchange rates fluctuations on financial balances expressed in currencies other than the reporting currency.

Lastly, 1,333 thousand arose from interests accrued on financial balances and time deposits (€ 2,659 thousand in 2019).

### **Profit before taxes and net profit**

The year 2020 ended with a result before taxes of € 321,373 thousand, up 48.6% compared to € 216,287 thousand in 2019, equal to 36.5% of revenues (30.6% in 2019).

Income taxes were € 73,077 thousand (€ 40,552 thousand in 2019), with a 22.7% tax rate compared to a 18.7% tax rate in 2019. The increase was attributable to a higher tax benefit following the completion of the Irish Group reorganization and the consequent advance taxes on the value of the assets transferred to Italy.

Finally, the net profit for the year amounted to € 248,296 thousand, an increase of € 72,561 thousand or 41.3% compared to the previous year, equal to 28.2% of revenues (24.9% in 2019).

## STATEMENT OF FINANCIAL POSITION OF THE GROUP AT DECEMBER 31, 2020

The consolidated statement of financial position at December 31, 2020 is shown below:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
Goodwill and Intangible assets	356,737	370,279
Property, plant and equipment	140,497	128,385
Other non-current assets	35,295	34,127
Net working capital	217,906	210,954
Other non-current liabilities	(99,463)	(67,984)
<b>Net invested capital</b>	<b>650,972</b>	<b>675,761</b>
<b>Net financial position</b>	<b>305,347</b>	<b>172,862</b>
<b>Total shareholders' equity</b>	<b>956,319</b>	<b>848,623</b>

At December 31, 2020 non-current assets slightly decreased to € 532,529 thousand compared to December 31, 2019 (€ 532,791 thousand). In 2020, tangible assets include the right-of-use value of the Chinese industrial building to be used for the manufacturing activities that the Group will launch in partnership with the local government.

It should be noted that the amount of non-current assets is affected by the exchange rates trend, which had a negative impact of over € 27 million compared to the value at December 31, 2019.

Other non-current liabilities amounted to € 99,463 thousand, an increase of € 31,479 thousand compared to December 31, 2019 due to the long-term liability relating to the put/call options under the new Joint Venture contract in China, recognized in accordance with the provisions of the reference accounting standards. The item also includes employee benefit plans and provisions for risks and charges.

A breakdown of net working capital is shown below:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
Trade receivables	165,678	132,513
Inventories	191,234	171,127
Trade payables	(65,485)	(55,733)
Other current assets/liabilities (1)	(73,521)	(36,953)
<b>Net working capital</b>	<b>217,906</b>	<b>210,954</b>

i) Other current assets/liabilities are defined as the algebraic sum of receivables and payables other than financial and commercial items

In 2020, the net working capital increased by € 6,952 thousand. The increase in trade receivables, equal to € 33,165 thousand, was due to the significant increase in revenues.

The increase of € 20,107 thousand compared to December 31, 2019, was due to higher manufacturing volumes to support increased sales and the introduction of new products.

Other current assets and liabilities recorded an increase in liabilities equal to € 35,295 thousand, as a result of increased net tax payables and payables to employees.

At December 31, 2020, the **net consolidated financial position** was **positive by € 305,347 thousand**. Further details are provided in the consolidated statement of cash flows.

The consolidated net financial position schedule is shown below:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
Cash and cash equivalents	339,881	157,552
<b>Liquid assets (a)</b>	<b>339,881</b>	<b>157,552</b>
<b>Other current financial assets (b)</b>	<b>126</b>	<b>44,588</b>

Current bank loans	(0)	(8)
IFRS16 current financial liabilities	(4,209)	(4,804)
<b>Current financial liabilities (c)</b>	<b>(4,209)</b>	<b>(4,812)</b>
<b>Net current financial assets (d) = (a) + (b) + (c)</b>	<b>335,798</b>	<b>197,328</b>
IFRS16 non-current financial liabilities	(30,451)	(24,466)
<b>Non-current financial liabilities (e)</b>	<b>(30,451)</b>	<b>(24,466)</b>
<b>Net financial position (f) = (d)+ (e)</b>	<b>305,347</b>	<b>172,862</b>

At December 31, 2020, the **consolidated shareholders' equity** was equal to **€ 956,319 thousand** (€ 848,623 thousand at December 31, 2019) and includes no. 1,226,112 treasury shares, equal to 2.19% of the share capital, for a total value of € 109,546 thousand.

The table below shows a reconciliation of the net result and shareholders' equity of the Group's Parent Company to the corresponding consolidated data at December 31, 2020:

<i>(€ thousands)</i>	<b>Net result at 12/31/2020</b>	<b>Shareholders' equity at 12/31/2020</b>
<b>Amount in the financial statements of the Parent Company DiaSorin S.p.A.</b>	<b>164,216</b>	<b>525,691</b>
Difference between the carrying amount of equity investments and the value of the underlying shareholders' equity	20,033	473,394
Profits/(Losses) of consolidated companies	159,052	-
Elimination of unrealized intra-Group profits, net of the applicable tax effect	(9,907)	(42,766)
Elimination of intra-group dividends	(85,399)	-
<b>Amount in the consolidated financial statements</b>	<b>248,296</b>	<b>956,319</b>

## ANALYSIS OF CONSOLIDATED CASH FLOWS

A complete statement of consolidated cash flows is provided in the financial statements. A schedule showing a condensed consolidated statement of cash flows, followed by a review of the main statement items and the changes that occurred compared to the previous year is provided below.

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>157,552</b>	<b>73,103</b>
Net cash from operating activities	304,562	232,670
Cash used for investing activities	(73,023)	(52,223)
Cash used from/(for) financing activities	(90,034)	(68,429)
Acquisitions of subsidiaries and business operations	-	(6,903)
<b><i>Change in net cash before investments in financial assets</i></b>	<b>141,505</b>	<b>105,115</b>
Investments in financial assets	40,824	(20,666)
<b><i>Change in net cash</i></b>	<b>182,329</b>	<b>84,449</b>
<b>Cash and cash equivalents at end of period</b>	<b>339,881</b>	<b>157,552</b>

At December, 31 2020, available **liquid assets** held by the Group amounted to **€ 339,881 thousand**, up € 182,329 thousand compared to 31 December 2019.

The cash flow from operating activities increased to € 304,562 thousand, up by € 71,892 thousand from the previous year, following the growth in the operating result. Tax payments amounted to € 36,891 thousand (as against € 42,612 thousand in 2019).

Net cash in investing activities amounted to € 73,023 thousand, compared to € 52,223 thousand in 2019.

In 2020, **free cash flow** was **€ 232,223 thousand**, an increase of € 52,152 thousand compared to **€ 180,072 thousand** in 2019.

The net cash from financing activities amounted to € 90,034 thousand, compared to € 68,429 thousand in 2019.

Dividend distribution amounted to € 52,053 thousand (€ 49,231 thousand in 2019) and the net purchase of treasury shares to serve the stock option plans for a net value of € 26,093 thousand.

## **TRANSACTIONS RESULTING FROM NON-RECURRING, ATYPICAL AND/OR UNUSUAL OPERATIONS**

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Consistent with Consob Communication No. DEM/6064293 of July 28, 2006, in 2020, the Group did not carry out atypical and/or unusual transactions as provided by the Communication, which defines as atypical and/or unusual transactions those transactions that, because of their significance/materiality, type of counterparty, purpose, method used to determine the transfer price and timing (close to the end of the year), could give rise to doubts with regard to: the accuracy/completeness of the disclosure provided in the financial statements, conflict of interests, safety of the corporate assets and protection of minority shareholders.



## **MAIN RISKS AND UNCERTAINTIES TO WHICH DIASORIN S.P.A AND THE GROUP ARE EXPOSED**

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### **Risks related to general economic conditions**

The income statement and financial position of DiaSorin S.p.A. and the Group are unavoidably affected by macroeconomic factors beyond the Company's control.

In the vast majority of the markets where the Group operates, the products distributed by the DiaSorin Group are part of basic medical care coverage, which, generally, is funded by national health services or private insurance companies. Some countries where the Group operates may question costs of welfare system, in which health care has a central role. This phenomenon can lead to increase pressure to reduce refunds for medical care and, in some cases, the volumes of laboratory tests ordered by physicians.

This implies an impact on the market where DiaSorin operates, despite diagnostics accounts for only a marginal portion of health care spending in the main industrialized countries.

FY 2020 was impacted by the spread of the COVID-19 pandemic which caused a global and unprecedented macroeconomic shock; in this context, the sector in which DiaSorin operates has not been subject to any restrictive measure that governmental authorities implemented to face this emergency. Therefore, DiaSorin has continued its research, manufacturing and distribution activities without disruptions in all the Group sites, in compliance with the provisions intended to ensure its workers safety. For this reason, the Company has not identified significant COVID-19-related risks which may threaten its business continuity.

### **Risks related to the Group's international presence and expansion**

Because of their presence in several countries in Europe and elsewhere in the world, the Company and the Group are exposed to numerous risk factors. Moreover, the Group's success and its international development are tied to its ability to expand sales of its products to emerging markets. However, under the current economic conditions, which have been negatively impacted by the current pandemic, some markets are characterized by social, economic and political instability. In countries where it does not operate through a subsidiary, the Group uses independent distributors to sell its products. As a rule, these distributors are small or medium-sized companies with limited financial resources, whose risk could be to slow sales growth in the abovementioned countries or increase the risk that a distributor may become insolvent.

### **Risks related to funding requirements**

A prudent cash management strategy includes maintaining sufficient cash or readily available assets and credit lines, to meet immediate liquidity needs. Cash flows, funding requirements and liquidity levels are monitored centrally to ensure promptly and effectively the availability of financial resources and invest appropriately any excess liquidity.

Management believes that the funds and credit lines currently available, when combined with the resources generated by operating and financing activities, will enable the Group to meet the obligations resulting from its capital investment programs, working capital requirements and the need to repay its indebtedness upon maturity.

### **Credit risk**

In some emerging countries, the Company's and the Group's liquidity may be constrained by the limited financial liquidity of local customers and therefore the collection terms may be significantly longer than the contractual payment terms.

### **Risks related to fluctuations in foreign exchange and interest rates**

The Group operates in countries and markets where the reporting currency is not the euro and, consequently, it is exposed to the risk related to fluctuation in foreign exchange rates. The main currencies exposing the Group to risk of fluctuations in exchange rates are the US Dollar (accounting for about 40% of revenues in 2020), the Chinese yuan (accounting for about 5% of revenues in 2020), and the Canadian dollar (accounting for about 3% of revenues in 2020). Future fluctuations of the euro versus other currencies may have an impact on the income statement, balance sheet and financial position of the Company and the Group.

As for fluctuations in interest rates, the Group is not exposed to risks related to fluctuation in foreign exchange rates considering the low level of indebtedness of the Group.

### **Commercial risk**

DiaSorin operates in a market characterized by major competitors that use particularly aggressive strategies and exert pressure on sales price. This applies to high volume products, the so-called mainstream products, that are presented by every competitor. To limit this risk, DiaSorin developed an important specialty menu to enter niche markets. Furthermore, following the trend recorded in countries where small lab chains merged into big chains, there could be a concentration of revenues by some major customers, especially in the United States. Potential risks connected to this phenomenon are mitigated through the adoption of long-term contracts and the implementation of a commercial strategy aimed at expanding the customer base, which is composed of medium and small-sized hospital laboratories.

## SIGNIFICANT EVENTS OCCURRING AFTER DECEMBER 31, 2019 AND BUSINESS OUTLOOK

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No significant events occurred after December 31, 2020.

In light of the Group's business outlook, 2020, Management expects, at constant exchange rates and perimeter, the following for H1'2020:

Revenues: growth of approximately 40%

Ebitda Margin: equal to approximately 45%

Given the uncertainty of the macroeconomic and health context expected in the forthcoming months, Diasorin is unable to provide a guidance for the full year.

The Company constantly monitors the main economic and financial indicators and reserves the right to provide updates to the market when there is greater visibility on business evolution.

## REVIEW OF THE OPERATING PERFORMANCE AND FINANCIAL POSITION OF DIASORIN S.P.A.

### FOREWORD

The 2020 separate financial statements have been prepared in compliance with the International Accounting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”) and approved by the European Union and are consistent with the provisions issued in implementation of Art. 9 of Legislative Decree No. 38/2005.

### INCOME STATEMENT 2020 AND COMPARISON WITH 2019

<i>(€ thousands)</i>	<b>2020</b>	<b>as a % of revenues</b>	<b>2019</b>	<b>as a % of revenues</b>
Sales and service revenues	471,019	100.0%	395,079	100.0%
Cost of sales	(241,931)	51.4%	(214,235)	54.2%
<b>Gross profit</b>	<b>229,088</b>	<b>48.6%</b>	<b>180,844</b>	<b>45.8%</b>
Sales and marketing expenses	(33,101)	7.0%	(36,516)	9.2%
Research and development costs	(27,768)	5.9%	(22,564)	5.7%
General and administrative expenses	(36,769)	7.8%	(33,706)	8.5%
<b>Total operating expenses</b>	<b>(97,638)</b>	<b>20.7%</b>	<b>(92,786)</b>	<b>23.5%</b>
Other operating income (expenses)	(1,484)	0.3%	(4,280)	1.1%
<b>EBIT</b>	<b>129,966</b>	<b>27.6%</b>	<b>83,778</b>	<b>21.2%</b>
Financial income/(expense)	62,533	13.3%	44,062	11.2%
<b>Profit before taxes</b>	<b>192,499</b>	<b>40.9%</b>	<b>127,840</b>	<b>32.4%</b>
Income taxes	(28,283)	6.0%	(14,192)	3.6%
<b>Result for the reporting period</b>	<b>164,216</b>	<b>34.9%</b>	<b>113,648</b>	<b>28.8%</b>
<b>EBITDA <sup>(1)</sup></b>	<b>152,758</b>	<b>32.4%</b>	<b>105,068</b>	<b>26.6%</b>

<sup>(1)</sup> Looking at the data on the Table, the Board of Directors defines EBITDA as the “operating result” before amortization of intangibles and depreciation of property, plant and equipment. EBITDA is a measure used by the Company to monitor and evaluate the Group’s Parent Company 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 Parent Company operating result performance. Since the composition of EBITDA is not regulated by the reference accounting standards, the criterion of determination applied by the Group’s Parent Company may not be homogeneous with that adopted by other operators and/or groups and therefore it may not be comparable.

## Net revenues

In 2020, the Group's Parent Company reported net revenues of € 471,019 thousand (€ 395,079 thousand in 2019), up 19.2 percentage points compared to the previous year. The following provides a breakdown of revenues by geographic region of destination.

### *Breakdown of revenues by geographic region*

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>	<b>% Change</b>
<b>Revenues from third customers - Italy</b>	<b>124,194</b>	<b>93,855</b>	<b>32.3%</b>
<b>Revenues from third customers - International</b>	<b>57,849</b>	<b>66,718</b>	<b>-13.3%</b>
Europe and Africa	16,692	18,046	-7.5%
Asia Pacific	32,715	37,506	-12.8%
USA and Canada	-	-	n.a.
Latin America	8,441	11,166	-24.4%
<b>Intercompany revenues</b>	<b>288,976</b>	<b>234,506</b>	<b>23.2%</b>
Europe and Africa	165,979	130,910	26.8%
Asia Pacific	31,540	51,176	-38.4%
USA and Canada	81,194	42,605	90.6%
Latin America	10,263	9,815	4.6%
<b>Total</b>	<b>471,019</b>	<b>395,079</b>	<b>19.2%</b>

In 2020, the Group's Parent Company's revenues amounted to € 124,194 thousand, with an increase of € 30,339 thousand, up 32.3 percentage points compared to 2019. This growth was mainly driven by sales of COVID molecular tests (so-called "swab") and by sales of QuantiFERON Latent Tuberculosis tests.

Third-party revenues from international customers amounted to € 57,849 thousand, a decrease of € 8,869 thousand compared to 2019 (-13.3%). The decline is mainly due to the reduction in routine tests during lockdown periods, only partially offset by sales of COVID-19 tests.

Intercompany revenues, equal to € 288,976 thousand, were up 23.2 percentage points between the years under comparison (equal to € 54,470 thousand). This growth is detailed as follows by geographical area:

- (1) Revenue growth in the European markets, equal to € 35,069 thousand (+ 26.8%)
- (2) drop in sales in Asia Pacific (-38.4%); sales of COVID-19 tests in the Indian and Australian markets did not offset the significant reduction in routine tests in this area, and mainly in China, during lockdowns;
- (3) revenue growth of 90.6%, equal to € 38,589 thousand, in the US and Canadian markets;
- (4) 4.6% increase in the Latin American market.

### *Breakdown of revenues by technology*

<i>% impact on revenues</i>	<b>2020</b>	<b>2019</b>
CLIA tests	64.7%	68.6%
ELISA tests	7.3%	12.1%
MOLECULAR tests	9.6%	0.6%
Instrument sales and other revenues	18.4%	18.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

The increase in the contribution provided by Molecular technology, accounting for 9.6% of total Parent Company's revenues, was mainly due to sales of COVID- 19 molecular tests on the domestic market and to the European subsidiaries.

The increasing number of LIAISON XL analyzers in the domestic market was equal to +88 units compared to 2019. At December 31, 2020, LIAISON XL installed base totaled 647 instruments out of 890 total analyzers placed on the market.

## **Operating performance**

The Parent Company's gross profit totaled € 229,088 thousand, up 26.7% compared to 2019; the ratio of gross profit to revenues showed an increase compared to 2019 (+2.9%), due to a different mix of products distributed in the periods under comparison and the increase in the contribution provided by the direct channel vis-à-vis subsidiaries or distributors.

Operating expenses amounted to € 97,638 thousand; their ratio to total revenues was 20.7% in 2020 from 23.5% in 2019, considerably down compared to the growth in revenues.

Other operating charges and income were negative by € 1,484 thousand (negative by € 4,280 thousand in 2019) as a result of higher expenses related to the functional reorganization of certain company areas in Italy.

EBITDA amounted to €152,758 thousand, up 45.4% compared to € 105,068 thousand in 2019, with an incidence to revenues of 32.4% as against 26.6% in 2019 and 5.8 percentage points higher compared to 2019, due to a stronger operating leverage attributable to the abovementioned factors.

EBIT amounted to € 129,966 thousand, an increase of € 46,188 thousand compared to 2019 (+55.1%), equal to 27.6% of revenues (21.2% in 2019).

## **Financial performance**

In 2020, net financial income amounted to € 62,533 thousand, as against € 44,062 thousand in 2019.

The amount includes dividends received from subsidiaries, amounting to € 85,399 thousand in 2020, as against € 46,910 thousand in 2019, and write-down of investments in subsidiaries for € 20,332 thousand in 2020, vis-à-vis € 1,338 thousand in 2019.

Fees on factoring transactions amounted to € 486 thousand (€ 447 thousand in 2019), as a consequence of increased revenues in the domestic market and a decrease in the collection of interests accrued on past-due position, amounting to € 58 thousand (€ 157 thousand in 2019).

In 2020, net interest income from Group companies equal to € 1,071 thousand (€ 943 thousand in 2019) derived from loans provided to subsidiaries for an amount of € 1,057 thousand.

The item includes the write-down of the investment in DiaSorin Diagnostics Ireland Ltd, for an amount of € 16,999 thousand and Diasorin South Africa PTY Ltd for € 3,333 thousand, as a result of the adjustment to bring its value in line with the corresponding net asset value.

Foreign exchange differences on other financial balances, which were negative by € 703 thousand (positive and amounting to € 318 thousand in 2019), include a negative amount of € 63 thousand for the closure of hedging instruments (negative by € 108 thousand in 2019), whilst exchange differences on intercompany financing facilities and bank accounts were negative by € 640 thousand (positive by € 425 thousand in 2019).

## **Profit before taxes and net profit**

In 2020, the Parent Company's profit before taxes amounted to € 192,499 thousand, up 50.6% compared to € 127,840 thousand in 2019, due to the increase in revenues along with a stronger operating leverage and increased dividends from subsidiaries. The impact on turnover was 40.9% (32.4% in 2019).

The income tax liability in 2020 amounted to € 28,283 thousand, with a 14.7% tax rate. The increase compared to 2019 was the net result of increased dividends and the corresponding non-deductible amount and a lower economic contribution for the use of intangibles (the so-called Patent Box).

Lastly, the net profit was € 164,216 thousand, up 44.5% as against € 113,648 thousand in 2019, equal to 34.9% of revenues from 28.8% in 2019, as a result of the combined effects above.

## STATEMENT OF FINANCIAL POSITION OF THE GROUP'S PARENT COMPANY AT DECEMBER 31, 2020

The table below shows a breakdown of the financial position of the Group's Parent Company at December 31, 2020:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
Goodwill and other Intangible Assets	117,419	115,813
Total property, plant and equipment	63,311	62,268
Equity investments	113,476	142,172
Other non-current assets	8,852	7,574
Net working capital	149,857	138,143
Other non-current liabilities	(27,410)	(24,254)
<b>Net invested capital</b>	<b>425,505</b>	<b>441,716</b>
<b>Net financial position</b>	<b>100,186</b>	<b>(6,358)</b>
<b>Shareholders' equity</b>	<b>525,691</b>	<b>435,358</b>

Non-current assets (excluding financial receivables) decreased to € 303,058 thousand compared to December 31, 2019 (€ 327,827 thousand), due to the decrease in value of equity investments following dividend distribution.

The increase in other intangible assets reflected greater capitalization of research and development costs.

Non-current liabilities were € 27,410 thousand, an increase of € 3.156 thousand compared to December 31, 2019 and include employee benefits, provisions for risks and charges and long-term payables.

A breakdown of net working capital is provided below:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>	<b>Change</b>
Trade receivables	135,036	111,762	23,274
Inventories	112,565	102,838	9,727
Trade payables	(65,386)	(64,880)	(506)
Other current assets/liabilities <sup>(1)</sup>	(32,358)	(11,577)	(20,781)
<b>Net working capital</b>	<b>149,857</b>	<b>138,143</b>	<b>11,714</b>

(1) The item other current assets/liabilities is defined as the algebraic sum of receivables and payables other than financial and commercial items.

In 2020, net working capital recorded an increase of € 11,714 thousand.

The increase of € 9,727 thousand in ending inventories is due to the growth in manufacturing volumes to support increased revenues.

Trade receivables increased by € 23,274 thousand compared to December 31, 2019, mainly due to the contribution provided by the other Group companies as a consequence of the growth in the overall turnover. Trade payables amounted to € 65,386 thousand at December 31, 2020, in line with 2019.

Other current assets/liabilities were negative by € 32,358 thousand at December 31, 2020, an increase of € 20,781 thousand compared to 2019. The change is attributable to the increase in tax payables due to a higher tax rate and a decrease in other current tax receivables from tax authorities.



At December 31, 2020, the Parent Company's **net financial position** was positive by **€ 100,186 thousand**. Further details are provided in the section on consolidated statement of cash flow of DiaSorin S.p.A.

The table that follows provides a breakdown of the net financial position (\*)

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
Cash and cash equivalents	134,304	38,444
<b>Liquid assets (a)</b>	<b>134,304</b>	<b>38,444</b>
Other current financial assets	126	49
Current financial receivables owed by Group companies	6,013	7,786
<b>Other current financial assets (b)</b>	<b>6,139</b>	<b>7,835</b>
Current financial liabilities owed to Group companies	(70,735)	(90,012)
IFRS16 current financial liabilities	(1,036)	(1,165)
<b>Current financial liabilities (c)</b>	<b>(71,771)</b>	<b>(91,177)</b>
<b>Net current financial assets (d)=(a)+(b)+(c)</b>	<b>68,672</b>	<b>(44,898)</b>
Non-current financial receivables owed by Group companies	41,826	49,920
<b>Net non-current financial assets (e)</b>	<b>41,826</b>	<b>49,920</b>
IFRS16 non-current financial liabilities	(10,312)	(11,380)
<b>Non-current financial liabilities (f)</b>	<b>(10,312)</b>	<b>(11,380)</b>
<b>Net non-current financial assets (e)</b>	<b>31,514</b>	<b>38,540</b>
<b>Net financial position (f)=(d)+(e)</b>	<b>100,186</b>	<b>(6,358)</b>

(\*) In accordance with the Consob Communication no. DEM/6064293 of 28 July 2006 the net financial position does not include non-current financial assets.

At December 31, 2020, **shareholders' equity** amounting to **€ 525,691 thousand** (€ 435.358 thousand at December 31, 2019) included no. 1,226,112 treasury shares, equal to 2.19% of the share capital, for a total of € 109,546 thousand. In 2020, the change in the reserve for treasury share was due to the purchase of treasury shares for € 35,417 thousand, net of the exercise of 124.000 total options related to the 2016 Stock Option Plans (no. 42,000 options) and 2017 Stock Option Plan (82,000 option), for a total amount of € 7,720 thousand.

## ANALYSIS OF CASH FLOW

A complete statement of cash flow is provided in the financial statements. A schedule showing the statement of cash flow, followed by a review of the main statement items and the changes that occurred compared to 2019, is provided below:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>38,444</b>	<b>15,199</b>
Cash provided by operating activities	115,473	103,145
Cash used in investing activities	(25,530)	(28,270)
Cash provided by financing activities	5,917	(44,727)
Acquisitions of subsidiaries and business operations	-	(6,903)
<b>Net change in cash and cash equivalents</b>	<b>95,860</b>	<b>23,245</b>
<b>Net change in cash</b>	<b>95,860</b>	<b>23,245</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>134,304</b>	<b>38,444</b>

At December 31, 2020, available **liquid assets** held by the Group's Parent Company amounted to **€ 134,304 thousand**, an increase of € 38,444 thousand compared to December 31, 2019.

The cash flow from operating activities amounted to € 115,473 thousand, as against € 103,145 thousand in 2019. Cash used in investing activities totaled € 25,530 thousand, as against € 28,270 thousand in 2019. Investments in medical equipment totaled € 6,026 thousand (€ 4,924 thousand in 2019), investments in manufacturing and distribution equipment needed to support the manufacturing operations amounted to € 1,406 thousand (€ 3,500 thousand in 2019). In addition, development costs of € 8,362 thousand were capitalized in 2020 vs. development costs of € 9,810 thousand in 2019.

A breakdown is as follows:

- Distribution of ordinary dividend equal to € 52,053 thousand (€ 49,231 in 2019);
- Purchase and sale of treasury shares to serve the stock options plans for an amount of € 26,093 thousand (sale of treasury shares equal to € 7,016 thousand in 2019);
- Dividends collection from Group companies amounting to € 95,699 thousand (€ 92,433 thousand in 2019);
- Decrease of financial items vis-à-vis Group companies for a total of € 8,905 thousand (decrease of € 73,959 thousand in 2019).

## RELATED-PARTY TRANSACTIONS

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In the normal course of business, DiaSorin S.p.A. engages on a regular basis in commercial and financial transactions with its subsidiaries, which are also Group companies. These transactions, which are executed on standard market terms, consist of the supply of goods and services, including administrative, information technology, personnel management, technical support and consulting services, which produce receivables and payables at the end of the year, and financing and cash management transactions, which produce income and expenses.

The impact of these transactions on the single items of the statement of financial position, the income statement and the cash flow is summarized in the financial statements and detailed in the Note 29 of the consolidated and in the and Note 28 of the annual Financial Statements.

The “Procedure for Related-Party Transactions” for 2020 can be consulted on the company’s website (<http://www.diasoringroup.com>).

# **REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE**

**Pursuant to article 123-*bis* “TUF”**

**(Traditional management and control model)**

**Issuer:** DIASORIN S.p.A.

**Website:** [www.diasoringroup.com](http://www.diasoringroup.com)

**Financial year to which the Report refers:** 2020

**Date of approval of the Report:** March 11, 2021

## GLOSSARY

**“Code/ Code of Conduct”**: the Code of Conduct for Listed Companies approved in July 2018 by the Committee for the Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, available at [www.borsaitaliana.it](http://www.borsaitaliana.it);

**“Corporate Governance Code/CG Code”**: the Corporate Governance Code for Listed Companies approved in January 2020 by the Committee for the Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, available at [www.borsaitaliana.it](http://www.borsaitaliana.it);

**“Civil Code. /c.c.”**: the Italian Civil Code.

**“Board” or “Board of Directors”**: the Board of Directors of the Issuer.

**“Issuer”, “Company” or “Diasorin”**: DiaSorin S.p.A., the securities Issuer to which the Report refers.

**“Reporting year”**: the year to which the Report refers.

**“Consob Issuers’ Regulations or Issuers’ Regulations”**: Regulations issued by Consob with Resolution No. 11971 of 1999 (as amended) on issuers.

**“Consob Market Regulations”**: Regulations issued by Consob with Resolution No. 20249 of 2017 (as amended) on markets.

**“Consob Related Parties Regulations”**: Regulations issued by Consob with Resolution No. 17221 of March 12, 2010 (as amended) on related-party transactions.

**“Report”**: Report on corporate governance and ownership structure pursuant to Article 123-*bis* of the TUF.

**“TUF/ Testo Unico della Finanza- Consolidated Law on Financial Intermediation”**: Legislative Decree No.58 of February 24, 1998 (as amended).

## 1. PROFILE OF THE ISSUER

Diasorin S.p.A. was granted permission to trade on the Italian Telematic Stock Market organized and managed by Borsa Italiana S.p.A (“MTA”), Star segment, on July 19, 2007.

Subsequently, after the company entered the FTSE MIB Index (where it was listed until December 23, 2013 and then listed again on December 4, 2018, until today), the Issuer submitted a request of voluntary exclusion from the STAR segment.

The Issuer does not qualify as a SME, pursuant to art 1, paragraph 1, letter *w-quater.1*), of the TUF and to art. 2-*ter* of the Consob Issuers’ Regulations.

Diasorin’s system of Corporate Governance, as described in this Report, is consistent with the main recommendations of the Code of Conduct (subject to the specifications provided in this Report), and with the Corporate Governance Code, where appropriate.

This Report reviews the corporate governance structure as set forth in the Bylaws in force.

Diasorin is organized in accordance with the conventional management and control model referred to in articles 2380-*bis* and following of the Italian Civil Code. Accordingly, it includes a Shareholders’ Meeting, a Board of Directors and a Board of Statutory Auditors.

Pursuant to a resolution approved by the Shareholders’ Meeting on April 28, 2016, the independent auditing function has been awarded to “PricewaterhouseCoopers S.p.A.”. The assignment will end upon approval of the financial statements as of December 31, 2024.

## 2. INFORMATION ABOUT SHARE OWNERSHIP (PURSUANT TO ART. 123-BIS, SECTION 1, TUF) AS AT DECEMBER 31, 2020.

### a) Share capital structure (pursuant to art. 123-*bis*, section 1, letter a), TUF)

As at December 31, 2020, a breakdown of the Company’s share capital of 55,948,257.00 (subscribed and fully paid-in) is as follows:

SHARE CAPITAL STRUCTURE					
	<i>Number of shares</i>	<i>% on the share capital</i>	<i>Number of voting rights**</i>	<i>Listed</i>	<i>Rights and obligations</i>
<i>Ordinary share (par value 1 € each)</i>	55,948,257*	100%	83,793,011	MTA	Rights and obligations are those provided in arts. 2346 et seq. of the Civil Code. Specifically, each share gives right to one vote, without prejudice to the shares that accrued increased voting rights, pursuant to art. 9- <i>bis</i> of the Bylaws.

\* No. 1,188,812 treasury shares held in the company’s portfolio; the number of treasury shares was equal to 1,226,112 at 12.31.2020.

\*\* The amount of voting rights was equal to 83,839,503 at 12.31.2020.

In 2020, a number of shareholders, each of them holding a number of voting rights lower than 3% of the total amount of voting rights, accrued increased voting rights in accordance with article 9-*bis* of the Bylaws. As at December 31, 2020, no. 27,891,246 shares accrued increased voting rights (see Section 2, Lett. **d**). No change occurred in the amount as at the date of this Report.

Total amount of voting rights, the updated list of Shareholders registered in the Special List to benefit of increased voting rights and holding more than 3% of the company’s share capital, along with Shareholders entitled to increased voting rights (two votes for each share held) and holding a number of voting rights exceeding 3% of the total amount of voting rights are available, pursuant to art. 85-*bis*, section 4-*bis* and 143-*quater*, section 5, of the Consob Issuers’ Regulations, at [www.diasoringroup.com](http://www.diasoringroup.com) in the Section “Governance/Information for Shareholders/Increased voting rights”, where further information on increased voting rights is provided.

## Stock option plans

The terms of the Stock Option Plans currently in force and, specifically, “DiaSorin S.p.A. 2016 Stock Option Plan” (“**2016 Plan**”), “DiaSorin S.p.A. 2017 Stock Option Plan” (“**2017 Plan**”), “DiaSorin S.p.A. 2018 Stock Option Plan” (“**2018 Plan**”), “DiaSorin S.p.A. 2019 Stock Option Plan” (“**2019 Plan**”) and “DiaSorin S.p.A. 2020 Stock Option Plan” (“**2020 Plan**”) are available in the Disclosure Memoranda on the Issuer’s website ([www.diasoringroup.com](http://www.diasoringroup.com), [Section “Governance/Information for Shareholders/Stock Options Plans”](#)). Updates are reported in the Report on the remuneration policy and fees paid available on the Issuer’s website in the Section “Governance/Shareholders’ Meeting and board/2021”.

### b) Restrictions on transfer of securities (pursuant to art. 123-bis, section 1, letter b), TUF)

No restrictions on transfer of securities have been issued.

### c) Significant equity interests (pursuant to art. 123-bis, section 1, letter c), TUF)

As of the date of this Report, Shareholders holding, directly or indirectly, equity investments exceeding 3% interest in share capital (and/or a number of voting rights exceeding 3% of the total amount of voting rights), through pyramid structures and cross-shareholdings, in accordance with communications made pursuant to Art. 120 of the TUF and with information available to the Company, are as follows:

SIGNIFICANT EQUITY INTEREST					
Reporting party	Direct shareholders	Number of shares	% of share capital*	Number of voting rights**	% of voting rights
<b>Finde SS</b>	IP Investimenti e Partecipazioni S.r.l.	24,593,454	44.976	49,186,908	60.028
	Finde S.p.A.	570,000		1,140,000	
<b>Rosa Carlo</b>	Sarago S.r.l.	2,402,532	8.363	4,805,064	8.447
	Sarago 1 S.r.l.	2,226,682		2,226,682	
	Rosa Carlo	50,000		50,000	
<b>Even Chen Menachem</b>	MC S.r.l.	2,300,000	4.200	2,300,000	2.803
	Even Chen Menachem	50,000		50,000	
<b>T. Rowe Price Associates, Inc.</b>	T. Rowe Price Associates, Inc.	1,696,073	3.031	1,696,073	2.023

\* Share capital consists of 55,948,257 shares (par value of €1.00).

\*\* At 12.31.20 the total amount of voting rights was 83,839,503 - unchanged as of the date of this Report.

### d) Securities conveying special rights (pursuant to art. 123-bis, section 1, letter d), TUF)

On April 28, 2016, the Shareholders’ Meeting approved amendments to the Company Bylaws, pursuant to art. 127-*quinquies* of Legislative Decree no. 58/1998 (“TUF”), providing that two votes are attributed to each share that has been held by the same shareholder for a continuous period of at least twenty-four months from the date of registration in a special list (the “**Special List**”). The Shareholder may apply for the registration in the Special List at any time by the fifth trading day from the end of each calendar month and, in any case, by the trading day following the date as set forth in Article 83-*sexies*, paragraph 2 of the Legislative Decree 58/1998 (record date).

At December 31, 2020, shares that accrued increased voting rights amounted to 27,891,246; no change in the amount occurred at the date of this Report; the total amount of voting rights was 83,839,503 (see Section 2, Lett. a).

The list of Shareholders who, at the date of this Report, have obtained the registration to the Special List to benefit of increased voting rights for a holding exceeding 3% of the company share capital, the list of Shareholders who have an amount of voting rights exceeding 3% of the total amount of increased voting rights, and the total amount of voting rights are available on the Issuer's website ([www.diasoringroup.com](http://www.diasoringroup.com), Section "Governance/ Information for Shareholders/Increased voting rights") where additional information on increased voting rights is provided.

**e) Employee stock ownership: mechanisms for the exercise of voting rights (pursuant to art. 123-bis, section 1, letter e), TUF)**

No employee stock ownership plans have been issued, as defined in Article 123-bis, section 1, letter e), of the TUF.

**f) Restrictions on voting rights (pursuant to art. 123-bis, section 1, letter f), TUF)**

No restrictions of voting rights have been issued.

**g) Shareholders' agreements (pursuant to art. 123-bis, section 1, letter g), TUF)**

As far as the Issuer is aware, as at December 31, 2020, there were no agreements pursuant to Article 122 of the TUF.

**h) Change of control clauses (pursuant to art. 123-bis, section 1, letter h), TUF) and of the bylaws on takeover bids (pursuant to art. 104, section 1-ter, and 104-bis, section 1, TUF)**

There are no significant agreements in place to which the Issuer or other Group Party is a party that become effective if a change of control occurs involving the Company, except for what is set forth on these clauses in the Report on the remuneration policy and fees paid published pursuant to Article 123-ter of the TUF on the Issuer's website [www.diasoringroup.com](http://www.diasoringroup.com) in the Section "Investors/Information for Shareholders, Shareholders' Meeting and board/2021", to which reference is made. The Issuer's Bylaws do not include exemptions to the provisions of the passivity rule envisaged by art. 104, Section 1 and 1-bis of the TUF nor do they provide for application of the neutralization rules referred to in Art. 104-bis, section 2 and 3, of the TUF.

**i) Proxies for share capital increase and authorization to purchase treasury shares (pursuant to art. 123-bis, section 1, letter m), TUF)**

On April 24, 2019, the Shareholders' Meeting approved a motion to authorize the purchase and disposal of Diasorin S.p.A. common shares to serve the stock option plan called the "2017 Plan" (approved on April 27, 2017 by the Shareholders' Meeting, and for which a program for the purchase of treasury shares had already been authorized, and only partially executed, by the same Shareholders' Meeting), along with the 2019 Plan. Pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the Shareholders' Meeting authorized the Board of Directors, and the Chairman and the Chief Executive Officer on the Board's behalf, to purchase, in one or more tranches, over a period of 18 months counting from the date of corresponding resolution of the Ordinary Shareholders' Meeting, up to 200,000 Company common shares. On June 17, 2020, the Board of Directors initiated the treasury shares buy-back plan; the treasury shares buy-back plan ended on October 23, 2020, with the purchase of 192,511 common shares, equal to 0.3441% of the Company's share capital for a total value of € 35,416,578.68.

In 2020, by a resolution dated June 10, 2020, the Shareholders' Meeting approved a motion to authorize the purchase and disposal of Diasorin S.p.A. common shares to serve the 2020 Plan (approved by a resolution of the Shareholders' Meeting on the same date). The Shareholders' Meeting resolved to:



- authorize, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the purchase, in one or more instalments over a period of 18 months counting from the date of the Shareholders' Meeting's resolution, of maximum no. 100.000 Company common shares for a consideration that may never be lower by more than 15% or higher by more than 15% than the official price posted for the DiaSorin shares during the stock market trading session that preceded each buy transaction, consistent with conditions and restrictions for trading set forth in Articles 3 and 4 of Delegated Regulation (EU) no. 2016/1052; however, the maximum number of treasury shares held at any time in implementation of this resolution shall never exceed the ceiling set forth in the current applicable regulations, counting also any Company shares from time to time held by the Company and by its subsidiaries;

- empower the Board of Directors, and the Board Chairman and the Chief Executive Officer on the Board's behalf, acting either jointly or severally, to proceed with purchases of the shares for the purposes and on the terms set forth above, as gradually as it may be appropriate in the Company's interest, and in the manner required by the Issuers' Regulations in accordance with Article 132 of TUF, granting them the broadest powers for the execution of transactions subject of this resolution and any other related formality, including retaining the services of intermediaries qualified pursuant to law, with the option of appointing special representatives;

- empower the Board of Directors, and the Board Chairman and the Chief Executive Officer on the Board's behalf, acting either jointly or severally and through representatives, so that, pursuant to and for the purpose of Article 2537-ter of the Italian Civil Code, to dispose of the treasury shares purchased in accordance with this resolution at any time, in whole or in part, in one or more instalments, without time limits, even before completing the planned purchases, as follows: (i) through allocation to the Beneficiaries of the 2020 Plan, in accordance with the terms and conditions of the same 2020 Plan; (ii) residually, should there be any remaining treasury shares when the 2020 Plan expires (or the 2020 Plan is fully utilized or becomes wholly or partly ineffective), through destination for other purposes permitted by law, including their use to serve other Stock Option Plans adopted by the Company under the terms and conditions established by the Plans themselves or through transactions in a regulated market or through other methods of disposition allowed by the applicable regulations, provided that any sale on the regulated market shall not have a price per share lower by more than 15% than the official price posted for the DiaSorin shares during the stock market trading session that preceded each transaction; transactions involving the disposal of treasury shares held by the Company shall always be executed in accordance with the laws and regulations in force governing the trading in listed securities, including the procedures contemplated under Article 13 of MAR. Transactions may be carried out in one or more instalments, as gradually as it may be deemed appropriate in the Company's interest.

The Shareholders' Meeting ordered that, pursuant to law, the purchases subject of this authorization be contained within the limit corresponding to the distributable earning and available reserves shown in the latest duly approved financial statements (including interim reports) available when the transaction is executed, and that all of the accounting entries required pursuant to law and the applicable accounting principles be made in connection with the purchase and disposal of treasury shares .

As at the date of this Report, the Board of Directors has not yet started the purchase program.

Given the purpose of these authorizations, the transactions involving treasury shares are consistent with Article 5 of Regulation (EU) no. 596/2014 (the Market Abuse Regulation, hereinafter "**MAR**") and the procedures contemplated under Article 13 of MAR.

As at the date of this Report, Diasorin holds no.1,188,812 treasury shares, corresponding to 2.124% of its share capital, which had been purchased under previous authorizations.

All other disclosure required by the applicable regulation is available in the Explanatory Report of the Board of Directors dated March 11, 2020 and published, pursuant to law, also on the Company website ([www.diasoringroup.com](http://www.diasoringroup.com) in the Section “Governance/Information for Shareholders/Shareholders’ Meeting and board/2020”).

#### l) Management and coordination activities (pursuant to art. 2497 et seq. Italian civil code)

Even though Article 2497-*sexies* of the Italian Civil Code states that “*unless proof to the contrary is provided, it is presumed that management and coordination authority over a company is exercised by the company or entity required to consolidate that company’s financial statements or otherwise controls it pursuant to Article 2359 of the Italian Civil Code,*” neither Finde Società Semplice nor IP Investimenti e Partecipazioni S.r.l., the transferee of the equity investment held by Finde S.p.A., formerly IP Investimenti e Partecipazioni S.p.A., exercise management and coordination authority over the Company. Specifically, the Issuer believes that in its corporate and entrepreneurial endeavors it operates independently of Finde Società Semplice, its controlling company, and IP Investimenti e Partecipazioni S.r.l. Consequently, the Issuer’s relationship with Finde Società Semplice and IP Investimenti e Partecipazioni is limited to the normal exercise by these companies of the administrative and ownership rights inherent to their status as shareholders (such as voting at Shareholders’ Meetings and collecting dividends).

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It is specified that the information required by Article 123-*bis*, Section 1, Letter i) of the TUF on “*agreements between the Company and its Directors, Management Board or Supervisory Board members, which envisage indemnities in the event of resignation or dismissal without just cause or if their employment relationship terminates following a public purchase offer*” are illustrated in the Report on the Remuneration policy and fees paid drawn up in accordance with Article 123-*ter* of the TUF and available on the Company’s website ([www.diasoringroup.com](http://www.diasoringroup.com) in the Section “Governance/Information for Shareholders, Shareholders’ Meeting and board/ 2021”). Information required under Article 123-*bis*, Section 1, Letter l) of the TUF on “*provisions applicable to the appointment and substitution of Directors, Management Board or Supervisory Board members, as well as to the amendment to the Articles of Association, if different from the legislative and regulatory provisions applicable as a supplementary measure*” are illustrated in the section of the Report dedicated to the Board of Directors (paragraph 4.1).

### **3. COMPLIANCE (PURSUANT TO ART. 123-BIS, SECTION 2, LETTER A), TUF)**

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The Company has adopted the Code of Conduct.

DiaSorin will assess the recommendations of the new Corporate Governance Code in 2021 submitting to the approval of the Board of Directors any decisions under its competence; therefore - unless otherwise specified in This Report - the Company will inform the market about the adoption of the CG Code in its Report on Corporate Governance and ownership structure referred to 2021 and to be published in 2022.

The Code and the CG Code are available on Borsa Italiana website ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

Finally, any of the Company’s subsidiaries are subject to foreign legislation which could impact or influence the Company’s corporate governance structure.

### **4. BOARD OF DIRECTORS**

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#### **4.1 APPOINTMENT AND REPLACEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS (pursuant to art. 123-*bis*, section 1, letter l), TUF)**

The Issuer is managed by a Board of Directors comprised of at least 7 and not more than 16 members. At the time of election, the Ordinary Shareholders' Meeting determined the size of the Board of Directors, within the abovementioned limits, and its term of office, which may not exceed three years. Directors may be re-elected.

The provisions of the Bylaws that govern the composition and election of the Issuer's Board of Directors have been designed to ensure compliance with provisions concerning rights of minority shareholders' rights, independence of Directors and gender balance.

In addition, the ability to serve as a Director is subject to the candidate meeting the requirements set forth in the statutory and regulatory provisions currently in force.

Regarding regulations on gender balance, the reference regulatory framework has been recently amended under Budget Law no. 160/2019, in force since January 1, 2020, which has amended the procedure set forth in Article 147-ter, paragraph 1-ter of the TUF<sup>1</sup>. The Law imposed a mandatory gender quota for six board mandates and provides a mechanism whereby the quota of the less represented gender must be no less than two-fifths of the members, instead of one-third.

Consob, by resolution n. 21359 of 13 May 2020 amended the provisions of Paragraph 3, Article 144-undecies.1 of the Issuers' Regulations, regulating that if the application of the gender distribution criterion does not result in a whole number of members of the Board of Directors and Board of Statutory Auditors belonging to the less represented gender, this number is rounded up to the next higher unit, with the exception of the corporate bodies made up of three members whose number is rounded down<sup>2</sup>.

The new criterion of at least two-fifths shall apply from the first re-election of the Board of Directors and/or Board of statutory Auditors following the date of entry into force of the law; therefore, the Bylaws shall be updated so as to include the new rules that will be applied upon the next re-election of the Board of Directors due to take place during the Shareholders' Meeting convened to approve the financial statements at December 31, 2021.

This paragraph described the procedure to appoint and replace the members of the Board of Directors, in accordance with regulations currently in force.

Article 11 of the Bylaws requires that the Board of Directors be elected, in compliance with applicable gender balance laws and regulations, by a voting system based on slates of candidates filed by shareholders who, alone or in combination with others, represent at least 2.5% of the shares that convey the right to vote at Ordinary Shareholders' Meetings, or any other percentage that may apply pursuant to the applicable laws or regulations. As duly established by Art. 144-septies, paragraph 1, of the Consob's Issuers' Regulations, under the Management Decision no. 44 of 29 January, 2021 of the Head of the Corporate Governance Division shareholders' owing a

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<sup>1</sup> Paragraph 1-ter, of Article 147-ter, of the TUF, in force at the date of this Report provides, inter alia, that *"the less represented gender shall obtain at least two fifths of the appointed Directors. This criterion shall apply for six consecutive mandates"*.

<sup>2</sup> Pursuant to Paragraph 3, of Article 144-undecies.1 of the Issuers' Regulations, as amended by Consob Resolution no. 21359 of 13 May 2020, *"the application of the gender distribution criterion does not result in a whole number of members of the Board of Directors and Board of Statutory Auditors belonging to the less represented gender, this number is rounded up to the next higher unit, with the exception of the corporate bodies made up of three members whose number is rounded down"*.

shareholding equal to 1% of the Share Capital are entitled to present the slates of nominees to allocate the Directors to be elected.

Each shareholder, shareholders who are parties to a shareholders' agreement that qualifies as such pursuant to Article 122 of the TUF, the Company's controlling party, its subsidiaries and joint ventures that qualify as such pursuant to Article 93 of the TUF may not file or participate in the filing, directly or through a third party or a nominee, of more than one slate and may not vote for multiple slates. Each candidate can be included on only one slate, on penalty of losing the right to be elected. Votes cast in violation of this provision will not be allocated to any slate.

Notwithstanding additional statutory disclosure and filing requirements, including those set forth in regulations currently in effect, slates filed by shareholders, duly signed by the filers, must be deposited at the Company's registered office, where they must be available to anyone upon request, at least 25 (twenty-five) days prior to the date of the first calling of the Shareholders' Meeting. The slates must be accompanied by the following documents: (i) information identifying the shareholders who are filing the slates and showing the total percentage interest held; (ii) affidavits by which the individual candidates accept their nomination and attest, under their responsibility, that there are no issues that would make them incompatible or unelectable and that they meet the requirements of their respective offices; and (iii) a *curriculum vitae* setting forth the personal and professional qualifications of each candidate and indicating whether a candidate qualifies as an independent Director. In addition, a special attestation issued by an intermediary qualified pursuant to law certifying the ownership, when the slate of candidates is being filed with the Company, of the number of shares needed to qualify for filing the slate must be filed with the Company within the deadline required by the rules applicable to the publication of slates of candidates by the Company.

The slates which contain a number of candidates equal to or above three shall include candidates belonging to both genders, aimed at ensuring the presence in the Board of Directors of at least one third (rounded to the higher number) of the seats of the less-represented gender.

Slates that are filed without complying with these requirements will be treated as if they have not been filed at all.

The election of Directors is carried out as follows:

- (a) All except one of the Directors that need to be elected are taken from the slate that received the highest number of votes, in the sequence in which they are listed on the slate;
- (b) The remaining Director is taken from a minority slate that is not connected in any way, directly or indirectly, with the parties who filed or voted for the slate referred to in paragraph (a) above and received the second highest number of votes cast by the shareholders, selecting for election the first candidate listed in the slate's numerical sequence. However, should the minority slate referred to in paragraph (b) above fail to receive a percentage of the votes equal at least to half the required percentage for filing a slate, as stated above, all of the Directors that need to be elected will be taken from the slate that received the highest number of votes referred to in paragraph (a) above.

If the candidates elected in the manner described above do not include a sufficient number of Directors who meet the independence requirements that apply to Statutory Auditors pursuant to Article 148, Section 3, of the TUF to achieve the minimum statutory percentage of the total number of elected Directors, the non-independent candidate elected last in the sequence listed in the slate that received the highest number of votes, as referred to in paragraph (a) above, shall be replaced with the first non-elected independent candidate who is listed next sequentially in the same slate

or, alternatively, by the first non-elected candidate listed sequentially on other slates, based on the number of votes received by each slate. This replacement procedure shall be applied repeatedly until the Board of Directors includes a number of Directors who meet the requirements of Article 148, Section 3, of the TUF equal to at least the statutory minimum. As a further alternative, the replacement candidates may be elected by means of a resolution approved by the Shareholder's Meeting with a relative majority, provided candidates have been placed in nomination in accordance with statutory requirements.

If, upon conclusion of voting, the composition of the Board of Directors does not satisfy the gender balance enjoined by applicable laws and regulations, the nominee of the most highly represented gender who was the last to be elected in the sequential order of the slate that received the highest number of votes shall be replaced by the first candidate of the least represented gender who was not elected on the same slate, in the sequential order of that slate. The elected nominees shall be replaced according to the same procedure until the composition of the Board of Directors complies with applicable laws and regulations in force on gender balance. If this procedure does not guarantee the final result indicated hereinabove, the Shareholders' Meeting shall make the necessary changes by resolution with the statutory majority of votes, upon submission of candidates belonging to the gender less represented.

If only one slate is filed or if no slate is filed, the Shareholder's Meeting shall approve its resolution with the majorities required by law without being required to comply with the procedure described above, in compliance with the laws currently in force on gender balance.

Lastly, pursuant to Article 11 of the Bylaws, if one or more Directors cease to be in office during the course of the year, provided the majority of Board members are still Directors elected by the Shareholders' Meeting, they shall be replaced in the manner described below, in accordance with the provisions of Article 2386 of the Italian Civil Code: (i) The Board of Directors nominates as replacements candidates taken from the same slate to which the Directors no longer in office belonged and the Shareholders' Meeting votes with the majorities required pursuant to law and in accordance with the principle described above; (ii) should there be no unelected candidates or eligible candidates left in the abovementioned slate or if the provisions of paragraph (i) above cannot be complied with for any reason, the Board of Directors and the Shareholders' Meeting elect replacements with the majorities required pursuant to law, without using a slate voting system.

In all cases, the Board of Directors and the Shareholders' Meeting shall carry out the election in a manner that will result in (i) the election of a total number of independent Directors equal to at least the minimum number required by the relevant statute provisionally in force and (ii) in compliance with the laws currently in force on gender balance.

If the majority of the Directors elected by the Shareholders' Meeting ceases to be in office, the entire Board of Directors shall be deemed to have resigned and a Shareholders' Meeting must be convened promptly by the Directors still in office to elect a new Board.

Additional information about the procedures for the election of the Board of Directors is provided in Article 11 of the Bylaws.

### **Succession plans of Executive Directors**

In accordance with Art. 5.C.2. of the Code of Conduct and of Article 4 Recommendation 24 of the Corporate Governance Code, the Board of Directors, at the meeting held on December 20, 2018, formulated and approved a proposal concerning the Chief Executive Officer's succession plan, following the appropriate assessments made by the Nominating Committee in its area of

competence. According to this proposal, if the Board of Directors does not identify a candidate within the DiaSorin Group, powers will be conferred to the Chairman, for this purpose. The Chairman, with the necessary operating powers to address and coordinate the company management and with support, if necessary, of a Top executives committee, shall implement and manage the process to select external candidates.

#### **4.2. COMPOSITION (pursuant to art. 123-bis, section 2, letter d) and d-bis), TUF)**

The Board of Directors of the Issuer was appointed by the ordinary Shareholders' Meeting on April 24, 2019 and its term of office is set to expire on the date the Shareholders' Meeting is called to approve the financial statements at December 31, 2021.

The Board of Directors was appointed on the basis of two slates. The first slate has been filed by IP Investimenti e Partecipazioni S.r.l. (jointly with Finde S.p.A), which certified its ownership of an equity interest equal to about 44.98% of the Company's common shares. The second slate has been filed as minority list by a number of asset management companies representing their funds, which certified their ownership of an overall equity interest equal to 1,012% of the Company's common shares.

Pursuant to the Company Bylaws, all except one of the Directors that needed to be elected were taken from the slate that received the highest number of votes, in this case from the slate filed by the reference shareholder IP Investimenti e Partecipazioni S.r.l. (with favorable votes amounting to 82.890% of the voting capital) in the consecutive order in which they were listed on the slates. The remaining Director was taken from the slate filed by the aforementioned asset management companies (with favorable votes amounting to 16.989% of the voting capital), selecting for election the first and only candidate in the list<sup>3</sup>.

The current Board of Directors is comprised of the following 15 members:

<b>First and last name</b>	<b>Place and date of birth</b>	<b>Post held</b>	<b>Date of the appointment</b>
<b>Gustavo Denegri</b>	Turin, March 17, 1937	Chairman and Non-Executive Director	April 24, 2019
<b>Michele Denegri</b>	Turin, January 7, 1969	Deputy Chairman and Non-Executive Director	April 24, 2019
<b>Carlo Rosa</b>	Turin, January 15, 1966	Chief Executive Officer and Executive Director	April 24, 2019
<b>Chen Menachem Even</b>	Ashkelon (Israel), March 18, 1963	Executive Director	April 24, 2019
<b>Giancarlo Boschetti</b>	Turin, November 14, 1939	Non-executive Director	April 24, 2019
	Turin,	Non-executive Director	April 24, 2019

<sup>3</sup> On April 2, 2019, Roberto Rettani - the first candidate on the slate for the appointment of the Board of Directors-announced he withdrew from his application and relevant acceptance for personal reasons. Consequently, the slate was considered as consisting of a single candidate, in the person of Elisa Corghi..

<b>Luca Melindo</b>	November 11, 1970		
<b>Stefano Altara</b>	Turin, June 4, 1967	Non-executive Director	April 24, 2019
<b>Giuseppe Alessandria</b>	Novello Monchiero (CN), May 15, 1942	Independent Director	April 24, 2019
<b>Franco Moschetti</b>	Tarquina (VT), October 9, 1951	Independent Director	April 24, 2019
<b>Roberta Somati</b>	Rivoli (TO), January 9, 1969	Independent Director	April 24, 2019
<b>Francesca Pasinelli</b>	Gardone Val Trompia (BS), March 23, 1960	Independent Director	April 24, 2019
<b>Monica Tardivo</b>	Turin, April 19, 1970	Independent Director	April 24, 2019
<b>Tullia Todros</b>	Turin, June 18, 1948	Independent Director	April 24, 2019
<b>Fiorella Altruda</b>	Turin, August 12, 1952	Independent Director	April 24, 2019
<b>Elisa Corghi</b>	Mantova, August 11, 1972	Independent Director	April 24, 2019

The table that follows summarizes personal and professional characteristics of each Director in office at the date of this Report. Additional information is provided in the Directors' professional *curricula* at the Issuer's registered office and available at the Issuer's website at [www.diasoringroup.com](http://www.diasoringroup.com) in the Section "Governance/Information for Shareholders/ Shareholders' Meeting and board/2019" as part of the application forms and relevant documents.

<b>First and last name</b>	<b>Post held</b>	<b>Education</b>	<b>Professional characteristics</b>
<b>Gustavo Denegri</b>	Chairman and Non-Executive Director	Economic-management education	General Management
<b>Michele Denegri</b>	Deputy Chairman and Non-Executive Director	Economic-management education	General Management
<b>Carlo Rosa</b>	Chief Executive Officer and Executive Director	Economic-management education Scientific education	General Management (formerly Research and Development director)
<b>Chen Menachem Even</b>	Executive Director	Economic-management education Scientific education	Director of commercial operations at international level
<b>Giancarlo Boschetti</b>	Non-executive Director	Economic-management education	General Management
<b>Luca Melindo</b>	Non-executive Director	Economic-management education	Financial Advisor
<b>Stefano Altara</b>	Non-executive Director	Law education	Legal and Corporate Affairs Advisor
<b>Giuseppe Alessandria</b>	Independent Director	Economic-management education	Management Advisor

<b>Franco Moscetti</b>	Independent Director	Economic-management education	Management Advisor
<b>Roberta Somati</b>	Independent Director	Scientific education	Management Advisor
<b>Francesca Pasinelli</b>	Independent Director	Scientific-management	Management Advisor
<b>Monica Tardivo</b>	Independent Director	Law education	Legal Advisor
<b>Tullia Todros</b>	Independent Director	Scientific education	Research and Development Advisor
<b>Fiorella Altruda</b>	Independent Director	Scientific education	Research and Development Advisor
<b>Elisa Corghi</b>	Independent Director	Economic-management education	Financial Advisor

For further information on the structure of the Board of Directors and Committees see Table 2 annexed to this Report.

#### **Diversity policy.**

In the meeting held on March 14, 2019, in compliance with the provisions of the Corporate Governance Code of listed companies (see articles 1.C.1. g) and h) and 2.P.4), following the input of the Nominating Committee and considering the self-assessment results, the Board of Directors defined the guidance as to managerial and professional figures whose presence is considered appropriate within the Board, as well as regarding the criteria of diversity such as gender, managerial, professional, international skills and age group within the composition of the Board itself.

In this respect, the Board provided the following guidelines about the appointment of the Board of Directors by the Shareholders' Meeting called to approve the financial statements at December 31, 2018 on April 24, 2019. Such guidelines are disclosed in the explanatory report prepared pursuant to art. 125-ter of TUF:

- taking into account the Company size and business, it is considered appropriate that the number of Directors does not exceed the current number of 15 (fifteen) Directors;
- on third of the Directors must meet the independence requirements, pursuant to art. 148, paragraph 3 of TUF and of the Corporate Governance Code;
- in compliance with legislation on gender balance, at least one third of Directors must belong to the less represented gender;
- as regards the policies on diversity (art. 123-bis, letter d-bis of TUF) and in order to facilitate the understanding of the organization of the Company and its activities, as well as the development of an efficient governance of the same, without prejudice to the legal requirement regarding gender balance, it is appropriate that: **(a)** the Board is characterized by the age diversity of its members; and **(b)** the educational and professional career of Directors guarantees a balanced combination of profiles and experiences, suitable to ensure the correct performance of its functions;
- it is up to each candidate to evaluate the compatibility of the appointment as Director of the Company with any additional offices of director and statutory auditor in other companies listed on regulated markets, in financial, banking, insurance companies or companies of significant size;
- with regard to the balance between executive and non-executive members, the presence of a managing director with broad management powers and having acquired specific experience and expertise in the Company is positively evaluated.



Company diversity policies that apply to the composition of the Board of Directors currently in office with respect to age, gender numbers and educational and professional background are illustrated below.

The Company complied with regulations on gender balance concerning the composition of corporate bodies at the meeting held on April 22, 2013 to appoint said bodies and subsequently at the meeting held on 24 April 2019 to renew their last term of office.

The Board of Directors in office (as of the closing date of the year and at the date of this Report) is composed of 9 men and 6 women.

With the exception of Mr. Chen Even - Executive Director and Chief Commercial Officer – of Israeli origin, all the Board's members are Italian.

The Board of Directors is composed of members belonging to different age groups: 20% of Directors belong to the 40-50 age group, 40% of Directors belong to the 51 -60 age group, 13% of Directors belong to the 61- 70 age group, a further 13% of Directors belong to the 71- 80 age group and again 13% of Directors belong to the 81-90 age group.

Professional experience and background of the Board members can be grouped into three macro areas: economics and management, science and law. In detail, 60% of members have an economics and management background, 26% of members have a science background and 14% of members have a law background. Most of them gained significant experience abroad, especially in the United States.

Professional experience and background of the Board members are provided in the professional *curricula* available at the Issuer's registered office and at the Issuer's website at [www.diasoringroup.com](http://www.diasoringroup.com), in the Section "Investors/Information for Shareholders /Shareholders' meeting and board/2019", as part of the application forms and relevant documents.

### **Cap on offices held in other companies**

With regard to the posts held by Diasorin Directors on management and oversight bodies at other companies, during the meeting held as of March 11, 2021 (fully referring to the guidelines approved by the Shareholders' Meeting on April 24,2019), the Board of Directors did not believe that it would be appropriate to introduce preset quantitative limits.

Thus, all candidates to the post of Director, prior to accepting their appointment and during their term of office at the Issuer and irrespective of existing statutory and regulatory restrictions on the total number of posts that may be held, must determine whether they will be able to perform the tasks assigned to them with the required attention and effectiveness, taking into account their overall effort that will be required of them in connection with the posts held outside the Diasorin Group.

All members of the Board of Directors are also required to inform the Board of any new appointments to Boards of Directors or Boards of Statutory Auditors at other companies, in order to allow the Board of Directors to comply with the relevant statutory and regulatory disclosure requirements.

On March 11, 2021, pursuant to Article 3, Recommendation 15 of the Corporate Governance Code and upon verifying positions held by Directors of the Company in other companies, the Board has deemed the number and quality of positions held as not interfering with the position of Director in the Company and therefore compatible with an effective carrying out of the role of Director of the Company.

A list of the Directors' posts held at other companies is provided in the Table annexed to this Report.

### ***Induction program.***

In 2020, Directors and Statutory Auditors had an in-depth understanding of laws, regulatory and self-regulatory framework by attending the Board of Directors' meetings held to modify Company's Internal Procedures on Management of Inside Information, Insider and Internal Dealing Register, following a comprehensive discussion (see Section 5 of this Report);

Matters defined by art. 2.C.2 of the Code of Conduct and 3, Recc. 12, let d) of the Corporate Governance Code (i.e., in-depth understanding of the Issuer's business, company dynamics and their evolutions, principles of sound risks management, and laws and self-regulatory framework) have been regularly discussed at the Control, Risks and Sustainability Committee's meetings and submitted to the Board of Directors' meetings.

The Company management maintained regular contact with company bodies for opportune information and/or updating flows on subjects of interest.

The Issuer undertakes, in any case, to plan structured training programs when it is deemed necessary or when requested by company bodies.

#### **4.3. FUNCTION OF THE BOARD OF DIRECTORS (pursuant to art. 123- bis, section 2, letter d), TUF).**

The Board of Directors performs a pivotal role within the corporate organization. Its task and responsibilities include setting strategic and organizational guidelines and ensuring that adequate controls to monitor the performance of the Issuer and the other companies of the Diasorin Group are in place.

All members of the Board of Directors are required to make informed and independent decisions, pursuing the goal of creating value for the shareholders, and must be willing to devote to the tasks they perform at the Issuer the time required to discharge diligently their duties, irrespective of the posts held at companies outside the Diasorin Group, being fully cognizant of the responsibilities entailed by the office they hold.

Pursuant to Article 15 of the Bylaws, the Board of Directors enjoys the broadest powers to manage the Issuer. In accordance with the abovementioned article of the Bylaws and pursuant to Article 2365 of the Italian Civil Code, the Board of Directors also has jurisdiction (which may not be delegated to anyone but may be ceded to the Shareholders' Meeting) over the adoption of resolutions concerning the following:

- mergers and demergers, when permissible pursuant to law;
- the opening and closing of secondary offices;
- reductions of share capital when shareholders elect to request the reimbursement of their shares;
- amendments to the Bylaws required pursuant to law;
- moving the Issuer's registered office to another location in Italy.

The Board of Directors, insofar as it is responsible for the Internal Control and Risks Management system (see section 11), assesses the adequacy, efficiency and effective implementation of internal control defining the system's guidelines, supported by the members involved in the Company's internal control and risks management: the Control, Risks and Sustainability Committee, the Supervisory Director responsible for the effective implementation of the system of Internal Control and Risk management (i.e. the Chief Executive Officer, pursuant to the Corporate Governance Code), the Internal Audit Officer, the Corporate Accounting Documents Officer, the Board of Statutory Auditors and the Oversight Board.

Pursuant to Article 13 of the Bylaws, on the occasion of Board meetings but not less frequently than once a quarter, the governance bodies to whom powers have been delegated inform the Board of Directors and the Board of Statutory Auditors about the performance of the Issuer and its subsidiaries, its business outlook and transactions that have a material impact on its income statement, balance sheet and financial position, focusing on transactions which Directors may have

an interest, directly or through third parties, or which may have been influenced by a party with management and coordination authority.

Pursuant to Article 15 of the Bylaws, the Board of Directors, which is required to act with the mandatory input of the Board of Statutory Auditors, has jurisdiction over the appointment and dismissal of the Corporate Accounting Documents Officer required pursuant to Article 154-bis of the TUF and the determination of his or her compensation. The Company's Corporate Accounting Documents Officer must meet the integrity requirements of the relevant statutes currently in force for those who perform administrative and management functions, as well as professional requirements that include specific expertise in administrative and accounting issues. Expertise in these areas must be verified by the Board of Directors and must be the result of work performed in a position of sufficiently high responsibility for an adequate length of time.

Pursuant to Article 17 of the Bylaws, the Board of Directors can appoint one or more General Managers and determine their powers, which may include the power to appoint representatives or grant powers of attorney for specific transactions or classes of transactions. General Managers attend the Board of Directors meetings and are entitled to make non-binding recommendations with regard to the items on the Agenda.

Pursuant to Article 15 of the Bylaws, the Board of Directors may establish committees, determining their composition and tasks. For information about the internal Committees of the Issuer's Board of Directors, please see Section 7 (Compensation and Nominating Committee), Section 12.1 (Related-party Committee) and Section 10 (Control, Risks and Sustainability Committee).

Pursuant to Article 12 of the Bylaws and Art. 3, Recommendation 18 of the Corporate Governance Code, the Board of Directors may appoint a standing Secretary, who need not be a Director. On December 21, 2020, the Board of Directors appointed Ulisse Spada, Manager of the Corporate Legal Affairs Department, as its standing secretary (following the resignation of Marco Minolfo who has covered the position from April 24, 2019).

Pursuant to Article 13 of the Bylaws, the Board of Directors meets at the Company's registered office, or elsewhere, whenever the Chairman deems it necessary or when a meeting is requested by the Chief Executive Officer (if one has been appointed) or by at least three Directors, without prejudice to the right of other parties to call a Board meeting pursuant to law. If the Chairman is absent or incapacitated, Board meetings are called by the person who replaces him pursuant to Article 12 of the Bylaws (i.e., the Deputy Chairman or the oldest Director, in that order).

Meetings of the Board of Directors are validly convened when a majority of the Directors in office is in attendance and resolutions are adopted with a majority of the votes cast by the Directors attending the meeting. In the event of a tie, the Chairman has the tie-breaking vote (Article 14 of the Bylaws).

In order to avoid or manage potential conflict of interest, Executives with strategic responsibilities that are also members of the Board of Directors (namely Mr. Rosa and Mr. Even) abstain from voting on the resolutions concerning their compensation.

In 2020, the Board of Directors had 5 meetings on March 11, May 13, July 30, November 11 and December 21. The meetings lasted 2 hours and 15 minutes on average.

In addition to the meeting held on January 25 and March 11, 2020, three Board meetings have been scheduled for 2021, as detailed in the calendar of Corporate Events, available at the Issuer's website at [www.diasoringroup.com](http://www.diasoringroup.com) in the Section "Governance/Financial Calendar".

All the required pre-Board information has been sent for the resolutions in agenda, with a notice period of at least three days before the relevant Shareholders' Meeting; in any case, where the pre-Board information is not provided, the Chairman shall ensure that an in-depth analysis is carried out at the Board meetings in a correct and timely manner.

The Board of Directors' meetings were attended by the CFO, the Manager of the Corporate Legal Affairs Department and the Company's directors qualified to provide in-depth analysis on subjects and/ special projects in agenda. It should therefore be noted that Board meetings convened to present, resolve and approve the annual budget are generally attended by the Top managers of company departments and relevant cost centers.

Pursuant to Article 4, Principle XIV, Recommendations 21 and 22 of the Corporate Governance Code, the Board of Directors carried out a self-assessment process through questionnaires covering several areas and providing the opportunity to submit comments and proposals. The self-assessment process, despite Diasorin is a company with a concentrated ownership, concerned the size, composition (including number and role of the company's independent directors) and activities of the Board and its committees, the results of which were communicated during the meeting held on March 11, 2021.

The self-assessment process was coordinated by Director Giuseppe Alessandria, Chairman of the Compensation and Nominating Committee.

During the process, the Chairman of the Compensation and Nominating Committee took into account, among others, the recommendations contained in the annual report provided by the Chairman of the Corporate Governance Committee.

The self-assessment process involved all the directors and was performed through a questionnaire filled out anonymously, including the following items:

- (i) the size and composition of the Board of Directors, also with reference to gender diversity;
- (ii) meetings frequency, participation of Directors, number of Independent Directors, the adequacy of time allocated to debates, attention to conflict-of-interest situations and completeness of relevant minutes and implementation of adopted resolutions;
- (iii) information provided by the Chief Executive Officer, new regulations for listed companies, emerging risks concerning the Company and its subsidiaries;
- (iv) committees' support, communication between the Board of Directors and Top Management, the Corporate Governance and risk Governance

The self-assessment process carried out during the previous years showed a general satisfaction with the Board of Directors functioning and activities, as confirmed in the 2020 self-assessment process which showed a further improvement related to Board's activities. The process did not show areas to be brought to the Board of Directors' notice.

Pursuant to Article 1, Recommendation 1, lett. d) of the Corporate Governance Code, the Board of Directors, with the support of the Control, Risks and Sustainability Committee, assesses at least once a year the adequacy of the organizational, administrative, and accounting structure- specifically with regard to Internal Control and Risks Management- and the general performance of the Group and its strategic subsidiaries, including subsidiaries when the carrying amount of the investment in the subsidiary in question represents more than 50% of the assets of a publicly traded issuer, as shown in the latest approved financial statements, specifically with regard to Internal Control System and conflict of interests; this assessment was carried out during the meeting held on March 11, 2021.

Pursuant to Article 1, Recommendation 1, let. b) of the Corporate Governance Code, the Board of Directors, The Board of Directors assesses, at least once a year, the general performance of the company management, considering the information obtained from the Chief Executive Officer and periodically compares achieved results with future results; this assessment was carried out during the meeting held on March 1, 2020 and on March 11, 2021.

During the meeting held on November 5, 2010, the Board of Directors approved the procedure to regulate related-party transactions; the updated procedure is available on the Company's website ([www.diasoringroup.com](http://www.diasoringroup.com), Section "Governance/Corporate Governance Documents") and related in detail in the following Section 12.

The Board of Directors did not set general criteria to identify the operations of strategic, economic, patrimony or financial importance for the Company, as the Board assesses the significance of transactions on a case-by-case basis.

The Issuer is required to publish information documents for significant transactions as per art. 70, paragraph 6 and art. 71, paragraph 1 of the Consob Issuers' Regulations as the Issuer did not exercise the right to waive the obligation to publish the above-mentioned information documents.

The Shareholders' Meeting did not authorize general and precautionary derogations from the ban of competition set forth in article 2390 of the Italian Civil Code. No critical situation occurred on the matter.

#### **4.4. DELEGATED BODIES**

##### **Chief Executive Officers**

By resolution dated April 24, 2019, Diasorin's Board of Directors appointed the Director Carlo Rosa to the post of Chief Executive Officer granting him the power to handle all ordinary and extraordinary business transactions over which the Board of Directors has jurisdiction with the exception of those that are expressly reserved for the Board of Directors pursuant to law, the Bylaws and the abovementioned resolution, confirming the same offices and functions granted during the previous term of office of the board. Director Carlo Rosa remained also as General Manager, assigning him special functions in operating management concerning industrial, commercial and financial areas

The following powers, by resolution dated April 24, 2019, are reserved for the Board of Directors and may not be delegated:

- approving the annual budget;
- buying, acquiring through subscription equity investments of third-party;
- transferring and selling equity investments to third parties;
- buying, selling and leasing business and business operations;
- buying and selling real estate;
- investing in capital assets in addition to the capital expenditures contemplated in the budget when the total amount involved exceeds 5,000,000.00 (five million) €s per year;
- securing loans, credit lines and bank advances; discounting promissory notes and obtaining overdraft facilities involving amounts in excess of 20,000,00.00 (twenty million) €s for each transaction, excluding credit lines for sureties and except for factoring contracts, which are covered by the delegated powers without amount limitations;
- granting mortgages, pledges and liens on Company assets involving amounts in excess of 5,000,000.00 (five million) €s for each transaction;
- granting sureties involving amounts in excess of 5,000,000.00 (five million) €s;
- hiring and firing managers.

At all meetings or at least every three months, the Chief Executive Officer reports to the Board of Directors on activities in exercise of delegate powers.

Mr. Carlo Rosa, Chief Executive Officer and General Manager, is qualified as the main administrator in charge of the company management (Chief Executive Officer).

##### **The Chairman of the Board of Directors**

On April 24, 2019, Diasorin's Ordinary Shareholders' Meeting, upon electing the Board of Directors, appointed the Director Gustavo Denegri as Chairman, with the same post held during the previous term of office of the board.

The Chairman did not receive management proxies and he does not play a specific role in the formulation of organizational strategies.

##### **Executive Committee (pursuant to Art. 123-bis, Section 2, Letter d), TUF).**

Pursuant to Article 15 of the Bylaws, the Board of Directors may select some of its members to staff an Executive Committee, to which it may delegate some of its powers, except for those that the law reserves expressly for the Board of Directors, determining the Committee's composition,

powers and rules of operation. As of the date of this Report, the Issuer's Board of Directors did not appoint an Executive Committee.

### **Report to the Board of Directors**

In 2020, at all meetings of the Board of Directors and at least every three months, the Chief Executive Officer has reported to the Board of Directors on activities performed in exercise of delegate powers.

## **4.5. OTHER EXECUTIVE DIRECTORS**

Mr. Chen Menachem Even serves as Executive Director (apart from being a Strategic Director) and Chief Commercial Officer in addition to Senior Corporate Vice President Commercial Operations of the Issuer.

## **4.6. INDEPENDENT DIRECTORS**

As to the minimum number of Independent Directors, the Board of Directors is composed of 8 independent directors out of 15 members - in compliance with criterion 3.C.3 of the Code of Conduct (concerning companies included in the FTSE MIB, such as the Issuer) and with Art. 2, Recommendation 5 of the Corporate Governance Code, according to which in large companies with concentrated ownership at least one third of the members of the Board of Directors shall be independent.

The Issuer, also after the exit from the STAR segment, continued to comply, on a voluntary basis, with the main principles of Corporate Governance for companies in the above segment, also in terms of the number of independent directors on the Board of Directors, which must be appropriate to the size of the body. The Issuer complied with these guidelines to appoint the Board of Directors in office as at the date of this Report.

The slate-voting system required by Article 11 of the Bylaws is designed to ensure the election of a minimum number of Directors that meet the independence requirements set forth on the joint basis of Article 147-ter, Section 4 and Article 148, Section 3 of the TUF.

At the meeting held on April 24, 2019, the Board of Directors ascertained that the independent Directors currently in office met the independence requirements. The results of such assessments were disclosed to the market on the same date by press release available on the company website [www.diasoringroup.com](http://www.diasoringroup.com), Section "Investors/Financial Corner/Press Releases/2019", pursuant to Art. 144-novies, section 1-bis, of the Consob Regulations for Issuers.

Subsequently, the Board of Directors assessed the independence requirements during the Board meeting held on March 11, 2021 for the approval of the financial statements.

The Company applied all criteria of the Corporate Governance Code to verify and assess the independence requirements.

The Issuer's Board of Directors in office (at the closing date of the year and as at this Report) appointed on April 24, 2019 includes seven (7) Independent Directors out of 15 members: Franco Moscetti, Giuseppe Alessandria, Roberta Somati, Francesca Pasinelli, Monica Tardivo, Tullia Todros and Fiorella Altruda.

The Issuers' Board of Directors currently in office, appointed on April 24, 2019, includes eight (8) Independent Directors out of 15 members: Franco Moscetti, Giuseppe Alessandria, Roberta Somati, Francesca Pasinelli, Monica Tardivo, Tullia Todros, Fiorella Altruda and Elisa Corghi. The number and authoritativeness of the Independent Directors is sufficient to ensure that their opinion has a significant impact on the decision-making process of the Issuer's Board of Directors. Independent Directors contribute specific professional expertise to Board meetings and help the Board adopt resolutions that are in the Company's interest.

The Independent Directors met on March 11, 2020 and, as at the date of this Report, a meeting was held on March 11, 2021; during the aforementioned meetings Independent Directors assessed that independent requirements were still met (by written confirmation statement) pursuant to Article 2, Recc. 6 and 7 of the Corporate Governance Code and assessed various matters regarded



as being proper to the functioning of the Board of Directors and the Company's management. The aforementioned took place upon request from the Lead Independent Director, in a separate and dedicated session and in the absence of the other directors, pursuant to Article 2, Recc. 5 of the Code.

#### **4.7. LEAD INDEPENDENT DIRECTOR**

At the meeting held on April 24, 2019, the Board of Directors confirmed the independent Director Giuseppe Alessandria, who had been already appointed by the Board of Directors on April 28, 2016, to the post of Lead Independent Director. Serving in this capacity, he provides a reference point for and coordinates issues relevant specifically to non-executive Directors and Independent Directors and pursuant to Art. 3, Recommendation 14, let. b) of the Corporate Governance Code he coordinates the meeting of Independent Directors only.

The appointment of the Lead Independent Director was one of the requisites for companies listed in the STAR segment on Borsa Italiana. This post was kept also after the Company submitted a request of voluntary exclusion from the STAR segment (thereby annulling the requisite mentioned above).

In 2020, the Lead Independent Director convened the annual meeting (on March 11, 2020) of Independent Directors only.

#### **5. TREATMENT OF INSIDER INFORMATION**

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Insofar as the issues related to the treatment of insider information are concerned, the Issuer's Board of Directors has adopted the initiatives and/or procedures summarized below, which are designed to monitor access to and circulation of insider information prior to their disclosure to the public and ensure compliance with statutory and regulatory confidentiality requirements.

On July 3, 2016, the Market Abuse Regulation "MAR" - containing "Regulatory technical standards" and ESMA "Implementing technical standards" approved by the European Commission and reflecting the new rules and regulations on Market Abuse within the European Union came into force. The Company has, thus, adopted new procedures – approved by the Board of Directors on August 4, 2016 - to replace the existing procedures.

##### **Procedure for the Internal Management of Relevant Information and Inside Information and Public Disclosure of Inside Information**

In 2016, the Board of Directors adopted a new "Procedure for the internal management and public disclosure of inside information" (now named "Procedure for the Internal Management of Relevant Information and Inside Information and Public Disclosure of Inside Information", see below), pursuant to art. 17 of MAR and the related implementing rules and regulations of the European Commission, in force as of July 3, 2016.

The Procedure was amended by the Board of Directors on December 21, 2020 in order to set up, pursuant to the recommendations of CONSOB guidelines, a register of persons having access to relevant information, the so-called "Relevant Information List" with the aim of tracking the stages before the disclosure of inside information, by identifying and monitoring those types of information that the Issuer deems to be relevant such as data, events, projects or circumstances which may -at a future day- become inside information.

The Procedure, as amended, contains instructions relating to both the internal management and the external disclosure on inside information (as defined by art. 7 of MAR) and confidential information (as defined by the Procedure) regarding the Issuer and the Group's companies; the

internal procedure is aimed at ensuring compliance with the current laws and regulations on the subject and guaranteeing maximum secrecy and confidentiality in handling Relevant Information and Inside Information; the Procedure, in particular, is aimed at ensuring greater transparency towards the market and appropriate preventive measures against market abuse.

Public disclosure of Inside Information shall occur through a press release prepared by the Investor Relations Function; prior to its external disclosure, the text of the press release shall be submitted for final approval to the Chief Executive Officer or to the Chairman of the Board of Directors if the Chief Executive Officer is absent or unable to attend and, if deemed appropriate or necessary, to the Board of Directors, subject to the prior attestation by the Corporate Accounting Documents Officer when the text contains accounting information (“**the Corporate Accounting Documents Officer**”), pursuant to and for the effects of article 154-*bis* of the TUF.

The Procedure currently in force is available on the Issuer website ([www.diasoringroup.com](http://www.diasoringroup.com), Section “Governance/ Governance Documents”).

### **Procedure to manage the Register of persons having access to Relevant Information and Inside Information**

In 2016, pursuant to art. 18 of MAR and the related implementing rules and regulations of the European Commission, in force as of July 3, 2016, issuers and persons acting in their name or on their behalf are required to establish, manage and update a register listing the persons who have access to inside information. The Company has, thus, adopted a new “Procedure to manage the Register of persons having access to Inside Information”.

Following the adoption of the “Relevant Information List”, the Procedure was amended by the Board of Directors on December 21, 2020 in order to set up a register of persons with access to Relevant Information.

The Procedure currently in force is available on the Issuer website ([www.diasoringroup.com](http://www.diasoringroup.com), Section “Governance/ Governance Documents”).

### **Procedure to comply with Internal Dealing requirements**

In 2016, the Board adopted a new “Procedure to comply with Internal Dealing requirements”, pursuant to art. 19 of MAR and the related implementing rules and regulations of the European Commission, in force as of July 3, 2016.

The Board of Directors updated the Procedure on March 14, 2019, to adopt the Consob’s amendments to the Issuers’ Regulations by resolution no. 19925 of 22 March 2017 and take account of amendments to TUF introduced by Legislative Decree no. 107/2018.

Pursuant to the Procedure, the Head currently in force of the Corporate Legal Affairs (Corporate Counsel and Corporate Affairs Department) of the Company, performs the functions of Designated Officer. Currently Ulisse Spada serves as Designated Officer

The Procedure currently in force is available on the Issuer website ([www.diasoringroup.com](http://www.diasoringroup.com), Section “Governance/ Governance Documents”).



## 6. BOARD OF DIRECTORS' INTERNAL COMMITTEES (PURSUANT TO ART. 123-BIS, SECTION 2, LETTER D), TUF)

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The Board of Directors elected on April 24, 2019, appointed internally the following Committees:

<b>Control, Risks and Sustainability Committee</b>	Franco Moschetti (Chairman) Giancarlo Boschetti Roberta Somati
<b>Compensation and Nominating Committee</b>	Giuseppe Alessandria (Chairman) Michele Denegri Elisa Corghi
<b>Committee for Transactions with Related Parties</b>	Franco Moschetti (Chairman) Giuseppe Alessandria Roberta Somati

It should be noted that, with a resolution dated April 24, 2019, the Compensation Committee and the Nominating Committee have been merged into a single Compensation and Nominating Committee.

Functions, tasks, resources and activities are described in the Paragraphs below.

## 7. COMPENSATION AND NOMINATING COMMITTEE

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The Issuer's Board of Directors currently in office, consistent with the provisions of the Corporate Governance Code, established an internal Compensation and Nominating Committee, consisting of non-executive Directors, the majority of its members being independent Directors, including the Chairman who performs the functions set forth in art. 4 of the Corporate Governance Code on issues relating to nominations and in art. 5 of the Corporate Governance Code on issues relating to compensation, in compliance with principles and criteria required by the provisions of the Code.

The Compensation and Nominating Committee is responsible for:

### **Functions regarding compensation**

- assisting the Board in the formulation of the compensation policy;
- submitting to the Board of Directors proposals concerning the compensation of the Chief Executive Officer and of all other Directors who perform special tasks and for monitoring the proper implementation of approved resolutions;
- submitting to the Board of Directors general recommendations concerning the compensation of Diasorin Group executives with strategic responsibilities, taking into account the information and indications provided by the Chief Executive Officer, and assessing on regular basis the criteria adopted to determine the compensation of the abovementioned executives.

The Committee will also be expected to participate in managing any future stock option plans and, more generally, incentive plans that may be approved by the Issuer's relevant corporate governance bodies. The Committee advises the Board of Directors on the general remuneration policy to be applied to executive directors, Board members invested with specific tasks and duties, and executives with strategic responsibilities, as well as the proper identification and setting of appropriate performance targets that are to serve as the basis for determining the variable component of their remuneration determining whether or not performance targets have actually been met. The Committee periodically assesses the appropriateness, overall coherence and concrete implementation of the general remuneration policy of the executive directors, including directors with specific tasks, and Executives with Strategic Responsibilities.

Pursuant to the application criterion 6.C.6 of the Code of Conduct and to art. 5, Recommendation 26 of the Corporate Governance Code, Directors shall not participate in Committee meetings where proposals are submitted to the Board concerning their remuneration.

### **Functions regarding nominations**

- assisting the Board of Directors in the self-assessment of the Board of Directors itself and of its committees;
- expressing opinions to the Board of Directors regarding the optimal composition of the Board of Directors and of its committees;
- identifying candidates for the office of directors to be coopted;
- assisting the exiting Board of Directors in the submission of slates of candidates, so as to ensure a transparent process for the appointment of the new Board, in terms of composition and presentation;
- preparing, updating and implementing any succession plan for the Chief Executive Officer.

### **Members and functions of the Compensation and Nominating Committee (pursuant to art. 123-bis, Section 2, Letter d), TUF).**

By a resolution dated April 24, 2019, the Board of Directors merged the functions of the Compensation Committee and the Nominating Committee into a single “Compensation and Nominating Committee”, composed of the following Directors: Giuseppe Alessandria (Independent Director) who serves also as Chairman, Elisa Corghi (Independent Director) and Michele Denegri (Non-Executive Director). Pursuant to Article 5, Recommendation 26 of the Corporate Governance Code, Mr. Michele Denegri has proper knowledge and expertise, regarding Finance and Accounting, that have been valued by the Board of Directors at the time of his appointment.

In 2020, the Compensation and Nominating Committee met on March 5, April 15, June 25 and December 10, 2020: during the meetings the Committee provided recommendations on variable remuneration and on stock option plans and their beneficiaries and approved the draft of the 2020 Compensation Report and formulated proposals of remuneration changes and grant of cash-based incentives and carried out compensation benchmarking in relation to Executives with Strategic Responsibilities. Further details are provided in Section I and Section II of the Report on the Remuneration policy and fees paid published pursuant to Article 123-ter of TUF on the Company website [www.diasoringroup.com](http://www.diasoringroup.com), Section “Governance/ Information for Shareholders/Shareholders’ Meetings and Board/2021”.

For the current year, as at the date of this Report, a meeting was held on March 2, 2021, during which the Committee approved, among others, the draft of the “Report on the remuneration policy and fees paid” for the year 2021, provided recommendations on variable remuneration and examined the proposal to set up a new stock options plan. As of the date of this Report, in addition to the meeting held, no further meetings have been scheduled for 2021. The frequency, the average length, the attendance percentage at the Compensation and Nominating Committee meetings are listed in Table 2 annexed to this Report, to which reference is made; the Chairman of the Board of Statutory Auditors is required to attend Committee meetings. The Committee’s meetings have been regularly recorded and communicated to the first scheduled Board of Directors’ meeting by the Chairman of the Compensation and Nominating Committee. Meetings have been coordinated by the Chairman currently in office. In performing its functions, the Committee has free access to the company’s areas and information considered important for fulfilling its duties and can avail external consultants, subject to authorization by the Board of Directors. The Committee was not provided with financial resources as it uses the Issuer’s resources and organization to discharge its duties.

## 8. COMPENSATION OF DIRECTORS

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Information about (i) the Company policy for compensation of Directors, Executives with Strategic Responsibilities and members of the Board of Statutory Auditors, and (ii) compensation paid in 2020 is provided in Section I and Section II of the Report on the Remuneration policy and fees paid published pursuant to Art. 123-ter of the TUF on the Company website: [www.diasoringroup.com](http://www.diasoringroup.com) in the Section “Governance/Information for Shareholders/Shareholders’ meeting and board/2021”, to which reference is made.

## 9. CONTROL, RISKS AND SUSTAINABILITY COMMITTEE

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Following the renewal of corporate bodies on April 24, 2019 and in compliance with art. 4 of the Code and Article 3, Recommendation 16 of the Corporate Governance Code, the Board of Directors assigned, on the same date, the “Control and Risks Committee”, which had already been established in the previous term of office, the task of supervising sustainability issues connected to corporate activities and interactions with its stakeholders. Coherently, the Board changed the Committee’s name into “Control, Risks and Sustainability Committee”.

The Control, Risks and Sustainability Committee is composed of non- executive Directors, the majority of its members being independent Directors.

The Committees’ meetings are attended by the Chairman of the Board of Statutory Auditors and other members of the Board of Statutory Auditors, along with the Supervisory Director (i.e., the Chief Executive Officer pursuant to the Corporate Governance Code), and upon request of the Committee, the Internal Audit Officer, the Chairman of the Oversight Board and other employees whose presence may be deemed useful for the proceedings.

### **Composition and functions of the Control, Risks and Sustainability Committee (pursuant to art. 123-bis, Section 2, letter d), TUF)**

The Committee provides consulting support and makes recommendations to the Board of Directors, and specifically it is required to perform a series of tasks concerning the Issuer’s control activity and risks management, along with sustainability issues, as described in the following section.

The Control, Risks and Sustainability Committee is composed of the following Directors: Franco Moschetti (Independent Director), acting as Chairman, Roberta Somati (Independent Director) and Giancarlo Boschetti (Non- executive Director), who has significant expertise in the areas of accounting and finance.

The frequency, average length, attendance at the Control, Risks and Sustainability Committee meetings are listed in Table 2 annexed to this Report.

In 2020, the Control, Risks and Sustainability Committee met on March 4, April 10, June 16, July 28 and December 10, 2020. As at the date of this Report a meeting was held on March 5, 2021 and further meetings are not yet scheduled for 2021.

The Chairman of the Board of Statutory Auditors, together with the other members of the Board of Statutory Auditors, the Chairman of the Oversight Board and the Internal Audit Officer, upon request of the Committee, attended the meetings to discuss items on the agenda, along with other employees whose presence may be deemed useful for the proceedings.

Meetings of the Control, Risks and Sustainability Committee have been regularly recorded and activities – coordinated by its Chairman – have been communicated to the first scheduled Board of Directors’ meeting by the Chairman of the Control, Risks and Sustainability Committee.

## **Functions of the Control, Risks and Sustainability Committee**

The Control, Risks and Sustainability Committee has the following functions:

- it assists and supports the Board of Directors by adequate preliminary activity, in performing tasks related to the system of internal control and risks management, particularly with regard to defining the system's guidelines and assessing on a regular basis the adequacy, efficiency and effective implementation of the system of internal control;
- it provides advice on specific issues related to the identification of corporate risks and to the design, construction and management of the system of internal control and risks management;
- it supports with due examination the Board's judgment and decisions relating to risk managements arising from detrimental facts which the Board has become aware of;
- it reviews the work plan prepared by the Internal Audit Officer and the reports that the Internal Audit Officer submits every six months;
- together with the Corporate Accounting Documents Officer, the Independent Auditors and the Board of Statutory Auditors, it assesses the adequacy of the accounting principles used by the Company and the consistency and uniformity of their use in preparing the consolidated financial statements;
- it reports to the Board of Directors at least once every six months, on the occasion of the approval of the Annual Report and the Semiannual Report, about the work performed and the adequacy of the system of internal control and risks management;
- it performs any additional tasks that the Board of Directors may choose to assign to the Committee, specifically in areas related to the interaction with the Independent Auditors, the work performed by the Oversight Board pursuant to Legislative Decree No. 231/2001 and the provision of consulting support with regard to related-party transactions;
- it monitors sustainability issues, evaluates and assesses sustainability matters relating to corporate activities and interactions with its stakeholders, and to this end the Committee: (i) supervises the activities of DiaSorin S.p.A. and of DiaSorin Group companies concerning sustainability; (ii) evaluates and assesses the system of data collection and consolidation to prepare the Consolidated Non-Financial Statement, pursuant to Legislative Decree 254/2016 ("NFS"); (iii) reviews the NFS, expressing its opinion to the Board of Directors called to approve this document; and (iv) expresses, at the request of the Board of Directors, opinions on any sustainability issues.

Pursuant to Article 6, Recommendation 37 of the Corporate Governance Code, the Committee and the Board of Statutory Auditors exchange the information relevant to the performance of their respective tasks in a timely manner.

The Committee can require specific Internal Audit intervention. In this regard, the Committee did not exercise this power in 2020.

In 2020, the Control, Risks and Sustainability Committee performed its constant control activity, concerning the correct and timely implementation of the guidelines and the proper management of the Internal Control and Risks system of the Issuer and its subsidiaries.

In 2020, during the meetings held on March 11, and July 30, 2020, the Committee - as required pursuant to Article 6, Recc. 35, lett.h) of the Corporate Governance Code - reported to the Board of Directors on the activities and audits the Committee carried out and the effectiveness of the internal control system highlighting how the system proved to be largely in line with the size and organizational and operational structure of the Issuer. Last meeting held to report to the Board of Directors on the activities carried out was on March 11, 2021.

In performing its functions, the Control, Risks and Sustainability Committee had free access to the company's areas and information considered important for fulfilling its duties and could avail external consultants, subject to authorization by the Board of Directors.

During the Shareholders' Meeting held on April 24, 2019, the Board of Directors resolved to provide financial resources of 50,000,00 thousand €s to the Control, Risks and Sustainability Committee to perform its activities.

## 10. INTERNAL CONTROL AND RISKS MANAGEMENT SYSTEM

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The Board of Directors is responsible for defining the guidelines of the Internal Control and Risks management system, which is a set of processes designed to monitor the efficiency of the Company's operations, the reliability of all information (including financial information), the degree of compliance with laws and regulations and the level of protection of the Company's assets.

On December 19, 2012, the Board of Directors adopted the guidelines of the Internal Control and Risks Management system ("**The Guidelines**") that have been confirmed by the Board of Directors appointed on April 24, 2019. The Guidelines aim to define the main risks to which the Company is exposed. The Board of Directors is responsible for (i) is responsible for the prevention and monitoring of business risks to which the Company is exposed by properly identifying, adequately measuring, monitoring, managing and assessing the abovementioned risks, in accordance with the goal of protecting the corporate assets and consistent with the principles of sound management, including all the main risks that can have a major adverse impact on the Issuer's long-term sustainability and (ii) verifies on a regular basis (at least once a year) that the Internal Control and Risks management system is adequate, effective and functions correctly.

The document following a first section dedicated to the members involved in the System, defines the guidelines adopted by the Issuer's Board of Directors.

The Issuer's Internal Control and Risks management system involves the following corporate bodies with different tasks:

- The Board of Directors has the function of directing and evaluating the adequacy of the Internal Control and Risks management identifying, inter alia, a (i) Control, Risks and Sustainability Committee that assists the Board of Directors comprised of non-executive Directors, the majority of whom is Independent, with a proper preliminary investigation and (ii) one or more Directors in charge of the establishment and preservation of an efficient Internal Control and Risks management system ("**Supervisory Director**" i.e. the Chief Executive Officer, pursuant to the Corporate Governance Code);
- The Officer of the Internal Audit function, who is appointed by the Board of Directors, and proposed by the Supervisory Director, with the assent of the Control, Risks and Sustainability Committee, has the function to verify the adequacy and efficiency of the Internal Control and Risks management system;
- The Board of Statutory Auditors has the function to verify the efficiency of the Internal Control and Risks management system;
- The Corporate Accounting Document Officer, pursuant to the art. 154-*bis* TUF;
- The Oversight Board established pursuant Legislative Decree 231/2001.

Insofar as the guidelines adopted for the Internal Control and Risks management system are concerned, the Organizational and Management Model adopted by the Diasorin Group pursuant to Legislative Decree No. 231/2001 is taken into account.

As far as the company's financial statements are concerned, the Risk Management and Internal Control System applied to the financial reporting process adopted by the Diasorin Group was

developed using as a reference model and performance objective the COSO Report<sup>\*</sup>, according to which, the Internal Control and Risks management system, in the most general terms, can be defined as “*a process, effected by the Board of Directors, management and other personnel for the purpose of providing reasonable assurance regarding the achievement of objectives in the following categories: (i) design and effectiveness of operations;(ii) reliability of financial reporting; (iii) compliance with applicable laws and regulations*”.

Insofar as the financial reporting process is concerned, the corresponding objectives are the truthfulness, accuracy, reliability and timeliness of the financial reporting.

The Group, in defining its Internal Control and Risks management system for the financial reporting process, complied with the guidelines provided in this area in the following reference laws and regulations:

- Legislative Decree No. 58 of February 24, 1998 (TUF), as amended, specifically with regard to the provisions concerning the “*Certification of the Statutory and Consolidated Annual Financial Statements and Semiannual Report by the Corporate Accounting Documents Officer and the Delegated Governance Bodies pursuant to Article 154-bis of the TUF*”;
- Law No. 262 of December 28, 2005 (as amended, including the amendments introduced by the Legislative Decree of October 30, 2007 adopting the Transparency Directive) specifically with regard to the preparation of corporate accounting documents;
- The Issuers’ Regulations published by the Consob, as amended and integrated;
- The Italian Civil Code, which extends to the Corporate Accounting Documents Officers the liability for company management actions (Article 2434), corruption between private individuals (Article 2635) and the crime of obstructing public and oversight authorities in the performance of their functions (Article 2638);
- Legislative Decree No. 231, of June 8, 2001, which, citing, *inter alia*, the abovementioned provisions of the Italian Civil Code and the civil liability of legal entities for crimes committed by their employees against the public administration and market abuse crimes, as well as corporate crimes, classifies the Corporate Accounting Documents Officer as a Top Management Person.

In addition, the reference components of the Group include:

- the Group’s Code of Ethics;
- the Organizational and Management Model Pursuant to Legislative Decree No. 231/2001, its Special Parts and related protocols;
- the Procedure to comply with Internal Dealing requirements;
- the Procedure for Related-party Transactions;
- the Procedure for the internal management of Relevant Information and Inside Information and Public Disclosure of Inside Information;
- the Procedure for the management of persons having access to Relevant Information and Inside Information;
- the System of delegated and proxy powers;
- the organization chart and job description chart;
- the risk assessment process applied to quantitative and qualitative risk analysis;

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<sup>\*</sup> COSO Model, developed by the *Committee of Sponsoring Organizations of the Treadway Commission* - “*Interbak Control - Integrated framework*” published in 1992 and updated in 1994 by *Committee of Sponsoring Organizations of the Treadway Commission*.

- the Accounting and Administrative Control System, which is comprised of a set of procedures and operational documents, including:
  - Group Accounting Manual: document designed to promote the development and use within the Group of consistent accounting criteria for the recognition, classification and measurement of the results from operations;
  - Administrative and accounting procedures: documents that define responsibilities and control rules specifically with regard to administrative and accounting processes;
  - Financial statements and reporting instructions and closing schedules: documents used to communicate to the various Company departments the operational and detailed procedures for managing the activities required to prepare the financial statements by predetermined and shared deadlines;
  - Technical User Manual for the Group Reporting System: document provided to all employees who are directly in the process of preparing and/or reviewing accounting reports, which explains how the Reporting System operates.

Diasorin's Accounting and Administrative Control Model defines the method that must be applied when implementing the Internal Control System, which includes the following phases:

a) *Mapping and assessment of the risks entailed by financial reporting.*

The mapping and assessment of the risks entailed by the production of accounting reports is carried out by means of a structured risk assessment process. The implementation of this process includes identifying all of the objectives that the Internal Control and Risks Management System applied to financial reporting must achieve to deliver a truthful and fair presentation. These objectives refer to the financial statement "assertions" (existence and occurrence of events, completeness, rights and obligations, valuation/recognition, presentation and disclosure) and other control objectives (e.g., compliance with authorization limits, segregation of duties and responsibilities, documentation and traceability of transactions, etc.).

The risk assessment process is thus focused on those areas of the financial statements identified as potentially having an impact on financial reporting in terms of failure to achieve control objectives. The process of determining which entities should be classified as "significant entities" in terms of their impact on financial reporting serves the purpose of identifying, with regard to the Group's consolidated financial statements, the subsidiaries, financial statement accounts and administrative and accounting processes that are deemed to be "material," based on valuations carried out using both quantitative and qualitative parameters.

b) *Definition of controls for the mapped risks.*

As mentioned above, the definition of the controls required to mitigate the mapped risks within administrative and accounting processes is carried out taking into account the control objectives associated with financial reporting for processes deemed to be material.

If the implementation of the phase of determining the scope of the assessment process uncovers sensitive areas that are not governed, in whole or in part, by the corpus of administrative and accounting procedures, the existing procedures are amended and, working in concert with the Corporate Accounting Documents Officer, new procedures are adopted for the affected areas.

c) *Assessment of controls for the mapped risks and handling of any known issues.*

The assessment of the effectiveness and level of implementation of the administrative and accounting procedures and of the controls they contain is carried out through specific testing activities that are consistent with best industry practices.

Testing is carried out continuously throughout the year at the request of and in coordination with the Corporate Accounting Documents Officer, who uses his own organization and the Internal Auditing Department.

As part of the implementation process, the delegated governance bodies and the administrative managers of subsidiaries are required to provide the Corporate Accounting Documents Officer with an affidavit concerning tests performed to assess the effectiveness and level of implementation of the administrative and accounting procedures.

The Internal Auditing Officer prepares an Audit Report in which he provides an overview of the assessment of the controls established for the mapped risks. The assessment of controls results in



the definition of supplemental controls, corrective actions or improvement plans to address any identified issues.

The Audit Reports produced during the year are communicated to the Company's Control and Risks Committee and relevant outcomes are communicated to the Company Board of Statutory Auditors, and the Board of Directors.

Internal Control System applied to the financial reporting process is overseen by the Corporate Accounting Documents Officer, who is appointed by the Board of Directors, in concert with the Chief Executive Officer. The Corporate Accounting Documents Officer is responsible for developing, implementing and approving the Accounting and Administrative Control Model and assessing its effectiveness, and is required to issue certifications of the separate and consolidated annual financial statements and the semiannual financial report (separate and consolidated). The Corporate Accounting Documents Officer is also responsible for establishing adequate administrative and accounting procedures for the production of statutory and consolidated financial statements and, with the support of the Internal Auditing Department, providing subsidiaries with guidelines for the implementation of appropriate activities to assess their Accounting Control Systems.

In the performance of his functions, the Corporate Accounting Documents Officer:

- interacts with the Internal Auditing Director/Supervisory Director, who performs independent audits of the effectiveness of the Internal Control System and supports the Corporate Accounting Documents Officer in monitoring the System;
- is supported by the managers of the affected departments, who, with respect to the area under their jurisdiction, attest to the completeness and reliability of the information flows provided to the Corporate Accounting Documents Officer for financial reporting purposes;
- coordinates the activities of the Accounting Managers of subsidiaries, who are responsible, together with the delegated governance bodies, for implementing within their companies adequate accounting control systems to monitor administrative and accounting processes and assessing their effectiveness over time, reporting the results to the Parent Company as part of the internal certification process;
- establishes a mutual exchange of information with the Control, Risks and Sustainability Committee and the Board of Directors.

The Board of Statutory Auditors and the Oversight Board are informed about the adequacy and reliability of the internal control system applied to financial reporting.

A detailed description of the main characteristics of the Internal Control and Risks Management System applied to financial reporting, including consolidated financial statements, as required by Article 123-bis, Section 2, Letter b), of the TUF, is provided in the Report on the Company's Operations annexed to the statutory and consolidated financial statements.

## **10.1 SUPERVISORY DIRECTOR RESPONSIBLE FOR THE INTERNAL CONTROL AND RISKS MANAGEMENT SYSTEM**

The Supervisory Director (i.e., the Chief Executive Officer, pursuant to the Corporate Governance Code) is responsible for overseeing the effective implementation of the Internal Control and Risks Management System by the Board of Directors, with the support of the Control, Risks and Sustainability Committee.

The Supervisory Director, working within and in accordance with the guidelines established by the Board of Directors, is responsible for:

- identifying corporate risks, based on the characteristics of the Issuer's and its subsidiaries businesses and that will be periodically submitted to the attention of the Boards of Directors;
- implementing the Guidelines, designing, constructing and managing the Internal Control, System, constantly verifying its efficiency and adequacy;
- making sure that the System adjusts to the operating conditions and to the relevant regulatory framework;



- promptly reporting to the Control, Risks and Sustainability Committee (or to the Board of Directors) issues and critical situations emerged from its control activity or of which the Committee was informed, so that the Committee (or the Board of Directors) can take measures against these critical situations.
- in performing these tasks, the Supervisory Director can rely on the Internal Audit to carry out controls on both specific business areas and internal laws and procedures concerning corporate operations, so that the Chairman of the Board of Directors, the Chairman of the Control, Risks and Sustainability Committee and the Chairman of the Board of Statutory Auditors will be promptly informed. In 2020, the Supervisory Director did not exercise this power.

On April 24, 2019, the Issuer's Board of Directors reappointed Carlo Rosa, the Issuer's Chief Executive Officer and General Manager, to the post of Supervisory Director. Mr. Rosa had been appointed to this post by the previous Board of Directors.

In 2020, the Supervisory Director:

- identified the main corporate risks (strategic, operational, financial and compliance related), taking into account the characteristics of the businesses carried out by the Issuer and its subsidiaries, and submitted them to the Board of Directors for review on a regular basis;
- implemented the Guidelines defined by the Board of Directors, designing, constructing and managing the Internal Control and Risks Management System, monitoring on an on-going basis the system's overall adequacy, effectiveness and efficiency and the need for any adjustments;
- updated the system in response to changes in operating conditions and in the relevant regulatory framework;
- did not deem it necessary to require intervention of the Internal Audit Officer.

## **10.2 INTERNAL AUDIT OFFICER**

The Board of Directors appointed a person in charge of verifying the constant adequacy, effectiveness and efficiency of the Internal Control and Risks management system.

During the Board meeting held on December 19, 2019, the Board of Directors in compliance with the provisions of the Corporate Governance Code, appointed Francesco Mongelli, as from January 1, 2020 to the post of Internal Audit Officer, on the input of the Supervisory Director and following the favorable opinion of the Control, Risks and Sustainability Committee and the Statutory Auditors. The Internal Audit Officer was entrusted with tasks and responsibilities contained in the Code and detailed in the Guidelines.

The Code requires that the Board of Directors in charge of appointing (and revoking) the Internal Audit Officer provides such Officer with adequate resources to perform his /her tasks and defines his/her compensation, coherently with the company's policy. The Internal Audit Officer, who is not in charge of any operating area, reporting through official channels to the Board of Directors, can:

- verify both continuously and according to specific needs, the eligibility and effectiveness of the Internal Control and Risks Management System, in compliance with the international standards and through an audit plan, which is approved annually by the Board of Directors and shared with the Control, Risks and Sustainability Committee and is based on an analysis process and risks priority.
- have direct access to useful information to carry out his/her duty;
- draw up periodic reports containing information on the activity of his/her function, the method employed for risks management and the safeguard of the plans. The periodic reports evaluate the suitability of the System.
- draw up promptly reports on important events;
- convey the abovementioned reports to the Chairman of the Board of Statutory Auditors, the Control, Risks and Sustainability Committee, the Board of Directors and the Supervisory Director.

- Verify, within the audit plan, the reliability of the information systems, including the accounting systems.

Starting from January 1, 2013 the Internal Audit Officer's work-plan is approved on annual basis by the Board of Directors, after receiving a favorable opinion from the Board of Statutory Auditors and the Supervisory Director; the 2020 Audit Plan was approved during the meeting held on March 11, 2020 and the 2021 Audit Plan was subject to approval on March 11, 2021. At least once a year, the Internal Audit Officer reports and explains the controls carried out to the Board of Directors, the Supervisory Director, and the Control and Risks and Sustainability Committee and the Board of Statutory Auditors. In compliance with his duty, in 2020, the Internal Audit Officer carried out his tasks drawing up and following an annual plan, that was presented to the Board of Statutory Auditors and Control, Risks and Sustainability Committee to show the results achieved during the year.

In 2020, the Internal Audit Officer carried out all the activities of his annual work-plan, reporting to the Control, Risks and Sustainability Committee during the meetings held on March 4, July 28 and December 10, 2020 and to the Board of Directors during the meeting held on March 11, 2020. The Internal Audit Officer reported to the Control, Risks and Sustainability Committee and to the Board of Directors again on March 3, 2021 and on March 11, 2021, respectively.

### **10.3 CODE OF CONDUCT AND ORGANIZATIONAL MODEL pursuant to legislative decree no. 231/2001**

#### **The Group's Code of Conduct**

On December 18, 2006, the Issuer approved and implemented a Group's Code of Conduct ("**the Code of Conduct**"), with the aim of providing all employees with common consistent rules of conduct and defining their rights and obligations, as they apply to the performance of any activity that may affect the Issuer's interests. The Code of Conduct sets forth the general principles that define the values that underpin the Issuer's operations and it has been currently adopted by all Diasorin Group's companies.

On December 19, 2016, the Board of Directors approved a new edition of the Code of Conduct, in compliance with the new MedTech Code of Ethics. The update was carried out following the release of a new Code of Ethics drafted by MedTech €pe, an association representing the €pean IVD industry through EDMA-€pean Diagnostic Manufacturers Association; DiaSorin S.p.A., as a member of EDMA, was required to adopt the provisions – having an impact on the sections of the DiaSorin Group's Code of Conduct referred to the relationship with healthcare professionals and healthcare organizations - of the new MedTech Code of Ethics by the end of 2016. Briefly, the Code was amended to introduce a new section, entitled "*Relationship with Healthcare Professionals and Healthcare Organizations*" providing a series of principles and provisions regulating relationships with the abovementioned counterparties, to safeguard medical-scientific sector and create transparent and free of any commercial interest interactions.

The Code of Conduct currently in force is available on the Issuer's website ([www.diasoringroup.com](http://www.diasoringroup.com), Section "Governance/Code of Conduct").

#### **The Organization and Management Model pursuant to Legislative Decree No. 231/2001**

As required by the provisions of Article 2.2.3, Section 3, Letter 1), of the Stock Exchange Regulations (concerning companies listed in the STAR segment) and in order to ensure that all business transactions and corporate activities are carried out fairly and transparently, protecting the Company's position and image, meeting the expectations of its shareholders and protecting the jobs of its employees, the Board of Directors adopted the model required by Legislative Decree No. 231/2001 in connection with the Company's administrative liability for crimes committed by

its employees (also referred to as the “**Model**”) in apical positions and appointed the related Oversight Board, pursuant to Art. 6 and 7 of the abovementioned Legislative Decree.

This model was developed taking into account the provisions of Legislative Decree No. 231/2001, the guidelines provided by relevant trade associations (particularly those of Assobiomedica) and the guidelines published by Confindustria.

Moreover, the Issuer revised its Model to make it consistent with the new requirements of Legislative Decree No. 123/2007 and the rules on market abuse introduced by the TUF. The revised model includes two new Special Sections that concern violations of rules concerning health and safety on the job of Legislative Decree No. 81/2008 (Uniform Occupational Safety Code), and crimes involving market abuse (and manipulation) and abuse of insider information.

Subsequently, the Board of Directors agreed to amend the Model, adding “Special Section E” that deals with certain issues listed in Legislative Decree No. 121/2011 concerning environmental crimes, and lastly the Board of Directors agreed to update Special Section “A” (Offences against the Public Administration) and Special Section “B”, and added Special Section “F” (Employment of citizens of other countries illegally residing in the country) and, lastly, on November 11, 2015 updating Special Section “E” following the “new presumed offences” included in the provisions of Legislative Decree No. 231/2001.

In 2017, the Oversight Body carried out a regulatory adjustment on the Special Sections “B” and “C” of the 231 Model following the entry into force of Legislative Decree 38/2017 aimed at reinforcing the fight against corruption in the private sector and of MAR, providing new provisions on Market Abuse, respectively, in addition to mapping of the risks concerning the Special Sections “A” and “B”, following the reorganization of some functional areas included in the abovementioned mapping that led to a change in the allocation of tasks and responsibilities.

The Oversight Board promoted a series of training sessions concerning responsibility issues, pursuant to Legislative Decree 231/2001 to support sales force in Italy and Global Procurement and Supply Chain Functions.

In 2019, the Board of Directors resolved to amend the Model with (i) the implementation of an IT system to manage reports received on violations and breaches of the Model, assuring confidentiality of the identity of the whistleblower (in accordance with the provisions of Legislative Decree no. 179/2017) – the so-called Whistleblowing (fully operational from June 30, 2019) and (ii) the introduction of a new Special Section (“Special Section G”) – and related operating protocols – regarding receiving of stolen goods, money laundering, utilization of money, goods or other benefits of unlawful origin, self-laundering (as referred to in Article 25-*octies* of Legislative Decree 231/2001).

Lastly, on July 30, 2020, following the input of the Oversight Board and after receiving approval from the Control and Risks Committee, the Board of Directors resolved to introduce a new Special Part (called “Special Part H”) – and the related operational protocols – concerning tax offences, as per Article 25-*quinquiesdecies* of Legislative Decree 231/2001 (introduced after the entry into force of the Legislative Decree no. 124 of 26 October 2019, as converted into law, with amendments by Law no. 157 of 19 December 2019).

As of the date of this Report, the model (whose summary is available on the Company’s website [www.diasoringroup.com](http://www.diasoringroup.com), Section “Governance/ Governance Documents”) includes:

- “General Section” includes (i) the description of the regulatory framework, (ii) the governance and organizational structure adopted by Diasorin for preventing the commission of crimes, (iii) the purposes of the Model, (iv) the requirements and tasks of the Supervisory Body (see below), (v) the disciplinary measures adopted by the Company in case of non-compliance with the measures set out in the Model and (vi) the training and communication plan to ensure an accurate knowledge and awareness of the provisions of the Model by all the persons who must observe them.

- “Special Section A” includes the crimes covered by Articles 24 and 25 of the Decree committed in the course of relations with the Public Administration;
- “Special Section B” covers the so-called “Corporate” crimes, including the corruption between private parties;
- “Special Section C” encompasses the crimes provided for in Market Abuse Regulation and in the TUF on “Market Abuse”;
- “Special Section D” includes "the unintentional manslaughter and unintentional serious or very serious injuries committed in breach of applicable regulations on health and safety at work" as set out in the Legislative Decree 123/2007;
- “Special Section E” includes the environmental crimes introduced by Article 2 of Legislative Decree July 7, 2011 n. 121;
- “Special Section F” encompasses the crimes regarding " Employment of citizens of other countries illegally residing in the country" as provided for in Article 22 paragraph 12-bis of the Legislative Decree 286/1998 and transposed by Article 25-duodecies of the said Decree.
- “Special Section G” encompasses the crimes regarding “Receiving of stolen goods, money laundering, utilization of money, goods or other benefits of unlawful origin, self- laundering” as referred to in Article 25-octies of Legislative Decree 231/2001.
- “Special Section H” encompasses tax offences as referred to in Articles 2,3,8,10 and 11 of Legislative Decree 74/2000 regulated by Article 25-quinquiesdecies of the Decree, introduced following the entry into force of the Legislative Decree 124/2019, as converted into law, with amendments by Law no. 157.

The Oversight Board, in office until its revocation, includes in its collective form the following members: Mr. Roberto Bracchetti, (member of the Board of Statutory Auditors), Ms. Patricia Scioli, external professional (responsible for the controls required by occupational and environmental safety regulations,) and Mr. Ulisse Spada, Corporate V.P. General Counsel , who was appointed by the Board of Directors on December 21, 2020 to replace Mr. Francesco Mongelli (Head of Internal Audit), in the light of the provisions of Article 6. Recc. 33 lett.e) of the Corporate Governacne Code, according to which the Board of Directors considers the Head of the Legal Department to be included among the members the Oversight Board in order to ensure cooperation between the various parties involved in the internal control and risk management system. The Oversight Board is responsible for ensuring that the Model is functioning correctly, is effective and is being complied with, and for recommending updates to the model and Company procedures, when appropriate. To this end, on March 11, 2021 the Board of Directors resolved to provide the Oversight Board with financial resources amounting to EUR 50,000,000 for the year ended December 31, 2020, confirming the same budget provided in 2019.

Once a year, the Oversight Board presents to the Board of Directors the findings of its oversight activity, subsequent to discussing them with the Control, Risks and Sustainability Committee; last meetings held with the Control, Risks and Sustainability Committee and the Board of Directors occurred on March 3, 2021 and March 11, 2021, respectively.

#### **10.4 INDEPENDENT AUDITORS**

Pursuant to a resolution approved by the Shareholders’ Meeting on April 28, 2016, the Company on a reasoned proposal by the Board of Statutory Auditors, appointed PricewaterhouseCoopers S.p.A. for the 2016-2024 period.

#### **10.5 CORPORATE ACCOUNTING DOCUMENTS OFFICER**

Pursuant to Article 15 of the Bylaws, the Board of Directors, which is required to act with the mandatory input of the Board of Statutory Auditors, has jurisdiction over the appointment and dismissal of the Corporate Accounting Documents Officer (“**Designated Officer**”), required pursuant to Article 154-*bis* of the TUF, and the determination of his compensation. The Company’s Corporate Accounting Documents Officer must meet the integrity requirements of the relevant statutes currently in force for those who perform administrative and management functions, as well as professional requirements that include specific expertise in administrative and accounting issues. Expertise in these areas must be verified by the Board of Directors and must be the result of work performed in a position of sufficiently high responsibility for an adequate length of time. On April 28, 2016, the Board of Directors appointed Mr. Piergiorgio Pedron (Manager of the Issuer’s Accounting, Finance and Control Department) to the post of Corporate Accounting Documents Officer, for an unlimited time, after verifying compliance with the requirements of integrity and professional expertise and taking into account the favorable opinion of the Board of Statutory Auditors, granting him the powers required pursuant to Article 154-*bis* of the TUF, specifically:

- free access to all information considered important for fulfilling his duties, both within Diasorin S.p.A. and within the companies in the Group, with the power to inspect all the documentation related to drawing up the accounting documents of Diasorin S.p.A. and the Group and with the power to request explanations and elucidations of all the subjects involved in the process of forming the accounting data of Diasorin S.p.A. and the Group;
- attendance at the meetings of the Board of Directors;
- the right to dialogue with Control, Risks and Sustainability Committee;
- the right to approve the company procedures, when they impact the balance sheet, the consolidated financial statements and the documents submitted for certification;
- participation in designing the information systems that impact the economic asset and financial situation;
- the right to organize a suitable structure (amount and skills of resources) within his own area of activity, internally employing the available resources and, where necessary, outsourcing;
- the right to employ the Internal Audit function for mapping the processes of competence and in the phase of execution of specific checks, with the possibility, if this Function is not internally present, of using resources through outsourcing;
- the possibility of using the information systems for monitoring activity;
- the approval and signing of each document connected to the function of the accounting documents officer and/or that required the statement pursuant to the rules.

The Board of Directors acknowledges the annual compensation of Mr. Pedron for the post of Accounting Document Officer, pursuant to art. 154-*bis* TUF, has to be included in the annual compensation of Mr. Pedron as Company Director.

## **10.6. COORDINATION OF INDIVIDUALS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Company has attributed the function of coordination of individuals involved in the Internal Control and Risk Management System to the Board of Directors, carried out by the Supervisory Director. Such function has been duly and regularly performed in 2020. The Company performed an analytical analysis on the activities carried out by parties involved in the internal control and risk management system, identifying concrete steps on coordination in order to make activities and duties carried out by parties involved in the system more efficient. Specifically, all members of the Board of Statutory Auditors, Managers directly involved in the company risk management

and the Chief Executive Officer acting as Director in charge of internal control and risk management attended the Control, Risks and Sustainability Committee meetings. The Control, Risks and Sustainability Committee reports to the Board of Directors at least once every six months about the work performed and the adequacy of internal control and risks management system. As for the Oversight Board its coordination with other parties involved is fully ensured by the presence of members of the Board of Statutory Auditors and the Internal Audit Officer, being Chairman and member of the Oversight Board, respectively. Lastly, the Board of Statutory Auditors, during its quarterly controls, meets periodically the Accounting Document Officer, the Independent Auditors and all the company functions involved in processes and procedures verified by the Board of Statutory Auditors, including controls on internal control and risk management. On March 11, 2021, the Board of Directors, pursuant to Criterion 7.C.1 of the Code and to Article 6, Recommendation 33 of the Corporate Governance Code, deemed coordination procedure of parties involved in the internal control and risk management system, including coordination among the parties involved, to be adequate.

## **11. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES**

With regard to related-party transactions, the Issuer's Board of Directors adopted a Procedure for Related-Party Transactions and established a Committee for such transactions.

The Board of Directors adopted the Procedure on November 5, 2010, in accordance with Consob Regulation on Related Party transactions, in force at that date. The Procedure went into effect on January 1, 2011 and was amended by the Board of Directors on March 14, 2019 – following approval from the Related-Party Committee on February 27, 2019, in order to, inter alia, take into account that from the date on which 2017 consolidated data have been approved, the Company is no longer qualified as “small sized company” pursuant to art. 3, paragraph 1, lett. f) of the CONSOB Related Parties Regulation; the updated Procedure is published pursuant to the CONSOB Related Parties Regulation on the company website [www.diasoringroup.com](http://www.diasoringroup.com), Section “Governance/ Governance Documents”. The list of Company's Related Parties, annexed to the Procedure, is updated at any time, if necessary, and revised on an annual basis.

Referring to the abovementioned Procedure, Directors who have a vested interest in a transaction must provide in a timely manner full information regarding the existence of a vested interest and the circumstances of the same to the Board, evaluating on a case-by-case basis the opportunity of leaving the meeting at the time at which the resolution is taken and to abstain from voting on the matter. In case the vested interest is held by a Chief Executive Officer, the same abstains from carrying out the operation. In such cases, the resolutions of the Board of Directors will motivate adequately the reasons and interest of the Company to carry out the operation. The Board of Directors takes the appropriate decisions in the case that Directors abandoning the meeting when the matter is discussed would result in there no longer being the required quorum.

In 2020, no operations concerning Directors with direct or indirect interest or Related-Party interest have been carried out. It should be noted that Consob by Resolution no. of 21624 of 10 December 2020 adopted the amendments to Consob Related-Party Regulations and Consob Market Regulations in order to adapt second-level regulation to SHRD. The Resolution no. 21624, which will come into effect on 1 July 2021, provides for a transitional period, ending on 30 June 2021, within which companies shall adapt their own procedures to the new provisions of Consob Related-Party Regulations. In 2021 the Company will amend its Related-Party Procedure.

## 11.1 COMMITTEE FOR RELATED-PARTY TRANSACTIONS

The Committee for Related-Party Transactions consists of Independent Directors - Franco Moscetti (serving as Chairman), Giuseppe Alessandria and Roberta Somati.

In 2020, the Committee for Related-Party Transactions met on March 4, 2020 to monitor the update of the List of Related Parties annexed to the Procedure. Meeting of the Committee for related-party transactions– coordinated by its Chairman – have been regularly recorded and communicated to the first scheduled Board of Directors’ meeting by the Chairman of the Committee.

In 2021, the Committee for Related-Party Transactions met on March 3, 2021 to update the List of Related Parties. The Committee has received information about a related-party transaction subject to exemption, pursuant to the Procedure.

## 12. APPOINTMENT OF STATUTORY AUDITORS

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Pursuant to Article 18 of the Bylaws, the Board of Statutory Auditors is comprised of 3 (three) Statutory Auditors and 2 (two) Alternates, who are elected for a three-year term of office and may be re-elected.

Statutory Auditors must meet the requirements of the relevant laws currently in force, also with regard to the limits on the number of governance posts they may hold. Specifically, in the areas of professional requirements, for the purposes of the provisions (when applicable) of Article 1, Section 3, of Ministerial Decree No. 162 of March 30, 2000, which makes reference to Section 2, Letters b) and c), of the abovementioned Article 1, it shall be understood that the expression “subject matters closely related to the businesses in which the Issuer is engaged” shall be understood to mean those related to the healthcare and medical industries.

The Board of Statutory Auditors performs the task and activities required pursuant to law. Moreover, Statutory Auditors, acting collectively or individually, may ask the Directors to provide information, clarify previous disclosures and, more in general, furnish data about the Company’s operating performance or specific transactions. They may also carry out at any time inspections and controls and request information pursuant to law.

Two Statutory Auditors, acting jointly, have the right to convene a Shareholders’ Meeting.

The Board of Statutory Auditors is required to meet at least once every 90 days. See [Table 3](#) for further details on meetings held.

In 2020, the Board of Statutory Auditors met on February 17, March 9 (three sessions), April 24 (, April 29, May 5, May 8, July 13, July 15, September 22, October 6 and December 4. The average length of meetings was 2 hours and 30 minutes. As of the date of this Report, the Board of Statutory Auditors held three meetings: on February 16, March 4, 2021 (two sessions). At the date of this Report 7 additional meetings are scheduled. The first will be on March 16, 2021.

The provisions of the Issuer’s Bylaws (Article 18) that govern the composition and the election of the Board of Statutory Auditors effectively ensure compliance with rules and regulations concerning with provisions concerning rights of minority shareholders’ rights, independence of Directors and gender balance.

As regards amendments introduced by Budget Law no. 160/2019 on gender balance as referred to Article 148, Paragraph 1-bis of TUF<sup>4</sup>, it should be noted that Consob by resolution no. 21359 of 13 May 2020 amended the provisions of paragraph 3, art. 144-*undecies*.1 of the Issuers' Regulations providing that if the application of the gender distribution criterion does not result in a whole number of members of the Board of Directors and Board of Statutory Auditors belonging to the less represented gender, this number is rounded up to the next higher unit, with the exception of the corporate bodies made up of three members whose number is rounded down<sup>5</sup>.

The reserve criterion of at least two-fifths shall be applied on the first election of the corporate body following the date on which the law came into force; therefore, as provided in Section 4.1 of this Report, the company Bylaws shall be amended to include the new rules on gender balance. Such rules will be applied at the next renewal of the Board of Statutory Auditors, at the Shareholders' Meeting called to approve the financial statements at December 31, 2021.

This paragraph provides details on the election of corporate bodies, in accordance with the statutory provisions currently in force.

The Board of Statutory Auditors is elected on the basis of slates of candidates filed by shareholders. Each shareholder, shareholders belonging to a shareholders' agreement that meet the requirements of Article 122 of the TUF, the Company's controlling party, its subsidiaries and joint ventures that qualify as such pursuant to Article 93 of the TUF may not file or participate in the filing, directly or through a third party or a nominee, of more than one slate and may not vote for multiple slates. Each candidate can be included on only one slate, on penalty of losing the right to be elected. Votes cast in violation of this requirement will not be attributed to any slate of candidates.

According to the Issuer's Bylaw only shareholders who represent at least 2.5% of the voting shares may file slates of candidates, or any other percentage that may apply pursuant to the provisions or guidelines of laws or regulations. In compliance with Art. 144-*septies*, paragraph 1, of the Consob's Issuers' Regulation, Consob established under the Management Decision of the Head of the Corporate Governance Division no. 44 of 29 January 2021 that shareholders' owning a shareholding equal to 1% of the Share Capital are entitled to present the slates of nominees to allocate the Directors to be elected.

Slates filed with a number equal to or with more than 3 candidates shall be composed by candidates belonging to both genders so that the least represented gender is awarded at least one-third of the seats and (rounded up) for being elected as Statutory Auditors and at least one-third (rounded up) of the candidates running for being elected as Alternate.

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<sup>4</sup> Paragraph 1-*ter*, of Article 147-*ter*, of the TUF, in force at the date of this Report provides, inter alia, that “ *the less represented gender shall obtain at least two fifths of the appointed Directors. This criterion shall apply for six consecutive mandates*”.

<sup>5</sup> Pursuant to Paragraph 3, of Article 144-*undecies*.1 of the Issuers' Regulations, as amended by Consob Resolution no. 21359 of 13 May 2020, “ *the application of the gender distribution criterion does not result in a whole number of members of the Board of Directors and Board of Statutory Auditors belonging to the less represented gender, this number is rounded up to the next higher unit, with the exception of the corporate bodies made up of three members whose number is rounded down*”.



Slates filed by shareholders must be deposited at the Company's registered office at least 25 (twenty-five) days prior to the date of the first calling of the Shareholders' Meeting, on penalty of becoming invalid, together with the documents required by the Bylaws. The abovementioned documents must include the following:

- (i) Information identifying the shareholders who are filing the slates and showing the total percentage interest held;
- (ii) An affidavit by the shareholders different from those who hold, jointly or individually, a controlling or relative majority interest attesting that they are not linked with the latter as a result of transactions such as those defined in the relevant laws and regulations currently in force;
- (iii) Detailed information about the candidates' backgrounds, affidavits by the candidates attesting that they meet statutory requirements and accept the nomination and listings of any management and control posts held by the candidates at other companies.

In addition, a special attestation issued by an intermediary qualified pursuant to law certifying the ownership, when the slate of candidates is being filed with the Company, of the number of shares needed to qualify for filing the slate must be filed with the Company within the deadline required by the rules applicable to the publication of slates of candidates by the Company.

If the conditions set forth above are not complied with, the affected slate shall be treated as if it had never been filed.

The election system set forth in the Bylaws is as follows:

- (a) The Statutory Auditor candidate listed first in the slate that received the second highest number of votes and is not in any way linked, directly or indirectly, with the parties who filed the slate that received the highest number of votes is elected to the post of Statutory Auditor and Chairman of the Board of Statutory Auditors;
- (b) The candidates listed, respectively, first and second in the slate that received the highest number of votes are elected to the post of Statutory Auditor. Alternate candidates who are listed first in the slates that received the highest and second highest number of votes are elected to the post of Alternate.

If two or more slates receive the same number of votes, a new balloting is held. If the outcome of the second balloting is still a tie, the slate filed by the shareholders controlling the largest equity interest or, failing that, the slate filed by the largest number of shareholders shall prevail.

If with the manner above described the composition of the Board of Statutory Auditors with reference to the Statutory Auditors, does not comply with the laws currently in force on gender balance, the necessary replacements, in consecutive order, with candidates running for the election as Statutory Auditors from the slate that received the highest number of votes shall be carried out. If only one slate of candidates is filed, the Statutory Auditors and Alternates are elected from that slate, in compliance with the laws currently in force on gender balance.

If no slates are filed, the Shareholders' Meeting shall adopt the relevant resolutions with the majorities required pursuant to law, in compliance with the laws currently in force on gender balance.

If a Statutory Auditor needs to be replaced, he/she is replaced by an Alternate taken from the same slate as the Statutory Auditor who is being replaced. The Alternate thus elected will serve until the next Shareholders' Meeting.

If the Chairman of the Board of Statutory Auditors needs to be replaced, the Chairmanship will pass to the Statutory Auditor elected from the same minority slate. When the Shareholders' Meeting needs to elect replacement Statutory Auditors and/or Alternates, it shall proceed as follows: if the Statutory Auditors that need to be replaced had been elected from the majority slate, they shall be elected by a plurality of the votes, without any slate requirements; if, on the other

hand, the Statutory Auditors that need to be replaced had been elected from the minority slate, the Statutory Auditors are elected by a plurality of the votes taking them from the slate to which the Statutory Auditors who are being replaced belonged. If, for any reason, the use of the abovementioned procedures would not result in the replacement of Statutory Auditors designated by minority shareholders, the Shareholders' Meeting shall act by a plurality of the votes. However, in the ballot counting process, the votes cast by shareholders who, based on disclosures provided pursuant to current laws, control, directly or indirectly or jointly with other members of a shareholders' agreement, as defined in Article 122 of the TUF, a majority of the votes that may be cast at a Shareholders' Meeting and shareholders who control, are controlled by or are subject to joint control by the former shall not be counted.

The replacements procedure of the sections above shall comply with the laws currently in force on gender balance.

Additional information about the method used to elect the Board of Statutory Auditors is provided in Article 18 of the Bylaws.

### **13. COMPOSITION AND FUNCTIONING OF THE STATUTORY AUDITORS (PURSUANT TO ART. 123-BIS, SECTION 2, LETTER D AND D-BIS), TUF)**

The Issuer's Board of Statutory Auditors was appointed by the Ordinary Shareholders' Meeting held on April 24, 2019. The Board's term expired with the Shareholders' Meeting to be called to approve the financial statements for the year ending 31 December 2021.

The Board of Statutory Auditors was appointed on the basis of two slates. The first slate has been filed by IP Investimenti e Partecipazioni S.r.l., which certified its ownership of an equity interest equal to about 41.109% of the Company's common shares. The second slate has been filed as minority list by a number of asset management companies representing their funds which certified their ownership of an overall equity interest equal to 1.012% of common shares. Pursuant to the Bylaws, the Statutory Auditor candidate listed first in the slate that received the second highest number of votes (namely the slate presented by minority shareholders, receiving 16.974% of the voting capital) was elected to the post of Chairman of the Board of Statutory Auditors and Statutory Auditor. The candidates referred to in 1) and 2) listed in the slate that received the highest number of votes (and specifically from the slate filed by IP Investimenti e Partecipazioni S.r.l., receiving 82,831% of the Voting capital) were elected to the post of Statutory Auditors. Alternate candidates referred to in 1) listed in the slates presented by minority shareholders and by the reference shareholder were elected to the post of Alternates.

The members of the Board of Statutory Auditors currently in office, are as follows:

<b>First and last name</b>	<b>Place and date of birth</b>	<b>Post held</b>	<b>Domicile for post held</b>
<b>Monica Mannino</b>	Palermo, October 18, 1969	Chairman	Saluggia (VC) Via Crescentino snc
<b>Ottavia Alfano</b>	Milan, May 2, 1971	Statutory Auditor	Saluggia (VC) Via Crescentino snc
<b>Matteo Michele Sutura</b>	Milano, September 29, 1981	Statutory Auditor	Saluggia (VC) Via Crescentino snc
<b>Romina Guglielmetti</b>	Piacenza, March 18, 1973	Alternate	Saluggia (VC) Via Crescentino snc
<b>Cristian Tundo</b>	San Pietro Vernotico, October 25, 1972	Alternate	Saluggia (VC) Via Crescentino snc

Pursuant to Articles 144-*octies* and 144-*decies* of the Issuers' Regulations, the professional *curricula* of the Statutory Auditors and the Alternates are available at the Issuer's registered office

and at the Issuer's website [www.diasoringroup.com](http://www.diasoringroup.com) (Section "Governance/Information for Shareholders /Shareholders' meeting and board/2019") as part of the application forms and relevant documents.

### **Diversity policy.**

As of the date of this Report, the Company did not adopt a diversity policy applying to the composition of the control bodies with respect to age, gender numbers and educational and professional background.

In accordance with Art. 125-ter of the TUF, the Board of Directors included in the explanatory reports recommendations to the Shareholders' Meeting convened to approve the financial statements at December 31, 2018, concerning the appointments of the Board of Directors and the Board of Statutory Auditors and, also pursuant the Application Criterion 1.C.1. lett. h) of the Corporate Governance Code, concerning the diversity of the corporate bodies' composition. Such explanatory reports are available in the Issuer's website at [www.diasoringroup.com](http://www.diasoringroup.com), Section "Governance/Information for Shareholders/Shareholders' Meeting and board/2019".

Material aspects concerning the diversity of the current composition of the Board of Statutory Auditors are described below.

The Issuer complied with regulations on gender balance concerning the composition of corporate bodies at the meeting held on April 22, 2013, to appoint said bodies and subsequently at the meeting held on 24 April 2019, to renew their last term of office. Both the Board of Statutory Auditors in office during the 2016-2018 period and the Board of Statutory Auditors in office as at the date of this Report was composed of 1 man and 2 women, while as regards the Alternates, the Board was composed of 1 man and 1 woman in office since 2013.

The Board of Statutory Auditors is composed of members belonging to the following age groups: two members belong to the 51-40 age group, while one member belongs to the 41-30 age group. Finally, both Alternates belong to the 51-40 age group.

All Statutory Auditors and one Alternate work as Certified Public Accountants and Independent Auditors; one Alternate works as a lawyer.

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The Board of Statutory Auditors, taking also into account the requirements for Directors that are set forth in Article 2, Recommendation 7 of the Corporate Governance Code, assesses the independence of its members upon their election and at least once a year while they are in office. The Board of Statutory Auditors assesses periodically the independence of the Independent Auditors and provides each year its opinion on this issue in a report to the Shareholders' Meeting. In 2020, the Board of Statutory Auditors:

- assessed the independence of its own members on April 24, 2019 during the Shareholders' Meeting held to appoint statutory auditors. This assessment has been disclosed to the public by press release on the same date;
- assessed on March 4, 2021, following the self-assessment process carried out by its own members the outcomes of which are described in the "Self-assessment Report" forwarded to the Board of Directors, whether the independence requirement continued to apply to its own members (disclosed to the public by press release);
- in carrying out these assessments, applied all the criteria set out in the Code related to the independence of Directors.

The Auditor who, on his own behalf or on behalf of a third party, has an interest in a particular Company transaction, has to promptly provide comprehensive information on the nature, terms, origin and scale of such interest to the other Auditors and the Chairman of the Board.

The Board of Statutory Auditors oversaw the independence of the external auditors, verifying that the relevant legal requirements were met, as well as the nature and extent of the various auditing services carried out for the Company and its subsidiaries by the external auditors and its network. The 2019 assessment will be expressed in the report presented to the Shareholders' meeting that will approve the financial statements for the year ending December 31, 2020.

In performing its duties, the Board of Statutory Auditors coordinates and collaborates with the internal auditing department and with the Control, Risk and Sustainability Committee, through joint meetings and constant exchange of documentation.

See [Table 3](#) for further details on the meetings held. At the date of this Report three meetings were held on February 16 and March 4 (two sessions). At the date of this Report seven additional meetings have been scheduled – the first on March 16, 2021.

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The Legislative Decree no. 39/2010, as last amended by the Legislative Decree no. 135/2016, attributed to the Board of Statutory Auditors the function of committee for internal control and accounting audit and in particular:

- informing the Board of Directors of the result of the legal audit and provides them with an up-to-date report in accordance with Article 11 of European regulation 537/2014, complete with comments;
- monitoring financial reporting process and submit recommendations or proposals to ensure its integrity;
- monitoring the effectiveness of the undertaking's internal control, internal audit where applicable, and risk management systems, as regards the financial information of the audited entity, without violating its independence;
- monitoring the statutory audit of separate financial statements and- if required- of consolidated financial statements, also taking account of any possible result and conclusion of quality control processes carried out by CONSOB according to Art. 26, paragraph 6, of Regulation (EU) 537/2014, where available;
- establishing and monitoring the independence of independent auditors or of the accounting firm according to Articles 10, 10-bis, 10-ter, 10-quater and 17 of Legislative Decree 39/2010 and Art. 6, paragraph 6, of Regulation (EU) 537/2014, in particular as regards the provision of adequate services other than auditing to the Company, in accordance with Art. 5 of said Regulation;
- carrying out any procedure aimed at selecting independent auditors or accounting firms and advise on independent auditors or accounting firms to be appointed pursuant to Art. 16 of Regulation (EU) 537/2014.

Additional information on activities carried out by the Board of Statutory Auditors is provided in the report of the Statutory Auditors.

## **14. INVESTOR RELATIONS**

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The Issuer's departments with jurisdiction over this area are actively engaged in an on-going dialog with the shareholders.

As part of this process and pursuant to Article 2.2.3, Section 3, Letter k), of the Stock Exchange Regulations, the Company established an internal Investor Relations Office, with responsibility for handling relations with all shareholders, including institutional investors, and may be asked to

perform additional tasks in connection with the handling of price sensitive information and relations with the Consob and Borsa Italiana. As of the date of this Report, this office is currently headed by Mr. Riccardo Fava.

In 2021, the Issuer, pursuant to Article 1, Principle IV, Recommendation 3 of the Corporate Governance Code, will assess the adoption of a stakeholder engagement policy, taking into account, inter alia, the engagement policy adopted by institutional investors and asset managers. The disclosure of information to investors will also be accomplished by making the more significant corporate information available promptly and on a regular basis on the Issuer's website ([www.diasoringroup.com](http://www.diasoringroup.com), Section "Governance"), to enable investors to exercise their shareholder rights.

For the transmission and storage of the Regulated Information, the Issuer uses e-market SDIR and eMarket STORAGE, respectively. Both systems are managed by Spafid Connect S.p.A, located in Foro Buonaparte 10, Milan.

Shareholders can contact directly DiaSorin Investor Relations at [riccardo.fava@diasorin.it](mailto:riccardo.fava@diasorin.it)

## **15. SHAREHOLDERS' MEETING (PURSUANT TO ART. 123-BIS, SECTION 2, LETTER C), TUF)**

When convened in ordinary session, the Shareholders' Meeting has jurisdiction over the following areas:

- (a) it approves the financial statements;
- (b) it elects and dismisses the Directors, Statutory Auditors and the Chairman of the Board of Statutory Auditors and the Accounting Document Officer, where required;
- (c) it determines the compensation of Directors and Statutory Auditors;
- (d) it votes on resolutions concerning the responsibility of Directors and Statutory Auditors;
- (e) it votes on resolutions concerning other matters over which it has jurisdiction pursuant to law and issues any authorizations that the Bylaws may require in connection with activities carried out by Directors, who are responsible for the actions they perform;
- (f) it approves regulations governing the handling of Shareholders' Meetings;
- (g) it votes on resolutions concerning any other issue over which it has jurisdiction pursuant to law.

The Extraordinary Shareholders' Meeting approves resolutions concerning amendments to the Bylaws, the appointment, replacement and powers of liquidators, and any other issue over which it has specific jurisdiction pursuant to law. The Board of Directors has jurisdiction over the areas listed in Article 15 of the Bylaws, it being understood that it can cede jurisdiction over these issues to the Shareholders' Meeting convened in extraordinary session.

The relevant provisions of the law shall be applied to determine whether an Ordinary or Extraordinary Shareholders' Meeting has been validly convened and its resolutions validly adopted.

Pursuant to Article 9 of the Bylaws, only the holders of voting rights may attend the Shareholders' Meeting, in accordance with the regulations in effect at any given time.

Parties eligible to vote may submit questions about the items on the Agenda prior to the Shareholders' Meeting. Questions from eligible parties that are received prior to the Shareholders' Meeting and are pertinent to the items on the Agenda shall be answered at least on the day of the Meeting. The Company may provide a single answer to question with the same content. The notice calling the meeting specifies the terms within which questions raised prior to the shareholders'

meeting must reach the company. The terms must be no earlier than five trading days prior to the date of the first or only calling of the shareholders' meeting, or at the record date pursuant to article 83-*sexies*, paragraph 2, TUF (close of the accounting day on the seventh trading day prior to the date set for the Meeting) where the notice requires the Company to reply to submitted questions prior to the Meeting. In this case, replies are provided at least two days prior to the Shareholders' Meeting also by publication in a specific section of the company website. Ownership of the voting right can be proved even after submission of questions provided that it occurs within the third day following the abovementioned record date.

At present, the Issuer finds no need to adopt special regulations to govern the handling of Shareholders' Meetings, since it believes that the governance of the Meeting exercised by the Chairman, in accordance with attendance rules summarized by the Chairman at the beginning of each session, is adequate. The Chairman to ensure an orderly progress of the proceedings, mentioned some of the rules of conduct in reference to speech requests, contents of the speech and voting criteria.

Pursuant to Article 106, Paragraph 4 of Legislative Decree no. 18 of 17 March 2020, converted into law no.27 of 24 April 2020 providing “ *Measures to strengthen the National Health Service and economic support for families, workers and businesses related to the COVID-19 epidemiological emergency*”, during the Shareholders Meeting convened on June 10, 2020, those who were entitled to vote may participate in the Shareholders' Meeting only through the Designated Representative chosen by the Company, pursuant to Article 135-*undecies* of TUF ( by conferring proxy); under the same provision, Directors and Statutory Auditors attended the Meeting through remote connection systems that allowed identification. In 2020, no significant changes occurred in the market capitalization or ownership structure of the Company, except for the effects of the increased voting rights as described in Paragraph 2 of the Report.

#### **16. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ART. 123-BIS, SECTION 2, LETTER A), TUF)**

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There are no additional corporate governance practices, other than those described above, that the Issuer applies above and beyond its legislative and regulatory obligations.

#### **17. CHANGES OCCURRING AFTER THE CLOSE OF THE REPORTING YEAR**

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No changes occurred in the Corporate Governance of the Issuer between the end of the reporting period and the date on which the Annual Report was published.

#### **18. CONSIDERATIONS ON THE LETTER DATED DECEMBER 22, 2020 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

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The letter of the Chairman of the Corporate Governance Committee of December 22, 2020 to the Chairmen of Boards of Directors of listed companies was sent to the Directors and to the Chairman of the Board of Statutory Auditors by the Lead Independent Director on January 28, 2021 (with the request to consider the recommendations contained therein in the self-assessment process).



**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE**

<b>SHARE CAPITAL STRUCTURE</b>					
	<i>No. of shares</i>	<i>% on the share capital</i>	<i>No. voting rights**</i>	<i>Listed</i>	<i>Rights and obligations</i>
<i>Ordinary share (par value 1 € each)</i>	55,948,257*	100%	83,793,011	MTA	Rights and obligations are those provided in arts. 2346 et seq. of the Civil Code. Specifically, each share gives right to one vote, without prejudice to the shares that accrued increased voting rights, pursuant to art. 9-bis of the Bylaws

\* No 1,188,812 treasury shares held in the company's portfolio; number of treasury shares was equal to 1,226,112 at 12.31.2020

\*\* Amount of voting rights, which was unchanged at the date of this Report, was equal to 83,839,503 at 12.31.2020.

<b>SIGNIFICANT EQUITY INTEREST</b>					
<b>Reporting party</b>	<b>Direct Shareholder</b>	<b>No. of shares</b>	<b>% on the share capital*</b>	<b>No. of voting rights**</b>	<b>% of voting rights</b>
<b>Finde SS</b>	IP Investimenti e Partecipazioni S.r.l.	24,593,454	44.976	49,186,908	60.028
	Finde S.p.A.	570,000		1,140,000	
<b>Rosa Carlo</b>	Sarago S.r.l.	2,402,532	8.363	4,805,064	8.447
	Sarago 1 S.r.l.	2,226,682		2,226,682	
	Rosa Carlo	50,000		50,000	
<b>Even Chen Menachem</b>	MC S.r.l.	2,300,000	4.200	2,300,000	2.803
	Even Chen Menachem	50,000		50,000	
<b>T. Rowe Price Associates, Inc.</b>	T. Rowe Price Associates, Inc.	1,696,073	3.031	1,696,073	2.023

\* Share capital consists of 55,948,257 shares (par value of €1.00).

\*\* Total amount of voting rights, which was unchanged at the date of this Report, was equal to 83,839,503 at 12.31.2020

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES**

**Structure of the Board of Directors**

Board of Directors													Control, Risks and Sustainability Committee		Compensation and Nominating Committee		Related-party Committee	
Post	Members	Year of birth	Date of first appointment *	In office since	In office until	List * *	Exec.	Non exec.	Indep. code	Indep. TUF	Number of other offices held	(*)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Gustavo Denegri	1937	3.26.2007	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M		X			7	5/5						
Deputy Chairman and Director	Michele Denegri	1969	3.26.2007	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M		X			19	5/5			4/4	M		
CEO • ◊	Carlo Rosa	1966	3.26.2007	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M	X				4	5/5						
Director	Chen Menachem Even	1963	3.26.2007	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M	X				3	5/5						
Director	Giancarlo Boschetti	1939	4.28.2016	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M		X			5	5/5	5/5	M				
Director	Luca Melindo	1970	4.24.2019	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M		X			13	5/5						
Director	Stefano Altara	1967	4.23.2014	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M		X			3	5/5						
Director ◦	Giuseppe Alessandria	1942	3.26.2007	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M			X	X	2	5/5			4/4	P	1/1	M
Director	Franco Moscetti	1951	3.26.2007	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M			X	X	7	5/5	5/5	P			1/1	P
Director	Roberta Somati	1969	4.23.2014	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M			X	X	-	5/5	5/5	M			1/1	M
Director	Francesca Pasinelli	1960	4.28.2016	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M			X	X	9	4/5						
Director	Monica Tardivo	1970	4.28.2016	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M			X	X	2	5/5						
Director	Tullia Todros	1948	4.28.2016	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M			X	X	1	5/5						
Director	Elisa Corghi	1972	4.24.2019	4.24.2019	Approval of Fin. Stat. at 12.31.2021	m			X	X	6	5/5			4/4	M		
Director	Fiorella Altruda	1952	12.19.2016	4.24.2019	Approval of Fin. Stat. at 12.31.2021	M			X	X	2	5/5						
<b>Number of meetings held in 2019</b>					<b>Board of Directors</b>								<b>Control, Risks and Sustainability Committee</b>		<b>Compensation and Nominating Committee</b>		<b>Related-party Committee</b>	
At 12.31.2020					5								5		4		1	
<b>Average length of meetings</b>					2 hours and 15 minutes								2 hours		1 hour		30 minutes	
The following symbols shall be placed in the "Post held" column: • This symbol shows the Director in charge of the internal control and risks management. ◊ This symbol shows the Director who is chiefly responsible for managing the Issuer (Chief Executive Officer or CEO). ◦ This symbol shows the Lead Independent Director (LID). * The date of first appointment shows the date when the Director has been appointed for the first time ever in the Board of Directors of the Issuer.						** This column shows the list from which each director comes ("M": majority list; "m": minority list; "Board of Directors": list presented by the Board of Directors). *** This column details the number of offices of Director held in other companies listed either in Italy or abroad, and/or in financial, banking, insurance or large companies. In the Corporate Governance Report these positions are listed in detail. (*) This column shows the percentage of the meeting of the Board of Directors and the committee(s) attended by each director (show the number of meetings the director attended compared with the overall number of meeting the director could have attended i.e., 6/8 and 8/8 etc.). (**). This column shows the post the Director holds inside the Board of Directors: "C": chairman; "M": member												



**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS****Structure of the Board of Statutory Auditors**

<b>Board of Statutory Auditors</b>									
<b>Post held</b>	<b>Members</b>	<b>Year of birth</b>	<b>Date of first appointment *</b>	<b>In office since</b>	<b>In office until</b>	<b>List **</b>	<b>Indep. Code</b>	<b>Attendance at the Board of Statutory Auditors' meeting ***</b>	<b>Number of other posts ****</b>
Chairman	Monica Mannino	1969	4.28.2016	4.24.2019	Approval of Fin. Stat. 2021	m	X	13/13	11
Statutory Auditor	Ottavia Alfano	1971	4.22.2013	4.24.2019	Approval of Fin. Stat. 2021	M	X	13/13	19
Statutory Auditor	Matteo Michele Sutera	1981	4.24.2019	4.24.2019	Approval of Fin. Stat. 2021	M	X	7/7	19
Statutory Alternate	Romina Guglielmetti	1973	4.24.2019	4.24.2019	Approval of Fin. Stat. 2021	M	X	-	6
Statutory Alternate	Cristian Tundo	1972	4.24.2019	4.24.2019	Approval of Fin. Stat. 2021	m	X	-	14
<b>STATUTORY AUDITORS WHO RESIGNED IN THE YEAR: 0</b>									
<b>Number of meetings held in 2020: 13</b>									
<b>Average length of meetings: 2 hours and 30 minutes</b>									
Indicate minimum quorum required for the presentation of lists at the last appointment of the Board: <b>1%</b>									
<b>NOTES</b>									
* The date of first appointment shows the date when the Statutory Auditor has been appointed for the first time ever in the Issuer's Board of Statutory Auditors.									
** This column the list from which each statutory auditor comes ("M": majority list; "m": minority list).									
*** This column shows the percentage of the meeting of the Board of Statutory Auditors attended by each member (show the number of meetings the statutory auditors attended compared with the overall number of meeting the statutory auditor could have attended; i.e., 6/8 and 8/8 etc.)									
**** This column details the number of posts held in other companies deemed relevant pursuant to Art. 148-bis TUF and the implementation of the Consob Issuer's Regulation. A complete list of posts held is published on the Consob's website pursuant to Art. 144-quinquiesdecies of Consob Issuers' Regulations									

## TABLE OF THE POSTS HELD BY THE BOARD OF DIRECTORS

(including posts held at other companies, including listed companies, or banking, financial, insurance companies or companies of a significant size)

POST HELD AT DIASORIN	MEMBERS	POST HELD IN OTHER COMPANIES
Chairman	Gustavo Denegri	Finde S.p.A. (Chairman of the Board of Directors) IP Investimenti e Partecipazioni S.r.l. (Chairman of the Board of Directors) Finde S.S. (Shareholder - Director) Finde Seconda S.S. (Shareholder - Director) Viridissima S.S. (Shareholder - Director) Viridina S.S. (Shareholder - Director) Tavan S.S. (Shareholder - Director)
Deputy Chairman and Director	Michele Denegri	Finde S.p.A. (Chief Executive Officer) IP Investimenti e Partecipazioni S.r.l. (CEO) Aurelia S.r.l. (Director) Finde S.S. (Shareholder - Director) Finde Seconda S.S. (Shareholder - Director) Combo S.r.l. (Director) Pygar S.r.l. (Chairman and CEO) Catacomb S.r.l. (Director) Orsolina 28 Soc. sportiva dilettantistica s.r.l. (Director) MSD Immobiliare S.S. (Shareholder - Director) Socialfare Impresa Sociale S.r.l. (Deputy Chairman and Director) Carignano Prima S.S. (Shareholder - Director) Carignano Seconda S.S. (Shareholder - Director) Carignano Terza S.S. (Shareholder - Director) Carignano Quarta S.S. (Shareholder - Director) Carignano Quinta (Shareholder - Director) Carignano Sesta (Shareholder - Director) Carignano Settima (Shareholder - Director) Wonderful Italy S.r.L. (Director)
CEO	Carlo Rosa	Sarago S.r.l. (Sole Director-Shareholder) Sarago 1 S.r.l. (Chairman of the Board of Directors – Sole Shareholder) Istituto Italiano di Tecnologia (Director) Life Care Capital S.p.A. (Member of the Scientific Committee)
Director	Chen Menachem Even	MC S.r.l. (Sole Director – Sole Shareholder) Diasorin Ltd (Israel) (Chairman of the Board of Directors) * Diasorin Ltd (China) (Chairman of the Board of Directors) *
Director	Giancarlo Boschetti	Finde S.p.A. (Director) Aurelia S.r.l. (Director) Elena Due S.S. (Shareholder - Director) Sfera Soc. Agricola S.r.l. (Director) Pygar S.r.l. (Director)
Director	Luca Melindo	Cardiovascular Lab S.p.A. (CEO) CoeLux S.r.l. (Director) Compagnia Immobiliare Banchette S.r.l. (Executive Director) Compagnia Immobiliare Hermada S.r.l. (Chairman of the Board of Directors) Compagnia Carmagnola S.r.l. (Executive Director) Combo S.r.l. (Director) Cratox S.r.l. (Director) Crociferi S.c.a.r.l. (Director) Catacomb S.r.l. (Director) Combo Milano S.p.A. (Director) Eridano S.r.l. (Executive Director) Socialfare Seed S.r.l. (Director)
Director	Stefano Altara	Finde S.p.A. (Director) Esperantia s.s. (Shareholder-Director) Pygar S.r.l. (Director)

Director	Giuseppe Alessandria	Euren Intersearch S.r.l. (Director - Shareholder) Lobe S.r.l. (Chairman - Shareholder)
Director	Franco Moscetti	Axel Glocal Business S.r.l. (Sole Director - Shareholder) Fideuram Investimenti SGR S.p.A. (Deputy Chairman and Director) Zignago Vetro S.p.A (Director) Gruppo ASTM S.p.A. (Deputy Chairman and Director) Gruppo Pellegrini S.p.A. (Director) Gruppo OVS S.p.A. (Chairman and Director) Clessidra Capital Credit (Director)
Director	Roberta Somati	-
Director	Francesca Pasinelli	Fondazione DiaSorin (Chairman and Sole Director) Fondazione Telethon (General Manager and Company Director) Istituto Italiano di Tecnologia (Member of the Executive Committee) Dompè Farmaceutici S.p.A. (Director) Anima Holding S.p.A. (Director) Anima SGR (Director) CIR Compagnie Industriali Amiche S.p.A (Director) EryDel S.p.A. (Director) Anima Alternative SGR (Director)
Director	Monica Tardivo	T.T.T. S.a.s di Sandro Tardivo & C. (Limited partner) Banca del Piemonte (Independent Director)
Director	Tullia Todros	Corion Biotech S.r.l. (Director)
Director	Elisa Corghi	Nexi S.p.A. Tinexta S.p.A. (Director) BasicNet S.p.A. (Director) Corneliani S.p.A. (Director) Pitti Immagine S.r.l. (Director) ReValuta S.p.A. (Director)
Director	Fiorella Altruda	Bioindustry Park "Silvano Fumero" S.p.A. (Chairman of the Board of Directors) Associazione CentroScienza Onlus (Member of the Board)

\* Company belonging to the Group headed by the Issuer Diasorin S.p.A.

## TABLE OF THE POSTS HELD BY THE BOARD OF STATUTORY AUDITORS

(including posts held at other companies, including listed companies, or banking, financial, insurance companies or companies of a significant size)

POST HELD AT DIASORIN	MEMBERS	POST HELD IN OTHER COMPANIES
Chairman	Monica Mannino	Tinexta S.p.A. (Statutory Auditor) Tinexta Cyber Spa (Chairman of the Board of Statutory Auditors) <sup>1</sup> ERAMET Alloys Italia S.r.l. (Chairman of the Board of Statutory Auditors) Istituto Stomatologico Italiano Soc. Coop.Sociale Onlus (Chairman of the Board of Statutory Auditors) Milano Ristorazione S.p.A. (Statutory Auditor) Giglio Group S.p.A. (Statutory Auditor) FBS Next S.p.A. (Statutory Auditor) Genea S.r.l. (Director) Fondazione Theodora Onlus (Independent Auditor) Corvallis S.r.l. (Chairman of the Board of Statutory Auditors) <sup>2</sup> D-Flight S.p.A. (Alternate) SOGEMI S.p.A. (Alternate) Vita Società Editoriale S.p.A. in liquidation (Alternate) Willis Italia S.p.A. (Alternate) Crisscross Coomunications (Italy) S.r.l. (Alternate)
Statutory Auditor	Ottavia Alfano	Fondazione DiaSorin (Sole Auditor) Saga Coffee S.p.A. (Chairman of the Board of Statutory Auditors) Vodafone Gestioni S.p.A (Chairman of the Board of Statutory Auditors) Fondazione Vodafone Italia (Statutory Auditor) Genextra S.p.A. (Statutory Auditor) L&B Capital S.p.A. (Chairman of the Board of Statutory Auditors) Sarago S.r.l. (Statutory Auditor) Evolvere S.p.A. (Chairman of the Board of Statutory Auditors) <sup>3</sup> Evoca S.p.A. (Chairman of the Board of Statutory Auditors) Manifatture Milano S.p.A. (Statutory Auditor) <sup>4</sup> La Doria S.p.A. (Chairman of the Board of Statutory Auditors) SGL Italia S.r.l. (Chairman of the Board of Statutory Auditors) <sup>5</sup> VEI S.r.l. (Statutory Auditor) Pier Luigi Loro Piana S.a.p.a. (Statutory Auditor) Nuova Energia Holding S.r.l. (Chairman of the Board of Statutory Auditors) Cleanbnb S.p.A. (Statutory Auditor) Illimity Sgr S.p.A. (Statutory Auditor) VND S.p.A. (Statutory Auditor) Italian renewable Resources S.p.A. (Chairman of the Board of Statutory Auditors)

<sup>1</sup> Post held from January 7, 2021.

<sup>2</sup> Post held from January 22, 2021.

<sup>3</sup> Post ceased on October 1, 2020.

<sup>4</sup> Post ceased on October 21, 2020.

<sup>5</sup> Post ceased on July 31, 2020.

		<p>Bonafous S.p.A. in liquidazione (Alternate)  Neprix S.r.l. (Alternate)  Residenza Immobiliare 2004 S.p.A. (Alternate)</p>
Statutory Auditor	Matteo Michele Sutera	<p>Valbrenta S.p.A. (Chairman of the Board of Directors)  Beingpharma S.r.l. (Director)  Assietta S.p.A. (Chairman of the Board of Statutory Auditors)  New Seres Appenines S.p.A. in liquidazione (Chairman of the Board of Statutory Auditors)  OdeXa S.p.A. (Chairman of the Board of Statutory Auditors)  Bribri S.p.A. (Statutory Auditor)  Corporate Value S.p.A. (Statutory Auditor)  Exilles S.p.A. (Statutory Auditor)  I.M.S. Industria Materiali Stampati S.p.A. (Statutory Auditor)  Panakes partners SGR S.p.A. (Statutory Auditor)  E.P. Preziosi Participations S.p.A. (Statutory Auditor)  Preziosi Investments S.p.A. (Statutory Auditor)  Cooperativa Sociale Comunità Betania Onlus (Statutory Auditor)  Gerola Energia S.r.l. (Sole Auditor)  Arno S.r.l. (Alternate)  MMB S.r.l. (Alternate)  Technical Plast S.r.l. (Alternate)</p>
Alternate	Romina Guglielmetti	<p>Tod's Group S.p.A. (Director)  Servizi Italia S.p.A. (Director)  Pininfarina S.p.A. (Director)  Compass Banca S.p.A. (Director)  MBFACTA S.p.A. (Independent Director)  Enel S.p.A. (Statutory Auditor)</p>
Alternate	Cristian Tundo	<p>F.III Guazzi S.p.A. (Chairman of the Board of Statutory Auditors)  Giglio Group S.p.A. (Chairman of the Board of Statutory Auditors)  Everis Italia S.p.A. (Statutory Auditor)  CHR Hansen Italia S.p.A. (Statutory Auditor)  AGCO S.p.A. (Statutory Auditor)  SITI B&amp;T Group S.p.A. (Statutory Auditor)  DUC S.p.A. (Statutory Auditor)  Rimini Parking Gest S.r.l. (Sole Auditor)  Immobiliare Oasi nel Parco S.r.l. (Statutory Auditor)  Smeg S.p.A. (Alternate)  Smeg Servizi S.p.A. (Alternate)  Bonferraro S.p.A. (Alternate)  Apell S.p.A. (Alternate)  F.lli Galloni S.p.A. (Alternate)  Marco Antonetto S.p.A. (Alternate)  GPI S.p.A. (Alternate)</p>

## 1. NOTE ON METHODOLOGY

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### 1.1 Objectives of the Non-Financial Statement

This Consolidated Non-Financial Statement (hereinafter referred to as “**Non-Financial Statement**”) was prepared by the DiaSorin Group in order to comply with Legislative Decree no. 254 of 30 December 2016, issued in “*implementation of Directive 2014/95/EU of the European Parliament and the Council of 22 October 2014, amending Directive 2013/34/EU as regards non-financial disclosure and information by certain large undertakings and groups*” (hereinafter referred to as “**Legislative Decree 254/16**” or the “**Decree**”).

In order to comply with the obligations provided by Articles 3 and 4 of Legislative Decree no. 254/16, the DiaSorin Group presented the principle policies adopted by the Group, its management models and the main activities carried out by the Group in 2020 with respect to the issues expressly specified by Legislative Decree no. 254/16 (environmental, social and employee-related matters, respect for human rights, fight against corruption), as well as the main risks identified with those matters. Such matters are described in this Report to the extent necessary to ensure an understanding of the Group’s activities, performance, results and impact generated.

### 1.2 Reporting standards

Legislative Decree no. 254/16 requires companies to provide the aforementioned information “*in accordance with methodologies and principles under the reporting standard used as reference or by the autonomous reporting methodology used for drawing up the non-financial statement*”. The DiaSorin Group chose to apply the GRI Standards issued by the “Global Reporting Initiative” as a technical and methodological reference to report the information contained hereto, in compliance with the Decree. The DiaSorin Group selected the Standards useful for reporting the information required, consistently with Section 3 of GRI Standard 101: Foundation (*Making claims related to the use of the GRI Standards*). The following paragraphs present GRI-referenced claims for each Standard used to report data.

It is also specified that, following the issue of an updated version of the GRI 303: Water and effluents 2018 and GRI 403: Occupational Health and Safety standards, the Diasorin Group adjusted the information reported to implement these updates, that are mandatory for the reports published from 1 January 2021.

As regards the management of tax matters, the Group undertakes to comply with domestic regulations in the various countries where the Group is present and operates, and to continue its collaborative and

transparent relations with tax authorities. In order to meet the interests of its Stakeholders the Group, even though has not yet implemented a tax strategy, pursues an approach that is fully oriented to the utmost responsibility towards the management of tax variable, by monitoring its risk through the Corporate Tax Function and other corporate control function. As an individual Group company, the Finance Manager / CFO, with the support of external consultants and the Group Tax Director, is responsible for tax issues. The Group introduced in its Organizational Model, pursuant to Legislative Decree 231/2001, a new Special Part (called “Special Part H”) which is entirely dedicated to the assessment and mitigation of tax risks, specifically tax offences provided for in Articles 2, 3, 8, 10 and 11 of Legislative Decree 74/2000, as referred to in Article 25-quinquiesdecies of the Decree, introduced by Law Decree 124/2019, as converted into law with amendments by Law 157/2019. Mechanisms for the reporting of critical tax aspects are the same as those adopted by the Group for non-ethical or unlawful conduct, as described in Section “2.5 DiaSorin S.p.A. Organizational and Management Model” of this Report.

DiaSorin aims to maintain collaborative and transparent relations with tax authorities in the countries where the Group operates, and it is committed to reply to any request received with the utmost transparency and in a timely manner.

In 2020, the Group’s income taxes amounted to € 36,891, with a 21.7% tax rate. 23.8% of total income taxes was paid in Italy while the remaining part was paid in the countries where the Group operates.

The Group, acknowledging the importance of the issue, undertakes to implement a structured process in 2021 to report the indicators required by the GRI 207-4 Standard. Such information will be provided in the 2021 Non-Financial Statement.

The “*Correlation Table with Legislative Decree 254/16 and material topics*” annexed to the Non-Financial Statement is intended to provide additional information on the use of each indicator and paragraph and reflects the Group compliance with the requirements set forth in the Decree.

### **1.3 Reference scope and reporting period**

The scope of the Consolidated Statement includes all the companies that fall within the scope of the 2020 Consolidated Financial Statements, as detailed in the Section ‘*General information and scope of consolidation*’ in the notes to the 2020 Consolidated Financial Statements. These companies are consolidated line by line starting from the date when the Group obtains control until control ceases to exist. With reference to data and information on the supply chain management, as described in paragraph “*Quality of products and processes*”, it should be noted that such data and information refer to manufacturing companies supplying products/services that have a direct impact on compliance with end product requirements.

The scope of consolidation changed between 2018 and 2019, due to the inclusion of DiaSorin APAC Pte Ltd, a wholly owned subsidiary established in 2019 and based in Singapore.

In September 2020, the DiaSorin Group also announced the extension of the existing joint venture with FuYuan to Shanghai Baoshan District Government, two Chinese government entities, with the

aim of opening the Group's first manufacturing and research site in Shanghai - China. This agreement will see its effects in terms of non-financial data starting from FY 2021.

In accordance with the provisions of Legislative Decree 254/16, this document provides a comparison with previous year data and adheres to the benchmarking principles required by the GRI Standards. Quantitative data reported in this document cover the 2018-2020 reporting period.

## **2. COMPANY PROFILE AND MATERIAL TOPICS FOR THE DIASORIN GROUP**

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### **2.1 The DiaSorin Group's business**

The DiaSorin Group is active in the market of immunodiagnosics and molecular diagnostics.

In both segments the Group develops, manufactures and markets testing kits (reagents and consumables), based on different technologies for in vitro diagnostics.

A detailed description of its business model, mission and Group structure is provided in the relevant sections 'Our Business' and 'Our Strategy' of this Report.

The DiaSorin Group manufactures and distributes its products according to a three-stage process, as detailed below.

#### **Raw Materials and Product development**

In immunodiagnosics, the Group produces both the end product and, in most cases, all the required components. The product development process involves two phases: "upstream" and "downstream". During the "upstream" phase the desired quantity of bioreagents is produced through fermentation or cell culture techniques, while in the "downstream" phase bioreagents are purified to separate proteins or monoclonal antibodies (raw material) from other cellular components of the recipient organism. Usually, this process is carried out through chromatography techniques.

In molecular diagnostics, likewise other producers, DiaSorin purchases components necessary for the end product from external suppliers, such as specialized Life Science companies that supply DiaSorin with three essential components to product development: oligonucleotides, enzymes and reaction buffers.

#### **Production**



Immunodiagnostic kits are assembled using raw materials to create semi-finished components that will be later combined with other components to produce final reagents, as part of a completed kit. Some initial components, such as buffer and cleaning solutions, can be found in different products and prepared in large batches that will be distributed, at the end of the process, in single kits. Other components (such as solids, markers, controls and calibrators, etc.) are specifically designed for each single test. Production levels are defined on the basis of batch size of the end product. Each component is subject to the strictest quality control before entering the market.

Kit components are assembled in finished kits and subject to quality control, in terms of performance, in accordance with international standards (for example: WHO, CDC etc.), if necessary, or tested vis-à-vis the performance of selected sample batches.

Molecular diagnostic products are manufactured with the use of a solution containing an exact quantity of raw material (enzymes, primers, buffers,) called reaction mix, which is dispensed into vials as part of kits available for sale.

End products of both technologies are stored in warehouses at a controlled temperature and delivered from specialized logistic groups to warehouses and local distributors before reaching end costumers.

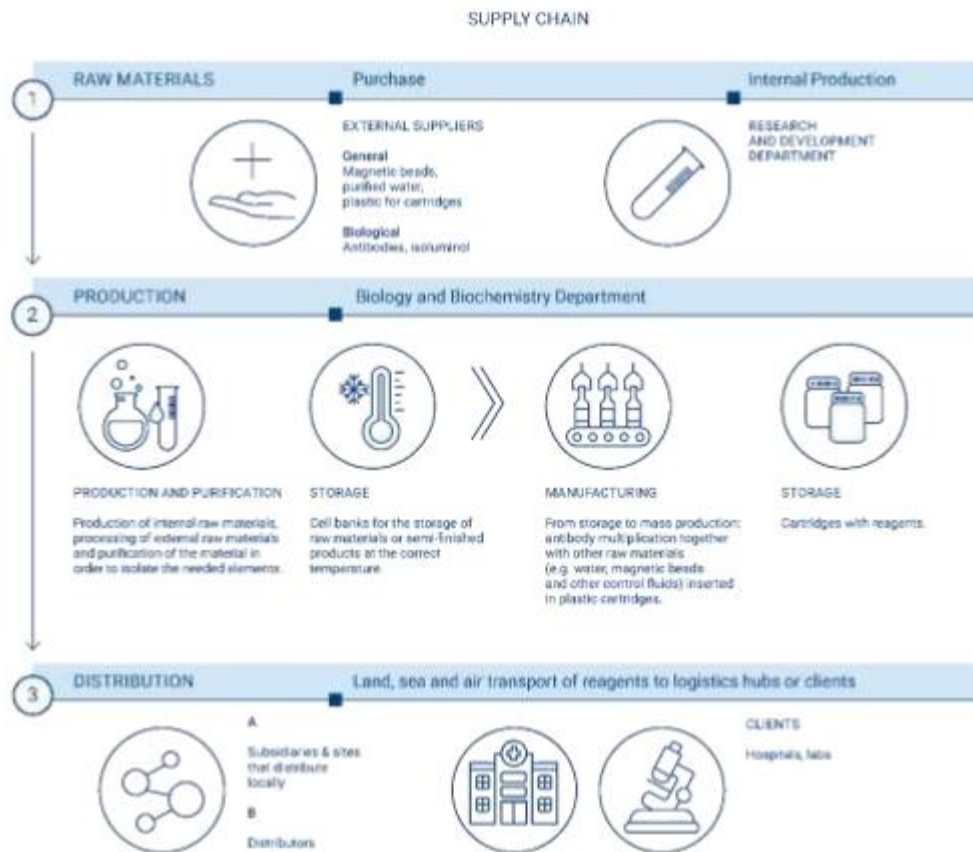
## **Distribution**

Typically, direct sales include sales made through:

- Public calls for tenders in countries which rely on public health systems, through open tendering procedures (Italy and France);
- Supply contracts with private customers defining general supply terms, including costs, minimum quantities and payments terms;
- letters of offer, used for limited sales of reagents that are not combined with analyzers; and
- distribution contracts according to which distributors purchase DiaSorin products and resell the concerned product in relevant markets.

In most cases, the DiaSorin Group provides customers with its medical instruments under gratuitous loan contracts based on reagent supply contracts. Pursuant to these loan contracts, DiaSorin provides gratuitous technical assistance. According to this business model, investments on installed instruments and service costs are expected to be offset by sale of reagent kits that will be used on the analyzer platform, which is a closed system (i.e., these instruments work exclusively with DiaSorin reagents and vice versa).

## Supply chain



## 2.2 Material topics for the DiaSorin Group

DiaSorin updated its materiality analysis in order to define the scope and structure of the issues presented in its Non-Financial Statement. The objective is to identify the areas where Group's activities and structure have a more significant impact on local communities, external ecosystem, well-being of employees and, generally, on the interests of the Group's internal and external stakeholders. The analysis was carried out in accordance with Legislative Decree 254/16, on the basis of the Group's business, characteristics and associated risks and/or opportunities (as described in the relevant paragraph "Identification of risks and opportunities"). In the context of the analysis for the identification of sustainability issues, reference was also made to the Sustainable Development Goals defined in the United Nations 2030 Agenda.

The update of the materiality analysis was divided into two operating phases:

- updating the list of potentially significant sustainability issues to be submitted for assessment;
- assessing the importance of topics

**Updating the list of potentially significant sustainability issues:** to update the most important issues for the purposes of the Non-Financial Statement, DiaSorin based its analysis on internal information sources, external sources and related regulations.

Corporate documents include, among others, Non-Financial Statements drawn up by the Group in past years, the Group's half-yearly and annual Financial Report, Organizational, Management and Control Model for the purposes of Legislative Decree 231/2001, press releases and the Group's Code of Conduct.

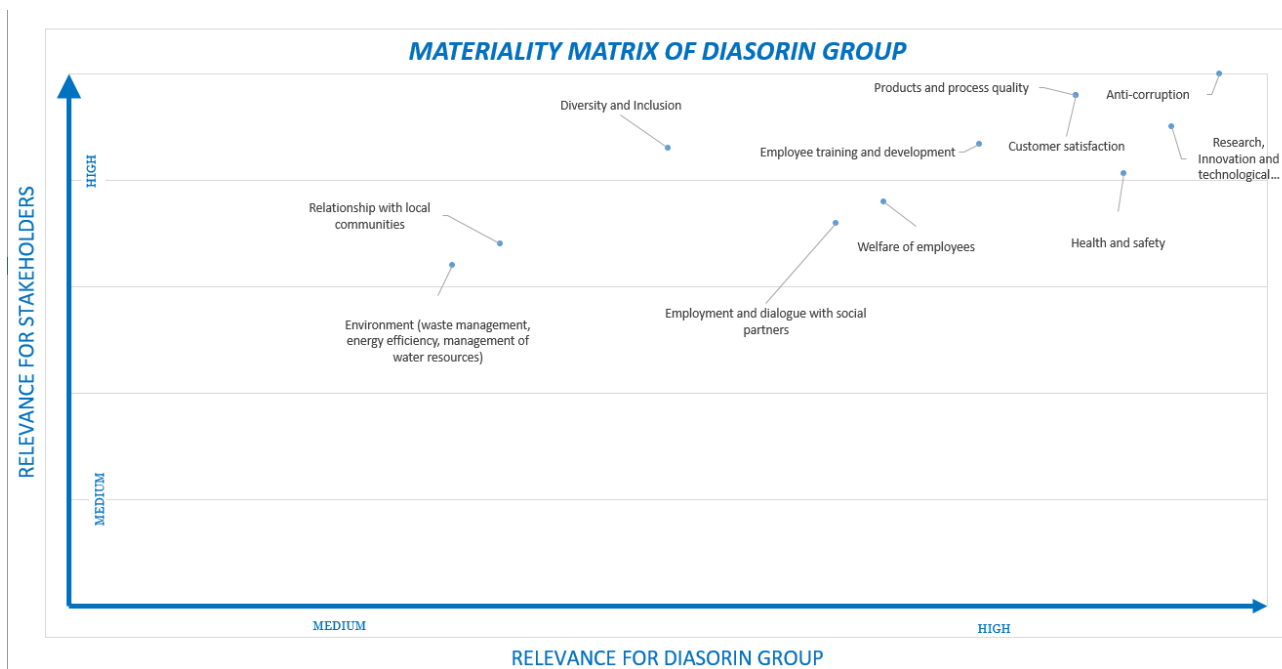
External sources include, among others, documents identifying sustainability macro-trends at a global level (among others, the 2020 Global Risk Report, the 2020 ASviS Report and the Istat's 2020 SDGs Report), sector documentary references (among others, the document "European Union Strategic approach to pharmaceuticals in the environment" and the Federchimica Responsible Care Report), DiaSorin's press reviews, benchmarking analyzes conducted on the main competitors, as well as the GRI standards and the topics referred to in Legislative Decree no. 254/16, consistently with the Non-Financial Statement.

**Assessing the importance of topics:** topics were assessed through a 1-5 scale, with 1 reflecting lack of interest by company strategies and stakeholders and 5 reflecting utmost interest. The DiaSorin Group carried out its annual update of the material topics, through an internal stakeholder engagement and relevant meetings with the Heads of the Departments involved. Each Department was asked to assign a priority level to the topics that fell within its remit, by assessing their importance from the DiaSorin Group's and key stakeholders' point of view (as described in the relevant paragraph "Identification of risks and opportunities").

### **Materiality matrix of the DiaSorin Group**

The result of the updated analysis is the 2020 materiality matrix of the DiaSorin Group. The materiality matrix is graphically represented using a Cartesian coordinate system which reports the company's interest on the horizontal axis and the stakeholders' interest on the vertical axis. This representation makes it possible to assess the importance (materiality) of each topic on the basis of its position on the two axes.

The Group chose to represent material topics according to a range that goes from medium to high level.



The chart above provides synthetically the result of the updated analysis. Topics that are represented in the matrix are those considered as material, thus topics that have a significant impact on the Group’s economic, social and environmental performance and that may substantially affect the stakeholders’ assessments and decisions. Such topics are reported in detail in the Non-Financial Statement.

The materiality matrix in 2020 differs from 2019 due to specific issues distribution. The following provides the main changes:

- Employee training and development: compared to the previous year, the issue has acquired greater importance from the company’s point of view, while it has slightly lost importance from the external stakeholders’ point of view. Further details concerning the Group’s commitment and the instruments adopted in relation to training are provided in the specific paragraph of the Report. It should be noted that, in 2020, training activities were mainly delivered remotely due to the limits imposed by the pandemic. Specific training activities relating to the Covid-19 issue were also activated;
- Diversity and inclusion: compared to 2019, the issue has acquired greater importance from the external stakeholders’ point of view. The issue, whose management procedures and the tools adopted are described in the dedicated paragraph, reflects the increased importance of this topic at a global level, and particularly in the United States;
- Research, innovation and technological excellence: compared to the previous reporting period, the issue has acquired greater importance, especially from the external stakeholders’ point of view. The dedicated paragraph describes the management and all the innovative projects developed during

2020 which focused, in particular, on responding to the needs that emerged in the emergency phase. The DiaSorin Group's capacity for innovation has, in fact, made it possible to develop and launch on the market, in an extremely short time, several tests to monitor Covid-19 infections.

Finally, it should be noted that, in the light of the analysis that led to the identification of the significant issues to be assessed, the Company decided not to include the “Human Rights” topic in this list. In fact, this issue did not emerge as strictly material for the Group due to its business model and, more generally, its reference sector which has low production intensity. This aspect, however, will continue to be reported in the Non-Financial Statement as it is addressed and supervised by the Group also through the provisions of the Code of Conduct and in compliance with the provisions of Legislative Decree no. 254/16 in terms of minimum disclosure requirements.

### 2.3 Stakeholders of the DiaSorin Group

The following diagram sums up the internal and external stakeholders that are strictly involved in the material topics provided in the previous paragraph.



DiaSorin engages in direct dialogue with its stakeholders via meetings, forums and business and scientific-related events, via its corporate website, social media channels and other reports. With specific reference to 2020, it should be noted that, following the pandemic emergency, part of the dialogue activities has been conducted remotely or postponed.

With specific reference to the relationship with customers, client satisfaction surveys are carried out through surveys and analyses to ensure clients are satisfied with the products developed.

As a company listed on the Italian stock exchange, dialogue with shareholders has become a topic of increasing interest. The primary objective of the DiaSorin Group is to ensure full access to business information to fully understand the Company.

## 2.4 The Group's Code of Conduct

The **Group Code of Conduct** (hereinafter referred to as the “**Code of Conduct**”) clearly defines the set of values that the DiaSorin Group recognizes, accepts and shares and the set of responsibilities that the Group assumes against all subjects both internally and externally. To this end, all the DiaSorin Group's employees are required to comply with the Code of Conduct to ensure the correct functioning, reliability and reputation of the Group.

The Code of Conduct has been approved by the Board of Directors within each Group company: it sets out a Group Operating Procedure within the Company's Quality System. This document formalizes the DiaSorin Group mission: *“to contribute to improving the health of the population through the marketing of diagnostic tests that permit more effective and aware medical decisions whilst curtailing public spending on health according to the policy issued by the Ministry of Health and equivalent bodies”*. In this respect, DiaSorin identified four fundamental components to achieve said mission: innovation and technological excellence; active relationship with the customer; active cooperation with suppliers; constant strengthening of the culture of quality.

Recipients of the Code of Conduct include all company stakeholders, without any exception, and all those who, directly or indirectly, permanently or temporarily, establish relations with DiaSorin S.p.A. and Group companies and operate to pursue their objectives.

A copy of the Code of Conduct is issued to each employee at the moment in which the employment relationship is established.

As defined in Chapter IV of the Code of Conduct, any employee or staff member who believes that a rule or a principle of the Code of Conduct has been violated or will be violated can report these violations to the Supervisory Body (in charge of receiving information from all Group companies) by a dedicated e-mail address provided within the document.

Violation of the provisions of the Code of Conduct constitutes a breach of discipline and disciplinary measures will be applied, in accordance with the provisions of the applicable Collective Bargaining Agreement or of the individual contract.

The Code of Conduct can be consulted at <https://diasoringroup.com/it/governance/codice-etico>.

## 2.5 DiaSorin S.p.A. Organization and Management Model

The Organization and Management Model of DiaSorin S.p.A. (also referred to as the “**Model**”) is described in the Report on Corporate Governance and Ownership Structure included in this Report and to which reference is made for further details.

The Model was developed and updated taking into account the provisions of Legislative Decree No. 231/2001 and subsequent amendments, the guidelines provided by relevant trade associations

(particularly Confindustria Medical Devices). This document is part of the control system regulated by Corporate Governance rules and Internal Control System and Risks management both at Corporate and Group level.

The Model includes Special Sections reflecting general principles of conduct and specific procedures which the Recipients of the Model must comply with to prevent the commission of presumed offences, including:

- corruption offences against members of the Public Administration (included in the list of crimes in the course of relations with the Public Administration);
- corporate crimes, including corruption between private parties;
- market abuse offences;
- crimes regarding Health and Safety at work;
- environmental crimes.
- receiving of stolen goods, money laundering, utilization of money, goods or other benefits of unlawful origin, self-laundering.
- tax offences.

Although the Organization and Management Model was adopted as a result of domestic regulation, all companies in the DiaSorin Group have been adopting similar principles and constraints in order to provide stakeholders with a safer compliance process globally. This has been done by means of the Code of Conduct, as Group procedure, and other internal protocols adopted by the DiaSorin Group.

In 2020, following the approval by the competent corporate bodies, the Company carried out a significant update of the Model, relating to the entry into force of Legislative Decree 124/2019, as converted into law with amendments by Law 157/2019. The update included the integration into the Model of the “Special Part H”, which refers to the tax offenses provided for in articles 2, 3, 8, 10, 11 of Legislative Decree 74/2000 referred to and governed by art. 25-quinquiesdecies of the Decree.

The online IT system, which has been developed in compliance with Legislative Decree 231/2001 (following the provisions of the entry into force of Legislative Decree no. 179/2017 whose Article 2 extended to the private sector the protection of employees or collaborators reporting offences or violations of the entity’s organization and management model, which they become aware of in a work-related context, the so-called whistleblowing), has been operative since June 30, 2019. This tool is fully operational and active for employees of DiaSorin S.p.A. Parent company only but in future it will be extended to all Group employees. In 2020, no reports have been made through the whistleblowing system.

## **2.6 Governance**

Pursuant to Art. 4 of the Corporate Governance Code of listed companies (the “**Code**”): *«As for the companies belonging to the FTSE-Mib Index, the Board of Directors considers whether or not to set-*

*up a committee having the task to supervise sustainability issues related to the relevant business and to its interactions with all the stakeholders; alternatively, the Board of Directors considers whether to assemble or allocate such tasks among the other committees».*

In compliance with the provisions of the Code, the Board of Directors of the Company set up “the Control, Risks and Sustainability Committee, by a resolution dated April 24, 2019. In addition to perform tasks related to the system of internal control and risks management, the Committee supervises sustainability issues.

In particular, the Control, Risks and Sustainability Committee has the task to monitor sustainability issues, review and assess sustainability matters relating to corporate business activities and to its interactions with the stakeholders. Such activities have been fully implemented in 2020.

In performing the abovementioned task, the Committee is responsible for supervising sustainability initiatives of DiaSorin S.p.A. and of the DiaSorin Group’s companies, as well as examining and assessing the system of data collection and consolidation for the Consolidated Non-Financial Statement (pursuant to Legislative Decree 254/2016) and expressing its opinion to the Board of Directors called to approve this document. In addition, the Committee has the task of expressing, at the request of the Board of Directors, opinions on any sustainability issues.

### **3. IDENTIFICATION OF RISKS AND OPPORTUNITIES**

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This section describes the main risks and, in some cases, the opportunities deriving from the DiaSorin Group’s activities, business relations and products in relation to the issues identified as relevant in the paragraph “Material topics for the DiaSorin Group”.

Risks identified below, if not properly addressed and managed, may have a negative impact both the on stakeholders, as referred to in paragraph “Stakeholders of the DiaSorin Group” (i.e., negative impact on patients due to poor quality of products, etc.), and on the DiaSorin Group (i.e., impact on the company’s reputation, economic sanctions due to non-compliance with regulations, threat to business continuity, etc.).

Risks, if properly managed, may represent an important opportunity both for the stakeholders (i.e., increased well-being at work, increased safety at work etc.) and for the Group (i.e. reduced costs from a more efficient energy consumption, etc.).

#### **3.1 Topics concerning fight against corruption**

The main risk in relation to fight against corruption concerns the potential **occurrence of active corruption events** associated with the DiaSorin Group employees, within the relations with public and private subjects.

The main risks involve relations with the following parties, including but not limited to:



- Public authorities /bodies, upon:
  - ✓ Participation in tenders and commercial relationships with public health facilities;
  - ✓ Access to and reporting of funding/grants/loans, visits and inspections;
  - ✓ obtaining authorization for specific material supplies.
- Professionals and both public and private Organizations in the health sector, upon:
  - ✓ Definition of arrangements/ consultancy agreements;
  - ✓ corporate events or events organized by third parties;
  - ✓ research activities and training contributions to support medical-scientific education;
  - ✓ activities aimed at illustrating the characteristics of samples and products.
- Credit institutions, for example when participating in procedures for obtaining grants/contributions/loans;
- Private certification bodies, during the inspection aimed at obtaining certifications;
- Companies and private parties, in general, during purchase and sale processes.

### 3.2 Quality of products and processes

The main risk identified by the DiaSorin Group regarding ‘Quality of products and processes’ is linked to the **non-compliance with laws and regulations** applicable to products sold in different markets and which can result in potential sanctions and/or legal proceedings, as well as in loss of competitiveness (due to non-adjustment and/or slower adjustment to new provisions).

The Group operates in full compliance with laws and regulations in different fields through dedicated and qualified employees. The Group’s Code of Conduct states: *“DiaSorin and Group companies, and for these all staff members, recognize as binding the absolute respect of laws, codes, regulations, national and international guidelines and all general accepted practices based on fairness and honesty in each country where the Group carries out its business activity in observance of these principles”*.

Activities aimed at ensuring compliance with legislation and regulations are undertaken in line with international best practices and are constantly examined through inspections conducted by commercial partners, authorities or certification bodies.

The main risk identified in the supply chain management is linked to **non-compliance of purchased products/services** with the Group’s **quality requirements** (resulting in a negative impact on quality and, thus, effectiveness of the end product) and **local regulatory requirements**.

With regard to the supply chain management, the major “key” purchases within the DiaSorin Group’s core business (products/ services with a direct impact on compliance with end product requirements) are carried out through the Company’s manufacturing facilities. The Group companies purchase their products from consolidated multinational companies located in countries that do not pose a high risk concerning social topics, employees, protection of human rights and fight against corruption issues.

### 3.3 Customer satisfaction

The main risk identified by the Group in relation to the “Customer Satisfaction” topic concerns a lack of attention to consumer’s needs. Dialogue with customers takes place through various channels, such as customer satisfaction surveys or daily interaction activities: a lack of attention could lead to the risk of not identifying emerging trends in the market and / or potential aspects for improvement. A lack of analysis or sharing of customer complaints at Group level could compromise the timely implementation of corrective and / or preventive actions for their resolution.

### **3.4 Topics concerning research, innovation and technological excellence**

A key factor in DiaSorin success is the company’s ongoing commitment to identify and select new products to expand the menu provided to customers. In order to constantly support DiaSorin leadership in identifying and launching new innovative products, the Group decided to further strengthen its **Corporate Innovation Process**.

The Innovation Process, which has been fully implemented in 2019, ensures the structured involvement of any new ideas concerning kits and instruments, so as to guarantee the **maintenance of innovation excellence even in potentially new clinical areas for the Group and in cases of extraordinary needs, for example deriving from emergency situations as was the case for the Covid 19 pandemic during 2020**.

The current Corporate Innovation Process within the DiaSorin Group allows to carry out some key analyses before the development phase of the product, **thus allowing to assess in advance any risk or misuse of resources and time in the development of products** that do not meet the minimum requirements for DiaSorin both in economic and technical terms.

### **3.5 Employee-related topics**

#### *3.5.1. Occupational Health and Safety*

The DiaSorin Group identified the following main risks in relation to “Occupational Health and Safety”:

- **Occupational diseases** due to over-exposition to chemicals and/or biohazardous materials.
- **Injuries** involving employees due to an inappropriate training on risks related to duties, procedures, and use of personal protective equipment.

The DiaSorin Group has always been committed to increase a culture of occupational safety in order to avoid risks to their health and safety. Further details are provided in paragraph “Environment, Health and Safety”.

#### *3.5.2. Focus on workers*

With reference to the risks identified in relation to an accurate management of workers, the Group identified some specific risk areas:

- **Selection of core competencies:** failure to identify core competencies on the market that are in line with the company values and culture would undermine the creation of long-term value and would increase the turnover rate;
- **Turnover of highly skilled and specialized employees:** lack of attention to turnover rate would compromise employee retention in terms of know-how and key competences.
- **Employee training and development:** given the highly technical-scientific profile of DiaSorin employees, the lack of interventions aimed at maintaining and updating knowledge would have particularly significant impacts. This aspect is even more evident considering the nature of the Group's business and reference sector, which is focused on knowledge and characterized by continuous evolution. With reference to this risk, the Group has developed a structured path for employee training and development starting from their first day in the Company, as described in the "Employee management" chapter.

### *3.5.3. Well-being of employees and dialogue with social partners*

With reference to "Well-being of employees", the following risk is identified:

- **Attention to employees' needs:** lack of sufficient attention paid to employees would negatively impact staff motivation and satisfaction, affecting the workplace and the sense of belonging to the Company/Group;

Maintaining a constructive and continuous **dialogue** represents for DiaSorin one of the various *opportunities* available to interact with its employees and with social partners. This allows to build a constructive relationship based on mutual respect and trust.

The Company has been actively engaged in addressing this issue by developing programs aimed at involving people and strengthening their sense of belonging to the Group.

### *3.5.4. Diversity and inclusion*

Diversity and inclusion do not entail any specific risk for the DiaSorin Group, but it identifies in a correct and careful management of this aspect, through the integration and enhancement of diversity, an *opportunity* to create a **work environment** that fosters **creativity** and **dialogue**. Diversity and inclusion represent a fundamental driver to bring **innovation** within the Company, thanks to the collaboration between heterogeneous work groups (by culture, gender, religion, etc., but also by generation, seniority and skills) capable of finding innovative solutions to problems and capturing the opportunities that arise from the management of professional challenges with the ultimate aim of contributing to the realization of the corporate mission: to improve the health and life of people in the world through high-quality, fast and reliable diagnostic tests.

### 3.6. Social issues and respect for human rights

#### 3.6.1 *The relationship with local communities*

Relationship with local communities does not entail any specific risks for the DiaSorin Group but it represents an *opportunity*: the development of communities in which the Group is present along with training of human capital and the development of individual skills in the different countries where the Group operates may contribute to create and maintain a favorable environment for business and innovation. Supporting local communities is, thus, a sustainable investment for DiaSorin's long-term business view.

#### 3.6.2 *Respect for human rights*

Risks related to “**Respect for human rights**” are not deemed to be relevant to the DiaSorin Group, in relation to both company's employees and external staff.

From the company's point of view, the Group business requires high skilled in-house workforce for all activities. This results in a low risk of exploitation and violation of human rights, together with the need to implement all the necessary actions to retain employees in the Company in consideration of their training, experience and know-how.

With reference to the supply chain, the main purchases of the DiaSorin Group are made from consolidated multinationals, mainly located in areas that do not present a high risk with respect to this issue.

The Group pays great attention to respect for human rights both in the management of relationships with Group's employees and external staff and in the management of the supply chain, in compliance with principles and values set out in the Group's Code of Conduct. The Group is committed to respecting human rights in compliance with Conventions of the ILO (International Labor Organization) in countries where the Group operates.

The Group's Code of Conduct contains specific principles concerning this issue. As specified in the Group's Code of Conduct, DiaSorin “*operates within the recommended reference framework of the United Nations Universal Declaration of Human Rights, the fundamental Conventions of the ILO (International Labor Organization), and Confindustria Guidelines and also ethical principles, agreements and guidelines approved by Union representatives concerning fair employment practices, freedom of association, rejection of any form of discrimination, of forced labor, child labor [...]*”. Principles set out in the Code of Conduct include, among others, “Equality and Equal opportunity” consisting of a set of specific standards of conduct that apply to all Recipients of the Code.

Lastly, in compliance with the provisions of the UK law (section 54 of the UK Modern Slavery Act 2015), DiaSorin S.p.A, acting through its UK Branch and DiaSorin Limited (on a voluntary basis), issued in 2020 the “2019 Modern Slavery Statement”, outlining the procedures to operate free from

modern slavery in any part of its business and supply chain and to adopt a zero-tolerance approach to these issues.

### 3.7 Topics concerning environmental management

#### 3.7.1 Waste management

The main risk identified in the “Waste management” is linked to **non-compliance** with **waste management** and **disposal regulations**.

Waste management is performed in accordance with all waste legislative requirements. Further details are provided in paragraph “Environment, Health and Safety”.

#### 3.7.2. Energy efficiency, emissions and management of water resources

Energy efficiency and the management of water resources do not entail any specific risks for the DiaSorin Group, since the company’s core business is not part of an energy intensive sector nor requires relevant water consumption.

However, the Group remains committed to protecting the environment and reducing its environmental impact, as detailed in paragraph “Environment, Health and Safety”, paying a particular **attention to reducing energy consumptions, emissions and water withdrawals**: this represents an *opportunity* in terms of optimization and cost savings.

## 4. FIGHT AGAINST CORRUPTION

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### 4.1 DiaSorin's commitments and reference principles

The **Group Code of Conduct** defines rules and standards of Conduct to control risks concerning “Fight against corruption”, as described in Paragraph “Identification of Risks and Opportunity”. The Code applies to the members of the Board of Directors of each company of the DiaSorin Group, to all employees and all other individuals or companies who act on behalf of one or more companies of the Group.

Reference is made to paragraph 3.1 of the Code of Conduct “Rules and Standards of Conduct”: “*Bribery and Illicit payments*” and “*Gifts, gratuities and other benefits*”.

Aside from rules and Standards of Conduct required to Recipients to avoid active bribery, directly or indirectly, the Code sets out prohibited behavior to avoid passive bribery (i.e., ban on accepting gifts; gratuities or other benefits that may influence the independence of judgement; obtaining or maintaining commercial business; influencing any action or decision of any governmental officer; obtaining unjust advantage or facilitation).

The DiaSorin Group does not tolerate any kind of bribery to public officials, or to any other party connected with public officials, in any form or manner, in any jurisdiction including those jurisdictions where such activity may be current practice or not legally prosecuted. The aforementioned prohibitions are extended not only to direct incentives but also to indirect incentives made in any form including via agents, consultants or other third parties.

On the basis of the above, Recipients of the Code are forbidden to offer commercial giveaway, gifts or other perquisites that may violate laws and regulations or to be in conflict with the Code of Conduct or, if publicly available, damage DiaSorin image. Equally, Recipients shall not exploit their position to demand for, accept, seek or obtain promise of benefits and/or advantage of any kind.

Finally, as a member of the sector association EDMA (European Diagnostic Manufacturers Association), associated with MedTech Europe<sup>6</sup>, the DiaSorin Group has been adhering for several years to the "MedTech Europe Code of Ethical Business Practice" (hereinafter, "**MedTech Code**"). The Code regulates all aspects of interactions between companies and Healthcare professionals/organizations, in compliance with the highest ethical standards and with an appropriate level of transparency. DiaSorin has therefore integrated the provisions of the MedTech Code into its Group Code of Conduct, carrying out specific training activities over the time, also in light of the adoption of the dedicated Group procedure (GOP 23.5011 "MedTech provisions").

## **4.2 Instruments adopted**

Below are the main tools adopted by the DiaSorin Group in order to manage and reduce the risks related to the "Fight against corruption" topic.

### *Internal Audit functions and audit activities carried out by the Internal Audit Function*

Formal acceptance of the Code of Conduct from Group Companies' employees is periodically monitored by the Internal Audit Function of the Group. Such audits are included in the Audit Plan. The Internal Audit Function carries out spot checks, on an annual basis, on the Group Companies to assess that new hires adhere to the Code of Conduct principles.

Likewise, gratuities, gifts and benefits are monitored, as part of the Audit Plan, through spot checks on the Group's Companies, in relation to expenses and first levels employees' expense reports.

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<sup>6</sup> MedTech Europe is the European trade association representing the medical technology industries, from diagnosis to cure

The Audit Reports are communicated to the Risks, Control and Sustainability Committee and the results presented to the Group’s Board of Statutory Auditors and Board of Directors.

### Training activities

A further tool used by the Group to reduce the risk of corruption is represented by the training activities provided to employees, with particular reference to specific modules relating to the content of the Group's Code of Conduct, which is provided during the induction phase to new employees.

## 4.3 The results

The following table shows the number of employees involved in communication and training about anti-corruption for each reporting year:

<b>Employees involved in communication and training about anti-corruption</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Executives	102	24	45
White collars	694	488	649
Blue collars	89	45	123
<b>Total number of employees</b>	<b>885</b>	<b>557</b>	<b>817</b>

*Disclosure 205-2 Communication and training about anti-corruption policies and procedures of GRI Standard 205: Anti-corruption*

It should be noted that, starting from 2018, data also include training courses dedicated to the MedTech Code amendments; in 2018, training involved 175 Group employees (38 Executives and 137 White Collars). Starting from 2019, training has been included in the ordinary induction path for new hires. In 2020, training activities have been provided remotely, due to the restrictions related to the pandemic situation.

During 2020, no case of corruption has been reported.

## 5. QUALITY OF PRODUCTS AND PROCESSES

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### 5.1 DiaSorin's commitments and reference principles

In order to provide a structured management of all aspects related to quality of products, including the supply chain management, DiaSorin’s manufacturing facilities adopt a Quality Management System in compliance with European Directive IVD MD 98/79 EC, and UNI EN ISO 9001:2015 standards (Quality Management System Requirements), and UNI EN ISO 13485:2016 (Medical Devices. Quality Management Systems. Requirements for Regulatory Purposes) - in compliance with the US

Code of Federal Regulation (“21CFR Part 820” Food and Drug Administration) - and in accordance with local regulations applicable to markets where DiaSorin Group’s product are registered and distributed. The Group is also working to make its products compliant with the European Regulation 2017/746 on in Vitro Diagnostic Medical Devices (IVD-R) that is the Regulation for placing on the market, making available and putting into service of in vitro diagnostic medical devices on the European market. The IVD-R Regulation will be applicable starting from 2022, and replaces the previous EU Directive 98/79/EC.

Where possible, DiaSorin S.p.A. and Group companies undertake to consult associations that protect consumers’ rights in relation to projects having a major impact on customers. Behavior standards adopted by DiaSorin S.p.A. and Group companies in dealing with customers are inspired by safety, assistance, willingness, respect and courtesy with a view to establish relations based on mutual trust, high cooperation and high technical expertise. The primary objective of the Group is to fully satisfy its customers, creating a relationship based on honesty, fairness, efficiency and professionalism in compliance with the obligations of both parties: this must be done in total compliance with the laws and rules contained in the Code of Conduct.

## **5.2 Instruments adopted**

The following provides the main instruments adopted by the DiaSorin Group to manage and mitigate the risks related to “Quality of products and process”, as provided in paragraph “Identification of risks and opportunities”.

### *Organizational structure concerning Quality Management*

The DiaSorin Group ensures Quality Management through the Quality Assurance and Regulatory Affairs function in each DiaSorin’s and Subsidiaries’ manufacturing facility, with the support of the Corporate QA&RA&CA Function (Quality, Assurance, Regulatory Assurance and Clinical Affairs). This Function reports directly to the Chief Executive Officer of DiaSorin S.p.A., thus ensuring the independence and authority necessary for the Function to ensure the utmost attention to the adoption of regulatory demands and global Quality principles and their timely implementation. The Corporate organization plays a transversal role both with reference to the production sites and to the commercial branches, ensuring the effective application of the Quality System, and efficiency and effectiveness across the entire DiaSorin Group.

The Corporate QA & RA & CA Function is responsible for:

- ✓ Monitoring new regulations applicable to the IVD MD sector to be reported to sites and subsidiaries;
- ✓ Supporting sites and subsidiaries in implementing new Provisions having an impact at Group level, managing and supervising specific inter-site projects;



- ✓ Harmonizing Quality Systems rules across all sites and subsidiaries, by providing Group Operating Procedures (GOPs) and ensuring their correct application at local level (sites and subsidiaries);
- ✓ Monitoring compliance with QS requirements within the DiaSorin Group by means of Internal Audits, either announced or unannounced;
- ✓ Monitoring complaints from DiaSorin customers at Group level;
- ✓ Supporting all sites on audit activities carried out by Third-Parties;
- ✓ Monitoring that the results of Third-Party or Corporate audits received by a single site are shared among all sites to enable a cross-assessment and identify QS non-compliance and resolve it promptly, with a harmonized approach;
- ✓ Supporting sites on Medical Oversight and implementing product recall procedures;
- ✓ Supporting sites and the Global Procurement function to monitor DiaSorin suppliers' performance.

In the light of the above, the Corporate QA&RA&CA Function monitored the following projects:

#### **A) Adoption of recent new regulations**

- in 2020, the Group has approved a new project for the implementation of an information system that tracks regulatory updates at national and international level in real time; this allows to promptly initiate an update process and promptly verify that regulations and internal procedures comply with new rules and, if necessary, to adjust processes at an operational level. This software will be implemented and fully operational in 2021;
- in 2020, the Group continued its inter-site project, started in 2017, concerning the alignment to the new European Regulation 2017/746, which replaces the current European Directive IVD MD 98/79 EC (the complete implementation of the project is expected in 2024).

#### **B) Maintenance of certified quality systems by the DiaSorin Group's manufacturing sites**

- over the last few years, all DiaSorin production sites have successfully passed the QMS (Quality Management System) audits carried out by the Notified Body and the Competent Authorities of the Export Countries where DiaSorin products are registered and distributed; this made it possible to maintain the Certifications and approvals necessary to distribute in Export Countries, while keeping the Group's business unaltered;
- In 2020, the ISO 13485: 2016 Certification about the compliance of the Quality Management System has been maintained. Such Certification was obtained in 2018 by DiaSorin Molecular and Diasorin Inc - distributors of the Group for the Canadian market - through the MDSAP (Medical Device Single Audit Program);

- The Group maintained the approvals obtained in 2019 following inspections for the approval of new high-risk products - requiring a Pre-Market Approval (PMA Audit) by the FDA - for the US market or site audits in relation to activities carried out for clinical validations (BIMO-Bioresearch Monitoring program Audit) of these new products.

In 2020, site inspection activities were conducted on-site until the start of the pandemic. Afterwards, following the limitations imposed by the pandemic, inspections were conducted remotely.

### **C) Improvement and harmonization projects among DiaSorin sites:**

- in 2020, the Company continued the implementation of the inter-site project. The project was launched in 2018 and is sponsored and managed by the Corporate QA & R & CA Function with the aim of implementing, in all the Group's sites and at the Corporate level, the same software for the harmonized management of QMS aspects on an electronic platform, sharing the same rules and modes. Unlike the initial project, the Company started the implementation of two additional supplementary modules with a focus on Training planning and registration and on the management of the quality system Documents. In the light of the last developments, the project will be completed in 2021;
- in 2020, the Company completed the implementation of all the modules envisaged by the B.R.A.V.O platform, which has been developed starting from 2018 by the Corporate Global Procurement function together with the Corporate QA&RA&CA function. This platform is shared with all DiaSorin sites as part of the Supplier Management and ensures compliance with the QMS requirements applicable to the selection, qualification and monitoring of suppliers. The adoption of the module to manage the Supplier Qualification has been launched in 2020 in some of the Group's production sites and implemented in some sites and will be completed in 2021 with the remaining sites.

#### Supply chain management

As provided in the paragraph "Identification of risks and opportunities", the supply chain management is essential to ensure that products / services purchased comply with the Group's quality requirements and local regulatory requirements.

The following paragraph provides the main evolutions of the Group supply chain management and the key instruments adopted.

#### Reorganization of the supply chain

In past years, the organization of the supply chain management of the DiaSorin Group envisaged that "critical" purchases (products / services with a direct impact on compliance with the requirements of

the final product) were mainly managed locally by the production sites of the Group, with the exception of some categories of purchases which, as they were relevant for several production sites due to the high risk associated with the impact on the finished product and/or due to the high unit value, were managed at the Corporate level by the Global Procurement function ('Corporate' suppliers) and represented the largest share of the Group's purchases.

In order to increase supervision and efficiency, the DiaSorin Group has launched, starting from 2017, the reorganization of the entire process of the supply chain management with the aim of centralizing and progressively harmonizing the purchasing processes of Production companies and, consequently, acquiring greater central control over Group's suppliers.

The project, whose implementation continued in 2020, is structured along three main axes:

- **organization:** redefining responsibilities centrally/locally and providing the Global Procurement function with a central role in the handling of purchases at Group level; the corporate Purchasing team has been reorganized and strengthened with new hires in order to implement a central governance activity that works closely with managers at local level, through business reviews and periodic meetings. This first phase, completed in 2020, will be followed in 2021 by the identification of regional staff - between the corporate and local levels - to ensure centralized supervision of some specific purchases with a strong territorial characterization;
- **process standardization:** this aspect provides for a harmonization of the different local purchasing processes that were previously managed independently by the production branches through various tools and information systems; in this regard, purchasing guidelines have been approved and distributed in 2020, with the dual purpose of defining rules to be applied locally within the Purchasing department and instructing those who carry out activities of purchasing, even though they do not belong to the Purchasing department, on rules, behaviors and best practices;
- **managerial efficiency:** it provides for the identification of purchases that need to be managed at central level (e.g., suppliers shared by several manufacturing facilities) and those that need to be managed at an intermediate level given the territorial specificity of some supplies by implementing, following an appropriate analysis, a centralized reorganization on the basis of the analysis results.

The project envisages the introduction of an IT cloud platform at Group level to manage the relations with suppliers, starting from qualification to the drawing-up of contracts, including negotiation: this is a long-term project that makes use of all 4 modules provided by DiaSorin S.p.A companies and DiaSorin Inc. The extension of the implementation, which slowed down in 2020 due to the emergency caused by the COVID-19 pandemic, to the other manufacturing companies will be completed in 2021.

### Procedures System (Group and local)

The Group Operating Procedure "Corporate Supplier Management" and the DiaSorin Group new Operating Procedure "Procurement Portal: Supplier Qualification" set out the principles to be applied at Group level for the supply chain management. Both Procedures apply to all purchases of the DiaSorin Group.

The Procedure provides the guidelines to follow at local level in the various stages of the supplier management process and defines a clear allocation of responsibilities between the Group Companies and the relevant Corporate Functions / Departments.

Below are the main requirements that are applied to the purchasing processes carried out by the Group Companies and formalized within the Group Procedures mentioned above:

- use of a multi-functional approach to select suppliers and formalization of criteria and methods adopted in this stage;
- classification of suppliers on the basis of the risk category associated with product quality and safety;
- drafting of documentation to track the technical requirements of products being purchased. Such documentation shall be included in the contractual documents, along with clauses which contractually bind suppliers to inform DiaSorin of any change in the technical requirements of the product;
- management of supplier changes that have to be approved at local level and communicated to central Departments;
- implementation of activities to monitor suppliers at local level (e.g., acceptance tests, verification of the certifications attached to the products, audits of suppliers, etc.).

With a view to increasingly harmonizing process at Corporate level, each DiaSorin production site has been requested to prepare, on the basis of the Group Procedures, local procedures covering the management of suppliers and purchases of products and services, in order to ensure quality, safety and effectiveness of the finished product.

In 2020, specific procedures have been introduced concerning the use of the platform presented in the previous paragraphs, along with procedures aimed at harmonizing processes.

### **5.3 The results**

In 2020, the DiaSorin Group continued monitoring its suppliers both through on-site audits, when compatible with the restrictions due to the COVID-19 pandemic, and through document audits consistently with the previous years. In the second half of the year, the Company developed a remote auditing procedure and audits have been performed on the suppliers deemed to be most critical.

All audits on suppliers deemed to be low or zero risk have been deferred to 2021, as anticipated in the previous paragraph, due to the restrictions imposed by the spread of COVID-19.

The reduction in the number of audits conducted in 2020 on suppliers is therefore mainly attributable to the restrictions imposed by the pandemic, which did not allow on-site audits to be carried out in the first half of 2020.

Specifically, in 2020, 6 audits were conducted on critical suppliers for the Group (25 in 2019), of which 1 Corporate (12 in 2019) and 5 Local (13 in 2019). The audits revealed no indication of significant noncompliance (in line with 2018-2019 period).

As regards DiaSorin sites' quality systems, the following tables provides the number of inspections carried out by Notified Bodies and other Competent Bodies of Export Countries in the Group's manufacturing sites where DiaSorin registers and produces its products:

<b>Group's manufacturing sites</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total site</b>
Italy, Saluggia	4	3	1	<b>8</b>
United Kingdom, Dartford	2	5	1	<b>8</b>
Germany, Dietzenbach	1	1	1	<b>3</b>
USA, Cypress	2	2	1	<b>5</b>
USA, Stillwater	2	3	1	<b>6</b>
South Africa, Kyalami	1	0	n/a	<b>1</b>
<b>Total year</b>	<b>12</b>	<b>14</b>	<b>5</b>	<b>31</b>

All facilities passed the inspections in the three-year reporting period. No indication of noncompliance and/or critical issue having an impact on the Group's business was found.

The onset of the pandemic led to a great variability also in relation to supplies worldwide. Nevertheless, the Group has promptly managed such variability and no significant impact has been generated on the Group's production structure.

## **6. RELATIONSHIP WITH THE CUSTOMER AND CUSTOMER SATISFACTION**

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### **6.1 DiaSorin's commitment and reference principles**

Behavior standards adopted by DiaSorin S.p.A. and Group companies in dealings with customers are inspired by quality of products and of services provided, by customer support to create a relationship of mutual trust, cooperation and technical/scientific professional expertise. The main objective of the Company is fully satisfying its customers, creating a relationship based on honesty, fairness, efficiency and professionalism in accordance with the obligations arising under supply contracts between both parties and operating in total compliance with the laws and rules contained in the Code of Conduct.

In order to provide a structured management of all aspects related to quality of products and services provided, the DiaSorin Group adopts a Quality Management System in compliance with ISO 9001:2015 standards "Quality Management Systems Requirements" and ISO 13485:2016 "Medical Devices - Quality Management Systems" and a structured system to monitor customer satisfaction, as described below.

The Group is committed to meeting its stakeholders' training and educational needs (current or potential customers, professionals, scientific community and, more generally, citizens) concerning scientific and medical issues; to this end, DiaSorin promotes and/or supports activities in the field of Public Health.

### **6.2 The instruments adopted**

The quality control system adopted by DiaSorin S.p.A. and Group companies covers all operating and supporting processes: from design to production, launch on the market up to after-sales supervision of the products. Such quality control system extends to all company functions involved in the activities, throughout all phases of life of the product up to reception of feedback after delivery of the product to the customer. With regard to improvement processes, monitoring the product on the market is extremely important in order to assess and analyze quality.

DiaSorin S.p.A. and Group companies have implemented dedicated methods to ensure that customers feedbacks reach the company, as well as methods to process this information in order to assess whether the product/services meet the customer's expectations. On the basis of the information collected and processed, continuous improvement activities are then planned and implemented.

The Group implemented, also in accordance with regulatory requirements, a dedicated internal procedure ("DiaSorin Group Customer Satisfaction Survey"), which aims at defining the manners through which the Group can regularly monitor the Customer Experience. The procedure provides that at least every two year a specific survey is implemented and coordinated by the Quality Department, Marketing and Service Corporate. This activity gradually consolidated over time and is

now carried out on an annual basis through two survey waves (on a half-yearly basis), which involve different customer segments. The increase in the frequency of the investigation allows the Group to promptly implement corrective actions if the investigation gives evidence of any critical issues. The activity has been carried out and integrated over the years with the support of the Praxidia company.

The project has two main levels of activity:

- Relational: extended telephone interviews, carried out on a half-yearly basis both to laboratory managers and to users operating with DiaSorin instruments;
- Transactional: e-mail surveys to users who interact directly with DiaSorin technical staff. In this case, surveys are addressed to Customers after technical support, over the year.

The surveys concern the following:

- Analyzer;
- Assay Products;
- Order Entry;
- Sales Representative;
- Field Engineer;
- Application Specialist;
- Technical Support;
- Benchmark against competitors.

The results of the surveys are tracked in real time on a specific web portal managed by the supplier and are differentiated by country: each Group company has access to data relating to its country. A detailed half-yearly report is forwarded and presented to management to evaluate the results and trends and decide any corrective actions. The portal has been configured so that a negative assessment can immediately report a noncompliance file in the event of a low score. The involved subsidiary is thus required to implement a “recovery plan” that will be disclosed on the Portal.

In addition to the aforementioned internal procedure, Diasorin S.p.A and the other Group companies - in agreement with the relevant Scientific Associations in the sector - actively participate in the organization of events on topics of current interest. In addition to training activities on current topics, such activities aim at training laboratory staff from a scientific point of view, enhancing skills and furthering the latest scientific information. Events involving leading healthcare professionals, including institutional members (such as the Higher Institute of Health in Italy) are proactively supported.

In 2020, with the onset of the pandemic, the Group responded to emerging needs by proposing training events for the scientific community on the SARS-CoV-2 virus and the related diagnostic technologies

developed by DiaSorin. These events, as well as meetings on other issues, took place remotely due to the limitations imposed by the pandemic.

In 2020, unlike the previous years, the pandemic hindered conventions and meetings between citizens and doctors. These events aim at supporting the correct dissemination of information and directing the attention of the wider public to health issues. Thus, interaction is crucial. These events will be reactivated as soon as they can be carried out safely again.

### **6.3 The results**

The Customer Satisfaction survey activity described above involved around 1200 customers in 20 countries in 2020. The selection of customers to be involved had the objective of selecting a homogeneous and representative number for each country (approximately 35%), in which the Group operates directly through its branches.

The use of the platform developed with Praxidia showed a high degree of global customer satisfaction for the services offered by DiaSorin, with an overall satisfaction level of 8.53 out of 10.

DiaSorin's operating and manufacturing activities require the Customer Satisfaction to be constantly monitored. For this reason, the Group aims at repeating this survey every year, assessing customer satisfaction through a periodic and centralized process.

## **7. RESEARCH, INNOVATION AND TECHNOLOGICAL EXCELLENCE**

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### **7.1 DiaSorin's commitments and reference principles**

Innovation and technology excellence are key drivers in DiaSorin Group's strategy to implement its Mission and Ethical Vision. To this end, the Group is committed to implement a consistent staff policy focused on selecting talented and skilled professionals -in the field of Research and Development - that may contribute to developing new technologies, products and processes promoting, at the same time, training and sharing of know-how at international level.

### **7.2 Instruments adopted**

In 2020, the DiaSorin Group concentrated a significant portion of its research and innovation activities in the activities required to promptly respond to the needs deriving from the pandemic emergency that marked the entire period.

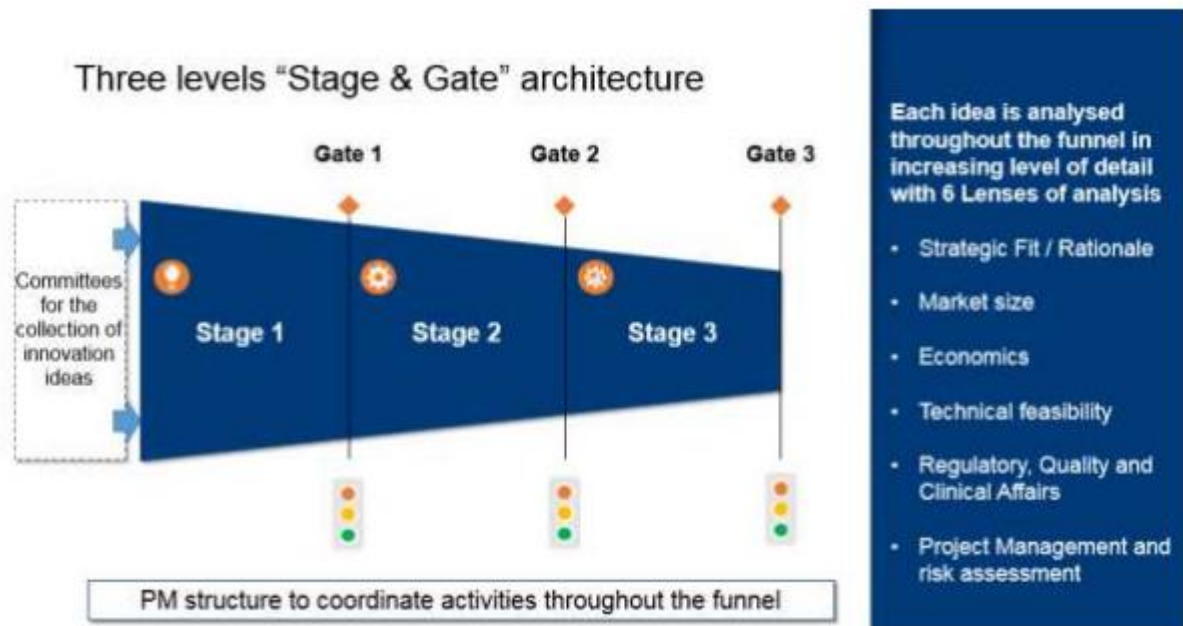
The Group Innovation Process, which was launched in 2018 and completed in 2019 under the guidance of the Innovation Function, has provided a swift, structured and quality solution. This process is shared by all the Group's businesses and companies and arises from the need to ensure a structured approach to the evaluation of new ideas - Immuno-diagnostic Kits, Molecular Diagnosis Kits or analysis



platforms - allowing, therefore, the start of Product Development activities for the most promising projects only.

The corporate strategy outlines innovative ideas proposals that, through the new Innovation Process, are gathered through either external sources (for example DiaSorin's Key Opinion Leaders) or "internal" sources (DiaSorin Group's internal functions).

The evaluation of ideas takes place through a "Stage and Gate" architecture, shown graphically in the figure below.



Thanks to a Project Management structure, which is coordinated by the Innovation Function, and a dedicated governance, each idea is analyzed and assessed in each gate where it can be passed to the next stage, it can be rejected, or it can be to put on hold for additional analyses.

Gate 3 corresponds to the entry of the idea into the Group's PDMP (Product Development Master Plan). This document is monitored and periodically updated by the Corporate R&D Department and provides information on the Group's active projects for each development phase (pre-feasibility, feasibility, validation, industrialization).

To ensure a structured evaluation process, emerging innovative ideas are classified into 3 different standard categories (valid for both kits and tools):

- **"Expand"** ideas are ideas of new kits or tools for the market and allow DiaSorin to **expand the IVD** (in-vitro diagnostics) **market**;
- **"Advance"** ideas are either ideas of kits or tools that are already on the market but not yet in the Group's portfolio or solutions that are already present in the Group's portfolio and can be

integrated with new functions, adjusted to have better performances, or delivered through different technologies to increase **DiaSorin's market shares**;

- **“Sustain”** ideas are ideas aimed at **improving the efficiency of current kits or tools**, in order to offer the market products with better margins for the company while maintaining the same quality characteristics.

In addition to ensuring, under ordinary conditions, that only products of proven value are launched on the market - thanks to detailed analyzes carried out to accurately filter the best ideas - this process makes Product Development more efficient and faster, since information and relevant variables are analyzed starting from the innovation phase.

Work process has been divided by projects/processes, creating dedicated cross-functional teams (thus, removing the traditional functional structure) and identifying the actions to be carried out to ensure quality in the process. This was crucial, in 2020, to allow a rapid and effective adjustment to the needs deriving from the COVID-19 emergency. The process adopted by the Group has made it possible, in fact, to effectively mitigate the risks deriving from handling an emergency that required the development of effective products and services in a significantly shorter than usual timeframe, against a constantly evolving backdrop.

### **7.3 The results**

In 2020, in response to the pandemic emergency and thanks to the Group Innovation Process, DiaSorin developed a series of specific projects in response to the needs deriving from the COVID-19 spread (so-called "COVID projects").

Among these, two immunodiagnostic serological tests have been launched: LIAISON SARS-CoV-2 S1 / S2 IgG and LIAISON SARS-CoV-2 IgM to detect the presence of the IgG and IgM antibodies developed in response to SARS-CoV-2. Both tests are CE marked and have received FDA Emergency Use Authorization (EUA) for the U.S. market.

In addition to these two tests, the Company launched LIAISON SARS-CoV-2 Ag antigen test which allows the identification of COVID-19 infection in symptomatic patients within 10 days post onset of symptoms. The test is CE marked and is run on LIAISON family analyzers. The test allows quantitative detection of SARS-CoV-2 viral load through nasal and nasopharyngeal swabs and can be used as an alternative to or in combination with molecular tests.

Again, with reference to the COVID Projects, the Company launched two additional molecular diagnostic tests: the Simplexa COVID-19 Direct Kit and Simplexa Flu A / B & RSV Direct Gen II. The first allows to detect the presence of SARS-CoV-2 from nasal and nasopharyngeal swabs and saliva samples (only in markets accepting CE marking). The latter detects Influenza A and B strains and the respiratory syncytial virus (RSV), allowing differential diagnosis of these infections and SARS-CoV-2. Both tests have been approved in countries accepting CE marking and have received FDA Emergency Use Authorization (EUA) for the U.S market.

Although the pandemic emergency dominated 2020, the Group kept non-COVID-related projects on track. Among these, the Group Ce marked and launched the LIAISON Testosterone xt test for the dosage of testosterone. The immunodiagnostic assay is designed for use on the LIAISON XL platform.

The Food and Drug Administration approved the 6 assays that make up the panel for the diagnosis of Hepatitis B, completing the full line of Hepatitis A, B and C assay in the local market.

Finally, in December 2020, the Food and Drug Administration approved the LIAISON XL MUREX HIV Ab / Ag test for commercialization. This test allows the combined qualitative determination of p24 antigen of human immunodeficiency virus type 1 (HIV-1) and specific antibodies specific to both human immunodeficiency virus type 1 (group M and group O) and human immunodeficiency virus type 2 (HIV-2) in human serum or plasma samples.

In countries accepting CE marking, the Group launched its molecular Simplexa Congenital CMV Direct Assay. This is the first test on the market to enable direct detection of Cytomegalovirus DNA in both saliva swabs and urine specimens from babies up to 21 day old.

The strategy to expand the diagnostic tests offering is linked to the strategy to further develop the Group’s analyzers platform, with the aim of accessing new market segments. In particular, the new LIAISON XS platform, designed for small laboratories, was launched in Europe in 2019. Its use in countries outside Europe, in particular in the United States and China, started in 2020 and will continue in 2021. A further evolution of the platform concerns the development of new solutions to strengthen DiaSorin presence in segments that are already covered by the LIAISON XL analyzer.

Further details on new products developed in the three-year reporting period are provided in the Reports on Operations of the DiaSorin Group.

The pipeline of initiatives to be assessed includes more than 50 ideas in the immunodiagnostic and molecular diagnostic areas, both as regard kits and instruments. New initiatives are constantly added to the pipeline.

In the year, 16 ideas for new products /instruments have been approved and included into the PDMP.

The following provides the number of PDMP projects at December 31 for each reporting year

<b>Reagents for Immunoassay</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Pre-feasibility	3	2	2
Feasibility	1	1	7
Validation	9	16	4
Industrialization	7	9	4
<b>TOTAL</b>	<b>20</b>	<b>28</b>	<b>17</b>

<b>Reagents for Molecular - considering Assays + ASRs (Analyte Specific Reagents)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Pre-feasibility	18	2	2
Feasibility	2	-	-
Validation	1	3	3
Industrialization	13	17	17
<b>TOTAL</b>	<b>34</b>	<b>22</b>	<b>22</b>

<b>Instrument projects (Immune + Molecular)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Pre-feasibility	3	4	1
Feasibility	4	4	12
Validation	1	10	15
Industrialization	0	0	-
<b>TOTAL</b>	<b>8</b>	<b>18</b>	<b>28</b>

## 8. EMPLOYEE MANAGEMENT

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### 8.1 DiaSorin's commitments and reference principles

DiaSorin's value increased proportionally to the value of people who worked or still work at DiaSorin. This growth is part of DiaSorin's history and is structured around three main pillars:

- **LEADERSHIP** - Management competence, that is a mix of expertise and sensitivity, business acumen, skills and experience, which has made it possible to recognize and evaluate the contribution of each single individual in relation to a collective result;
- **ENGAGEMENT** - sense of belonging with a strong identification with our “the Diagnostic Specialist” mission, as well as the capability to outline a clear long-term Vision with agility and flexibility to achieve common and shared objectives;
- **TALENT** - capacity to turn the strategy vision into concrete action, thanks to the distinctive skills of People who work with passion and energy, without making any compromises between speed and quality of execution. The work of each employee is crucial to achieve the end result.

This commitment, which is formalized in the Human Resources Strategy whose aim is to take care of and develop a culture of excellence, adopts both the “DiaSorin Leadership Model”, a solid foundation for our company culture, and the company’s Code of Conduct as reference principles.

The “DiaSorin Leadership Model” is the DiaSorin Group’s DNA and describes the execution capacity, pragmatism, focus on details, skills, sense of belonging, proactivity and energy, integrity that are at the core of the Company Entrepreneurial Spirit.

The evolutions occurred over the last years required to integrate different skills and enrich the list of the guiding Values that are part of a new "Managerial Style" such as, for example:

- Innovation, capacity to find new solutions and new ways to do things, without fear of challenging the *status quo*;
- Capacity to inspire colleagues, activating empowerment processes and involving a growing number of people.

These are some of the values embedded in our managers and described in the “DiaSorin Leadership Model”, a reference principle for all DiaSorin employees with the purpose of:

- Stimulating minds of people who work within the Company;
- Inspiring people to the common Good;
- Fostering creativity and planning skill on the basis of a vision of the future intended as capacity to see and desire the Diasorin of tomorrow.

Management of Human Resources refers to the Group’s Code of Conduct which sets out a set of norms and standards of conduct to which the Group is required to abide by, concerning:

- **Employee management policies:** *“Any form of discrimination against employees or staff members is prohibited. All decisions regarding personnel management and development are based on considerations of merit and/or correspondence between expected profiles and those of staff members. The same consideration applies to the decision to assign employees to different roles or positions”.*
- **Employee empowerment and management:** *“In managing hierarchical relations, company stakeholders undertake to guarantee that authority is exercised fairly and correctly, avoiding any type of abuse. Requesting, as something due to a superior, services, personal favors or any other form of conduct that infringes this Code of Conduct constitutes an abuse of position of authority. Each manager is required to use and fully exploit all the professional competencies of the structure, activating available levers to promote development and professional growth of personnel”.*
- **Equal Opportunities:** *“DiaSorin is committed to providing equal opportunities to all its employees, both at the workplace and as regards career advancement. The supervisor shall ensure that, with regard to all aspects of employment such as recruitment, training, remuneration, promotion, transfer and termination, employees are treated according to their ability to meet job*

*requirements, avoiding any form of discrimination, in particular discrimination based on race, sex, age, nationality, religion and personal beliefs”.*

## **8.2 Instruments adopted**

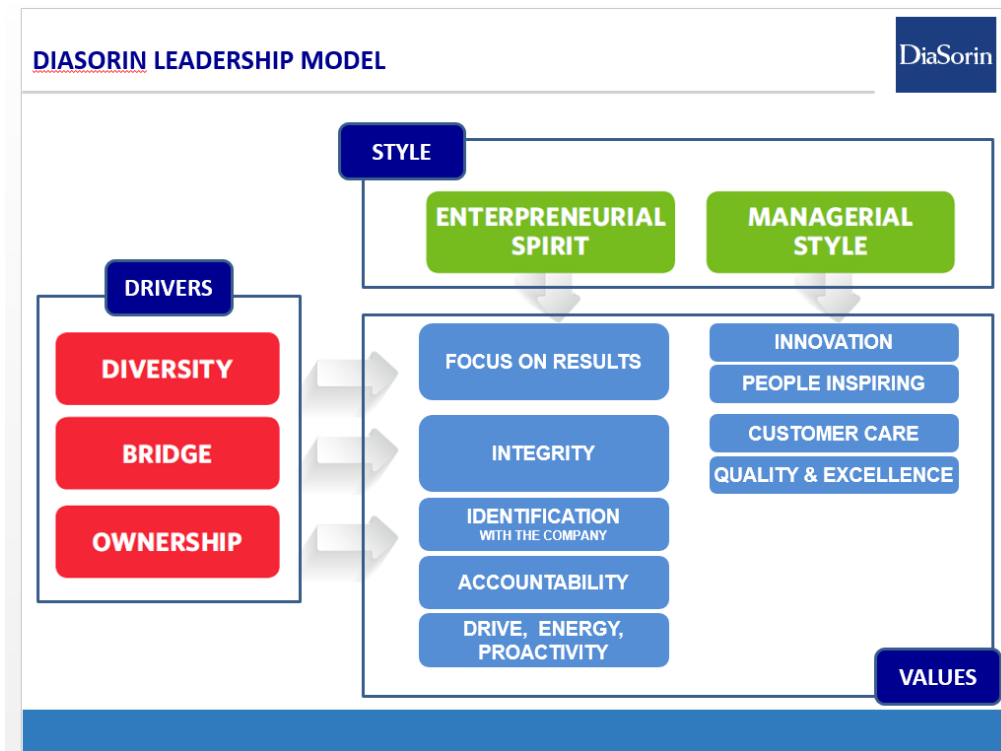
The following provides the DiaSorin Group’s main instruments to manage and reduce risks (or where applicable, to address opportunity) as detailed in paragraph “Identification of risks and opportunity” in relation to employee-related matters.

### *“DiaSorin Leadership Model” and Performance Management*

The Leadership Model adopted by the DiaSorin Group is a balanced mix of entrepreneurial spirit and managerial skills that are part of the Company’s DNA. The Leadership Model expresses clearly DiaSorin culture, the unique value which underpins processes involved in Talent enrichment and development.

Specifically, the Leadership Model’s main objectives are the following:

- Creating a common language to share DiaSorin managerial style;
- Clarifying expectations on objectives and results;
- Making the recruitment process easier, by sharing values and characteristics required to candidates;
- Structuring the evaluation of soft skills;
- Nurturing the culture of assessment and meritocracy.



The Model is the result of a process started in 2010, through the direct observation of the Group’s people and continued throughout the years through the identification and definition of its values, the development and launch of a performance management system and managerial education programs. In 2019, the assessment of performance and behaviors consistent with the Leadership Model have been extended to all Group employees.

DiaSorin adopts a Performance Management Process (P.M.P.) which is addressed to all Company employees through the PMP Lead (employees with a variable compensation) or PMP You (all other employees). The PMP Lead and the PMP YOU assess the soft skills that are consistent with the company culture and encourage managers and teams to a constant dialogue about their contribution to the company growth and their behaviors to achieve the objectives set, in order to identify opportunities to improve the company performance and development.

To support the PMP Lead and PMP YOU model, DiaSorin implemented the “Performance and Goals” module within the HR information system known as T.R.U.S.T. (*Technology Roadmap Underpinning Successful Transformation*) for the standardization of the assessment process of each employee’s performance and behavior.

Training activities

The DiaSorin Group is committed to providing quality, fair and inclusive education that may represent a learning and development opportunity for each employee. Skills development is one of the key pillars of DiaSorin mission.

For this reason, training needs of each employee are analyzed extremely thoroughly on the basis of business priorities, inputs from Department Heads and, where necessary, taking into account objectives deriving from the regular process described above.

Every year, technical and cross-functional training activities to support business are planned and developed in response to emerging macro themes/training focus.

Training programs are held by either internal or external qualified staff giving priority to in-house training paths so as to enhance employees' knowledge and skills.

In-house training paths are addressed to technical staff in charge of equipment installation and maintenance at the customers' premises in each region where DiaSorin is present. The employees in the Service area, in fact, undergo training that is entirely managed and monitored by colleagues who work in the same area at the Corporate level, at the Italian Headquarters in Saluggia. On the other hand, external training covers various areas.

In 2020, in relation to the handling of the pandemic situation, the courses were developed and conducted remotely. Topics included health and safety (additional details are provided in the specific paragraph) and courses aimed at facilitating work activities that were carried out remotely, managing relations among colleagues, and increasing the employees' sense of belonging the distance.

As regards the tools used to ensure employees' access to remote training opportunities, which became even more imperative during the pandemic emergency, each site adjusted multimedia platforms considered to be most effective on the basis of Group guidelines relating to training activities. In particular, the use of an online learning platform has been successfully tested in North America.

In 2020, 2,513 courses were provided, aimed not only at improving technical skills, but also at reinforcing the employees' soft skills. The following are examples of the main training courses provided in 2020:

- Remote Work Foundations
- Communicating about Culturally Sensitive Issues
- Diversity, Inclusion, and Belonging
- Time Management: Working from Home
- Building Resilience
- Improving Your Listening Skills

Courses were also provided with specific reference to the pandemic situation, including:

- Coronavirus Disease 2019 (COVID-19) – Prevention & Treatment
- CDC: COVID-19 Signs & Symptoms



- Return to Work Plan & Safety Protocol

In 2019, the Group implemented a training course called European Platform Training Academy which involved employees of the European subsidiaries with training sessions coordinated by the HR Function and held by external staff. Training programs cover different areas (technical skills, cross-functional and soft skills and people management) and continued in 2020 remotely.

Given the positive result of these experiences, which not only strengthened the skills of employees, but also contributed to strengthening the sense of belonging towards the Company, DiaSorin is assessing the launch of a Group e-learning platform.

DiaSorin attaches great importance also to the “Induction” phase. Corporate Induction courses are provided annually to new Corporate Managers and Executive hired in the year and also to Managers who changed their role and responsibilities within DiaSorin. Courses were generally provided at DiaSorin headquarter in Saluggia to further relations among employees, but in 2020 they were provided remotely.

The local HR is responsible for Induction programs provided to the other employees hired in 2020.

Group cross-functional training activities linked to the introduction of the HR information system called T.R.U.S.T continued throughout 2020 and computerization of the HR processes went on with the launch of the "annual salary review" process.

Training carried out on the system did not focus exclusively on technical issues related to its functioning, but it was also an opportunity to share the corporate culture underpinning the HR processes managed through the system. For example, webinar training sessions were delivered to Compensation Managers during the launch of the compensation module, or the "Accurate Goalsetting" training was provided to all 320 Managers worldwide who, through the PMP Lead, are in charge of accurately defining the objectives. Also in this case, in addition to the necessary technical and procedural instructions, training courses covered soft skills-related aspects that can ensure a perfect motivational alignment between corporate strategy and the activities of the single employee, teams and different Functions. With reference to training, the Quality function is running a project aimed at implementing the SmartSolve platform in all Group companies. This project will make it possible to automate and homogenize the process of data gathering related to training activities, making the related supporting documentation more accessible and structured.

### Organizational evolution and change management

The Company business sector is constantly evolving and requires innovative solutions to maximize a quick and proper implementation of business plans and new organizational schemes that need to be completed quickly and with a high-quality implementation, thanks to the adoption of increasingly advanced organizational schemes.

In light of the national and international emergency generated by the COVID-19 pandemic, DiaSorin Group promptly responded to the needs of hospitals around the world, contributing to fight the pandemic through the launch of 5 new diagnostic tests during the year.

This unexpected situation required the implementation of new business and organizational solutions in order to develop, launch and produce molecular, serology and antigen tests for the diagnosis of COVID-19, with the consequent need to select and recruit personnel to increase manufacturing capacity in our plants in Saluggia and Cypress, and introduce Managers with technical-scientific skills in the clinical area of respiratory system diseases.

In line with the 2019-2022 corporate strategy, the Company focused on project activities aimed at making the organizational structure more efficient at Corporate level and strengthening the commercial organization in Europe and in the United States, through the development of talented resources internally, the hiring of resources with new skills and the reassessment of organizational structures and internal processes.

Lastly, in 2020 the Company started to implement the Talent Acquisition activities and define the organizational structure related to the forthcoming opening of the Chinese industrial site.

The above involved a large investment in terms of change management and communication.

### *Well-being and Benefit Initiatives*

The DiaSorin Group provides different types of defined-contribution and defined-benefit plans, in accordance with the local conditions and practices in the countries in which it operates. Defined-benefit pension plans are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. Pension plans include the provisions for employee severance indemnities in Italy, the "Employment Rights Acts 1996", the "Employment Relations Act 1999" and the "Children and Families Act 1999" in the U.K., the "Alecta" system in Sweden, the "U-Kasse" pension plan and the "Direct Covenant" system in Germany, medical plans and insurance, life insurance and pension plans in the U.S. according to the "Affordable Care Act" and the "401kPlan".

Defined-contribution plans foresee that certain Group Companies paying contributions to public or private insurance institutions pursuant to a statutory or contractual obligation or on a voluntary basis.

In order to strengthen employees' engagement and well-being, several Group companies implemented initiatives to integrate the healthcare programs provided by local legislation, such as preventive healthcare programs and family support.

For example, during the pandemic and consistently with the provisions of the different countries, the Company offered workers the chance of carrying out serology tests, rapid antigen tests, COVID-19 molecular tests, influenza vaccine, pneumococcal pneumonia vaccine - free of charge and on a voluntary basis- for the effectively prevention of contagion from COVID-19.

With reference to the initiatives launched in each country, it is worth mentioning that:

- In the U.S., the Group implemented a procedure to support elderly assistance and paternity leave (“Family Care Leave Policy”).
- The Chinese subsidiary expanded the panel of services for medical insurance cover and for employees on business trip. Employees have benefits for sporting activities free of charge.
- In 2019, the DiaSorin Group renewed its Corporate Welfare Plan in Italy. The Plan was implemented in 2017 and provided for a payment of a flexible benefit amounting to 864 euros in the 2017-2019 period for each employee, to be spent in tax-free services. Today the current flexible benefit amount has been doubled (equal to €1,700 thousand in the 2020-2022 reporting period) since the panel of services provided has been expanded (healthcare, education, culture and leisure). The welfare agreement was signed through an active and ongoing dialogue with social partners.

In this particularly challenging period, the Company implemented a series of initiatives aimed at recognizing the value of all those who, through their presence in the Saluggia and Cypress plants, have ensured the supply of our COVID- 19 diagnostic tests to the markets.

*Dialogue with the social partners and focus on employees' needs*

In a context where the labor market is increasingly uncertain due to the COVID-19 pandemic and the Company's is required to employ increasingly specialized skills, in 2020 the DiaSorin Group carried out several activities aimed at retaining and attracting talents, fostering dialogue with employees in all Group companies.

For this reason, dialogue with social partners is a crucial tool. To this end, personnel in charge of managing relationship with Trade Associations, where existing on the basis of local regulations, maintains an ongoing dialogue with Trade Associations, both in standard and in any extraordinary situations, according to a constructive and collaborative approach.

During the emergency situation caused by the COVID-19 pandemic, dialogue with the social partners has been further strengthened. This proved to be essential to ensure that all workers would continue working in a safe and healthy environment for all.

In addition to the dialogue with social partners, DiaSorin makes use of direct communication channel to listen to its employee needs through, for instance, regular employee satisfaction survey carried out by DiaSorin facilities in North America (DiaSorin Inc and DiaSorin Molecular).

The surveys are followed both by further in-depth analyzes through focus groups attended by local management and by action plans promoting employee engagement through the implementation of a favorable work environment.

Specific initiatives were implemented locally, such as the initiative called "Magic Box", which provides the employees of the Chinese branch with the opportunity to contribute with proposals aimed at improving processes and company programs and achieving excellence.

Finally, in 2020, an internal communication initiative entitled #proudtobediasorin took place, involving the whole Group. Through the company's commitment in the fight against the pandemic and the experiences of the families of DiaSorin employees around the world, the project helped to keep up our people's morale, strengthened the sense of belonging. An example of employee involvement in #proudtobediasorin was the collection of drawings by Group's employees' children, representing their parents at work during the first pandemic wave. The drawings gathered from employees around the world were assembled in a video available on the Group's website showing, through the eyes of children, what each employee has done to help combat the COVID-19 pandemic.

Due to the spread of the pandemic, during 2020, as already mentioned in the chapter dedicated to training, on-line courses were a fundamental tool to reinforce the sense of belonging towards the Company, also and above all for workers who have spent long periods smart working, thus losing contact with the Company.

The actions aimed at enhancing the DiaSorin brand outside the company also continued during the year. Examples are the updating of our website [www.diasoringroup.com](http://www.diasoringroup.com) and the use of social networks such as LinkedIn at corporate level and Glassdoor in the United States.

### *Diversity and inclusion*

The DiaSorin Group recognizes the individual value of each employee within the Company and fosters proactive behaviors to create a work environment where all employees are actively included. The Company firmly believes that the best solutions come from different perspectives, without fear of asking and answering tough questions and of jeopardizing the status quo to develop small ideas and achieve great results in terms of innovation.

For effective management of diversity and inclusion, the Company implemented anti-harassment and bullying policies regulating the behaviors that employees must adopt to promote a positive workplace. DiaSorin is also committed to implement specific policies to meet the different needs of the countries where the Group operates.

Some Group companies implemented training courses on this issue, such as the on-line courses provided by DiaSorin Inc. and DiaSorin Molecular LLC. In North America, DiaSorin took part in digital Career Days with the primary objective of facilitating access to the labor market for people with disabilities and former military fighters.

## **8.3 The results**

The tables that follow show data on Group employees in 2020 and in the periods provided for comparison.

*Information on Group's employees*

Number of employees by gender								
2018			2019			2020		
Men	Women	Total	Men	Women	Total	Men	Women	Total
1,064	907	<b>1,971</b>	1,062	877	<b>1,939</b>	1,141	925	<b>2,066</b>

Employees by category	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	72	25	<b>97</b>	80	26	<b>106</b>	85	31	<b>116</b>
White collars	811	775	<b>1,586</b>	796	747	<b>1,543</b>	834	746	<b>1,580</b>
Blue collars	181	107	<b>288</b>	186	104	<b>290</b>	222	148	<b>370</b>

Employees by age	2018			2019			2020			
	Executives	White collars	Blue collars	Executives	White collars	Blue collars	Executives	White collars	Blue collars	Total
<= 29 years old	0	153	55	0	144	62	0	140	101	<b>241</b>
30-50 years old	47	1043	147	54	996	145	56	1,026	175	<b>1,257</b>
> = 50 years old	50	390	86	52	403	83	60	414	94	<b>568</b>

*Disclosure 405-1 Diversity of governance bodies and employees of GRI Standard 405: Diversity and Equal Opportunities 2016*

Employees by contract type	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees with permanent contract	1,050	897	<b>1,947</b>	1,047	865	<b>1,912</b>	1,123	914	<b>2,037</b>
Number of employees with fixed-term contracts	14	10	<b>24</b>	15	12	<b>27</b>	18	11	<b>29</b>

Employees by type of employment	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of full-time employees	1,058	870	<b>1,928</b>	1,057	819	<b>1,876</b>	1,135	889	<b>2,024</b>
Number of part-time employees	6	37	<b>43</b>	5	58	<b>63</b>	6	36	<b>42</b>

*Disclosure 102-8 Information on employees and other workers of GRI Standard 102: General Disclosures 2016*

Employees by education	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Graduates	687	634	1,321	715	628	1,343	782	650	1432
<i>Biology</i>	144	199	343	145	180	325	169	213	382
<i>Chemistry</i>	54	56	110	59	54	113	60	48	108
<i>Biochemistry</i>	83	81	164	65	74	139	59	71	130
<i>Economics</i>	45	35	80	68	44	112	66	36	102

Engineering	160	64	224	179	73	252	197	57	254
Other degrees	201	199	400	199	203	402	231	225	456
Engineering graduates	141	96	237	129	78	207	126	77	203
General graduates	179	146	325	167	144	311	183	171	354
No degree	57	31	88	51	27	78	49	27	77

### Dialogue with the social partners

49% of the Group's employees are covered by collective bargaining agreements and they refer to about one third of Group companies

	2018	2019	2020
Employees covered by collective bargaining agreements or similar agreements (%)	47%	51%	49%

Disclosure 102-41 Collective bargaining agreements of GRI Standard 102: General Disclosures 2016

### New hires and employee turnover

In 2020, new hires were 362. New hires rate was 18% (12% in 2019 and 16% in 2018). The following tables provides a breakdown by gender and age

Number of employees hired in the year	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Total</b>	189	135	<b>324</b>	150	89	<b>239</b>	201	161	<b>362</b>
<i>By age:</i>									
<= 29 years old	43	45	88	42	30	72	67	55	<b>122</b>
30-50 years old	114	80	194	88	47	135	110	75	<b>185</b>
>= 50 years old	32	10	42	20	12	32	24	31	<b>55</b>

Disclosure 401-1 New employee hires and employee turnover of GRI Standard 401: Employment 2016

In 2020, the turnover rate was equal to 11% (13% in 2019 and 14% in 2018).

The following table provides a breakdown of turnover rate by gender and age:

Turnover rate	By age			By gender		
	<= 29 years old	30-50 years old	> = 50 years old	Men	Women	Total
<b>Year 2020</b>	17%	11%	10%	11%	12%	<b>11%</b>

### Training activities

With reference to the data relating to the training provided to employees shown below, it should be noted that starting from 2018 the scope was extended to the whole Group.

Number of training hours by category	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	2,835	984	<b>3,819</b>	1,432	816	<b>2,248</b>	2,705	1,879	<b>4,584</b>
White collars	30,196	29,285	<b>59,481</b>	36,124	26,856	<b>62,980</b>	48,473	38,677	<b>87,150</b>
Blue collars	8,574	4,806	<b>13,380</b>	7,742	4,926	<b>12,668</b>	27,837	26,638	<b>54,475</b>

Number of training hours by type	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Induction programs	3,543	2,786	<b>6,329</b>	5,709	2,976	<b>8,685</b>	2,313	2,555	<b>4,868</b>
EHS training	4,083	2,438	<b>6,521</b>	6,654	3,931	<b>10,585</b>	12,252	7,205	<b>19,457</b>
Technical-vocational training	22,210	18,934	<b>41,143</b>	20,733	12,724	<b>33,457</b>	19,146	11,722	<b>30,868</b>
Foreign languages	290	447	<b>736</b>	414	324	<b>738</b>	83	96	<b>179</b>
Managerial training	2,136	1,862	<b>3,997</b>	1,905	1,506	<b>3,411</b>	3,460	2,891	<b>6,351</b>
Other	9,350	8,604	<b>17,955</b>	9,883	11,137	<b>21,020</b>	41,761	42,725	<b>84,486</b>

Average hours of training	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	39	39	39	18	31	<b>21</b>	32	61	<b>40</b>
White collars	37	38	38	45	36	<b>41</b>	58	52	<b>55</b>
Blue collars	47	45	46	42	47	<b>44</b>	125	180	<b>147</b>

*Disclosure 404-1 Average hours of training per year per employee del GRI Standard 404: Training and Education*

### The Performance Management System

Employees receiving regular performance and career development reviews (%)	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	100%	100%	<b>100%</b>	99%	100%	<b>99%</b>	96%	97%	<b>97%</b>
White collars	85%	72%	79%	94%	92%	<b>93%</b>	92%	97%	<b>98%</b>
Blue collars	72%	86%	77%	90%	84%	<b>88%</b>	95%	81%	<b>90%</b>
<b>Employees receiving regular performance and career development reviews (%)</b>									

*Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews of GRI Standard 404: Training and Education*

The indicator concerns employees with a portion of variable remuneration (i.e., MBO, Incentives) and, where applicable, personnel who, also on the basis of the agreements with social partners, are subject to a formal assessment of their performance.

### Diversity and Equal Opportunities

Ratio basic salary man/woman	2018	2019	2020
White collars	87%	91%	93%
Blue collars	83%	85%	85%

*Disclosure 405-2 Ratio of basic salary and remuneration of women to men of GRI Standard 405: Diversity and Equal Opportunities 2016*

## **9. ENVIRONMENT, HEALTH AND SAFETY**

### **9.1 Management of the COVID-19 pandemic**

In 2020, the situation caused by the evolution of the SARS-CoV-2 (COVID-19) pandemic had an impact on the whole Group. Specifically, DiaSorin is considered a strategic company due to the business sector in which it operates. For this reason, the Company has kept its activities on track and has adopted rules of behavior and prevention with the aim, on the one hand, of protecting all workers, and, on the other hand, of continuing to supply hospitals and laboratories with our diagnostic tests all over the world, in full compliance with regulations applicable in the different Countries and the continuous legislative developments occurred during the year in response to the pandemic situation.

The basic principle of prevention adopted by Diasorin, at Group level, during the pandemic was based on **prevention, monitoring, information and training** strategies. The Group, working closely with workers' organizations, implemented these levers with firmness, determination, discipline and



transparency asking for all employees' collaboration in adopting safe behaviors both inside and outside the workplace.

In order to reduce contacts between people and consequently the spread of the virus, Smart Working was widely adopted throughout the Group during the pandemic.

From the beginning and on several occasions according to the evolution of the pandemic, all Group employees received regular communications regarding rules of behavior and prevention to be adopted. In particular:

- monitoring each case and providing instructions on how to manage cases with symptoms or risk situations based on close contacts and / or places visited;
- sanitizing environments and equipment;
- rules on the use of personal protective equipment and disinfectants;
- measuring body temperature at the entry to workplaces;
- rules on social distancing and use of common spaces;
- rules on isolation between buildings, departments and adoption of shift work;
- restrictions on business trips and instructions on the use of transportation;
- rules on the use of IT systems to hold meetings remotely (video conferences, hangouts and others);
- restrictions and rules on supplier access to Group sites;
- rules and behaviors on how to carry out activities at customers' premises.

To comply with local regulatory requirements, the specific health surveillance protocol for COVID-19 cases was reviewed and updated several times during the year. In addition, in order to effectively prevent the spread of the virus and in line with the provisions of the various countries, the Company provided all workers with the opportunity to carry out COVID-19 serological tests, rapid antigen tests, molecular tests - free of charge and on a voluntary basis- and, in some branch offices, to be vaccinated against seasonal flu and pneumococcal pneumonia.

In addition to inform employees on the COVID-19 prevention measures, the Group delivered intense specific training activities remotely.

All the activities involved worker ' representatives, in particular in the Italian offices of Saluggia and Gerenzano the activities with Workers' Safety Representatives have been integrated with periodic updating meetings with the Trade Union Representatives Organizations which were also involved in the joint formal committee for the supervision of the emergency in the Company. Workers are actively engaged in health and safety issues also in the other countries where the Group is present, in compliance with national regulations.

## 9.2 DiaSorin's commitments and reference principles

Since 2015, the DiaSorin Group's has been developed its **EHS Management System** in line with ISO 14001 and OHSAS 18001 international standards in order to effectively manage employees' health and safety matters and environment-related issues. This system is not subject to certification.

Under the EHS Management System, DiaSorin has defined its environmental, health and safety Policy drafting the document "**Environmental, Health & Safety Policy Statement**" (hereinafter the "**EHS Policy**"), approved by the Group's Chief Executive Officer and which applies to all the Group facilities.

The EHS Policy sets forth DiaSorin's commitment towards health and safety of its employees, clients and stakeholders in general. The policy includes also the Company commitment to minimizing its environmental impact and promoting ongoing improvement with respect to Environmental matters in order to identify formal improvement targets that are in line with the Sustainable Development Goals (SDG) of the United Nations 2030 Agenda and to identify, prevent and mitigate climate change-related risks.

The system also defines how the Company achieves those commitments, specifically:

- focusing on EHS-related issues in business planning and decision-making processes;
- complying with all applicable laws on the matter;
- informing and raising awareness among DiaSorin employees on the best practices to be implemented and on DiaSorin commitment to implement its Policy;
- providing regular employee training on applicable law requirements and on the Group's EHS guidelines and on the application of the best available technologies (BAT);
- ensuring healthy and safe workplaces for employees, visitors, suppliers/contractors;
- managing all aspects of its business for an effective and efficient use of natural resources;
- developing and implementing the "Group EHS Minimum Requirements" (for further details see paragraph below) and measuring relevant performance;
- continuously improving purchasing policy to favor suppliers and contractors that work to achieve the Company EHS Policy objectives;
- promoting and implementing waste reduction and recycling.

## 9.3 Instruments adopted

The following provides the DiaSorin Group's main instruments for risk management (or where applicable, to address opportunities) as detailed in paragraph "Identification of risks and opportunity" in relation to EHS issues.

As the Group has always attached great importance to the EHS topics, in the period 2012-2017 DiaSorin took part in the Investor Carbon Disclosure Project (CDP), on a voluntary basis, disclosing company information through CDP questionnaire. From the 2017 financial statements, the same information is made public through the Non-Financial Statement.

### Definition and implementation of the “Group Environment Health & Safety (EHS) Minimum Requirements

To ensure a constant level of attention and a proper management of the EHS-related risks, DiaSorin implemented the Group Procedure “**Group Environment Health & Safety (EHS) Minimum Requirements**” described in the EHS Policy as a tool to implement the DiaSorin Group commitment towards EHS issues.

The Procedure has been prepared taking into account the EHS regulatory requirements and the industry best practices implemented within the DiaSorin Group. The document sets forth the minimum requirements each Group company has to comply with in relation to environment, health and safety (referred to as “*EHS minimum requirements*”) to minimize negative impacts on health and safety of employees, visitors, suppliers/contractors as well as on business activities. The Procedure specifies that where regulatory requirements are more stringent than those of the EHS Minimum Requirements, DiaSorin shall apply regulatory requirements currently in force; conversely EHS Minimum requirements shall prevail.

The Procedure applies to all DiaSorin commercial and manufacturing facilities. Each DiaSorin Group company assesses EHS Minimum Requirements to apply to its own facility: the applicability analysis is revised on a regular basis to determine if requirements deemed not to be applicable may now be relevant for the Company (due to organizational and process changes etc.). EHS staff of each Company, on the basis of the applicability analysis, has the task to provide adequate documents (i.e., guidelines, policies, procedures, etc.) for the specific regulations of applicable EHS Minimum Requirements.

Contents of the Procedure define the objectives to be achieved and the guidelines to be implemented in relation to the following aspects:

- *General aspects concerning the EHS Management System* (commitment to implement the System and Minimum Requirements, definition of the EHS structure and responsibilities, compliance with local regulations, measurement and monitoring of the Key Performance Indicators, training and awareness, internal communication);
- *specific aspects applicable to EHS* (e.g., operational controls, preventive maintenance, emergency management, accident analysis and management, management of suppliers and contractors, audit activities, management of chemical / hazardous substances);
- *specific aspects concerning Health and Safety-related risks* (e.g., confined areas, electrical risk, noise, fire, etc.);
- *specific aspects concerning the Environment* (e.g., emissions, water withdrawal and discharge, waste disposal).

### Audit activities

The Corporate EHS Function carries out audits on a regular basis to ensure that the EHS Minimum Requirements are properly assessed and, where appropriate, implemented in all Group companies. The Corporate EHS Function performs regular on-site audits across the Group subsidiaries, both in manufacturing and commercial subsidiaries that are selected in rotation and according to business priorities.

The objective of audits is verifying that all Group Companies comply with applicable regulations and the EHS Minimum Requirements and identifying areas where an improvement is achievable, through the analysis of documents drafted locally and spot checks on facilities being audited.

Audit findings are reported through relevant Audit Reports. The local EHS staff is in charge of developing specific plans and identifying corrective actions to fill any gap that will be subsequently monitored by the Corporate EHS Function during its following audits.

The audits of the Corporate EHS Functions have been carried out regularly in 2018 and 2019. Following the pandemic emergency, in 2020 these audits have not been carried out due to the restrictions imposed on travel across the different areas where the Group's activities are located. Nonetheless, the self-audit activities carried out independently by each site continued and no critical was found. For 2021, consistently with the pandemic evolution, the Corporate EHS Function will continue its audit activities.

### Training activities

Local EHS staff is responsible for employee training on EHS-related matters and has the task to ensure compliance with local applicable regulations (e.g., mandatory training concerning health and safety at the workplace).

According to EHS Minimum Requirements, the following applies:

- training upon recruitment;
- specific training on job-related responsibilities and dangers (e.g., use of chemicals, confined areas, etc.);
- regular training updates;
- Training whenever changes occur in the process or machinery/equipment used by employees;
- training whenever changes occur in duties and/or role/responsibility.

It should be noted that, for each course provided, learning tests are carried out to assess knowledge and skills.

The training activities described above must be adequately tracked. Training activities and the relevant documents are subject to spot checks during the audit activity described above.

Following the pandemic emergency, in 2020 training activities continued remotely.

### Engagement of the EHS Function in the development/update of processes

According to the EHS Minimum Requirements, the local EHS Function supervises the manufacturing facilities over the introduction of new processes or changes in the existing ones (e.g., introduction of new instruments/machineries, use of new chemicals).

The EHS local staff is in charge of carrying out an analysis of the EHS-related risks associated with processes that are being defined/updated and establishing the measures required for the management of identified risks (e.g., replacement of hazardous substances).

In assessing and mapping the risks the EHS Function works with the occupational doctor and other specific Functions that, through the identification of probability and impact, provide an in-depth understanding of all the implications of the processes analyzed. Among these functions there is the Production Function. This process is valid for the whole DiaSorin Group.

The involvement of the EHS Function in the development /updating process is subject to audit as described above.

In order to continuously update and develop the processes, the employees are asked to report any dangerous situations they become aware of during their work. In addition to monitoring the hazardous occurrences reported by employees and the relevant functions, the DiaSorin Group conducts specific investigations in the event of accidents or 'near miss' episodes, in order to understand the causes behind such episodes and implement the appropriate corrective actions.

The Group has implemented several actions to reduce waste, by promoting separate waste collection and, where possible, reuse and recycle. Special attention is paid to energy and water consumption and use of high-efficient technology.

Several improvement projects have been implemented during 2020 to make employees aware of the importance of Environmental Sustainability.

Examples are the 'Plastic Free' project aiming at eliminating single-use plastic. The project envisaged multiple initiatives, including water dispensers, while equipping all employees with water-bottles for personal use; replacing the cups of the automatic drink dispensers with compostable cups; the use, in the meeting rooms, of glass water bottles that can be reused and the use of compostable tableware.

In 2020, the Group promoted separate waste collection in the office areas. All the office areas have been equipped with bins of different colors and bin labels by type of waste. Employees have been provided with badges and individual codes to further sustainable printing.

In order to reduce the environmental impact of company cars, part of the company fleet has been renewed with hybrid vehicles. The initiative has included the installation of charging stations.

In relation to waste management, the Company introduced reusable containers for waste disposal and rules for the appropriate segregation of waste streams in order to ensure effective separate collection.

Lastly, the Group’s facilities continued to adopt low-energy lighting and energy-efficient equipment in order to reduce energy consumption.

## 9.4 The results

The EHS performance data reported below, with reference to 2020, refer to the DiaSorin Group’s companies, both production sites and commercial offices, as specified in the note on methodology of this Report.

Subsidiaries’ energy consumptions for electricity, heating and water have been reported, except in cases where data are not available. In these cases - given that the quantity of consumption is negligible vis-à-vis the total consumption - an estimated consumption, where possible, was provided as for small-sized rented premises where such expenses are included in periodic costs and cannot be unbundled.

### Energy consumption

Consumption [GJ]	2018			2019			2020		
	Renewable source	Non-renewable source	Total	Renewable source	Non-renewable source	Total	Renewable source	Non-renewable source	Total
Consumption resulting from combustion of Natural Gas and other fuels	-	75,196	75,196	-	63,056	63,056	-	52,836	52,836
Electricity consumption	24,107	57,178	81,285	22,028	60,732	82,760	13,802	63,797	77,599
Consumption from purchasing of thermal energy	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>24,107</b>	<b>132,374</b>	<b>156,481</b>	<b>22,028</b>	<b>123,788</b>	<b>145,816</b>	<b>13,802</b>	<b>116,633</b>	<b>130,435</b>
%	15.4%	84.6%		15.1%	84.9%		10.6%	89.4%	

### Disclosure 302-1 Energy consumption within the organization of GRI Standard 302: Energy 2016.

With reference to the data in the table above, the conversion of 2018 and 2019 consumption in GJ was carried out using the conversion factors adopted by the Environment Indicator Protocols published on the Global Reporting Initiative website. Starting from 2020, the conversion factors used were those published by DEFRA- UK Government GHG Conversion Factors for Company Reporting 2020

The data relating to the share of renewable electricity derive from the information available on the energy mix declared by the providers.

The analysis of the data of the last three years shows a continuous decrease of more than 10% in energy consumption.

### Water withdrawals

Source	Withdrawals [m3]		
	2018	2019	2020
Water supplies	49,990	48,109	45,658
Ground water	84,481	62,027	43,836
<b>TOTAL</b>	<b>134,471</b>	<b>110,136</b>	<b>89,494</b>
in water stress areas*	7,427	6,972	10,033

*Disclosure 303-3 Water withdrawal of GRI Standard 303: Water and effluents 20187427,71*

*(\*) The request for disclosure relating to withdrawals from water-stressed areas was introduced for the first time in the 2020 reporting following the update of the reference GRI Standard. Using the World Resources Institute's Aqueduct Water Risk Atlas tool, the location of the production sites of the DiaSorin Group was analyzed to verify their location in areas subject to water stress, or with "Water Stress" values equal to "High" or higher. From the analysis it emerged that the only area located in a "Water Stress" area with a "High" value is represented by the DiaSorin USA, Cypress plant, for which the details of the withdrawals have been shown in the table. Such withdrawals are, in their total amount, related to municipal sources (Waterworks) All other sites are located in areas with lower "Water stress" values.*

As anticipated, the DiaSorin Group does not define specific risks relating to the management of water resources since, based on the business in which it operates, the activities do not involve a significant water consumption. In fact, the water withdrawn is only minimally consumed within the production process for the production of the reagents.

All wastewater discharges take place in full compliance with local laws and regulations, ensuring the quality of the discharged water in accordance with the requirements of the receiving bodies of water.

With regard to the management of water resources, the commitment of the DiaSorin Group to reduce water waste in the last 3 years has led to a significant reduction in water consumption as shown in the table.

### Emissions

The following provides data of the DiaSorin Group emissions classified into two Scopes: Scope 1 (direct emissions from the combustion of fuel to generate thermal energy for heating system or for

production process and refrigerant gas emissions<sup>7</sup>) and Scope 2 (emissions connected to electricity consumption from non-renewable sources and purchasing of thermal energy, as well as heating system consumption at facilities that operate in rented premises).

With reference to the data in the tables below, in 2020, consumption of fuels such as methane gas, diesel, petrol and LPG was calculated by applying the emission conversion factors published by DEFRA- UK Government GHG Conversion Factors for Company Reporting 2020. For the conversion of electricity, the reference "International Comparisons 2018" produced by Terna was used as the latest update available. It is also specified that, with reference to the electricity of the commercial subsidiaries - equal to 1.9% of the total Group consumption - the Global Factor was used instead of the national reference factor. For 2019 and 2018, the conversion in tCO<sub>2</sub>eq was carried out using the conversion factors required by the GHG Protocol.

Emissions [tCO <sub>2</sub> eq]	2018	2019	2020
		3,891	2,902

*Disclosure 305-1 Direct (Scope 1) GHG emissions of GRI Standard 305: Emissions 2016*

Emissions [tCO <sub>2</sub> eq]	2018	2019	2020
		10,438	10,289

*Disclosure 305-2 Energy indirect (Scope 2) GHG emissions of GRI Standard 305: Emissions 2016*

(\*) Computation of Scope 2 emissions was improved in 2020, by including the share of electricity purchased from non-renewable sources, thus updating also data of 2018 and 2019 emissions to ensure comparison of data.

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<sup>7</sup> In its production process, the Group does not use substances that are harmful to the ozone layer: these substances are contained in air conditioning/cooling system, releases to the atmosphere are connected to the maintenance of such systems.



## Waste

The following tables refer to hazardous and non-hazardous waste generated by the DiaSorin Group, excluding WEEE (Waste electrical and electronic equipment) that are reported in detail in a specific table.

Waste by type	Waste produced (excluding WEEE) [t]		
	2018	2019	2020
Hazardous waste	210	224	199
Non-hazardous waste	1,036	1,410	1,235
<b>TOTAL</b>	<b>1,246</b>	<b>1,634</b>	<b>1,434</b>

Waste by destination	Waste produced (excluding WEEE)		
	2018	2019	2020
Re-use/recycling/recovery	49.6%	51.2%	48.1%
Disposal	50.4%	48.8%	51.9%

*Disclosure 306-2 Waste by type and disposal method of GRI Standard 306: Effluents and Wastes 2016*

The item "Disposal" includes the following categories in which disposal is intended for use: composting, incineration, disposal, temporary storage, chemical-biological processing.

With reference to the WEEE, the following table provides data on quantities produced and relevant treatment. As provided in the following tables, 100% of WEEE is recovered at authorized facilities.

The data relating to the quantities of waste produced and their destination change over the years. This is mainly due to the impact of building renovations at some of the Group's offices.

Waste by destination	Waste produced (RAAE) [t]		
	2018	2019	2020
Recovery	41	31	33
Disposal	-	-	-

### Spills and environmental compliance

In the three-year reporting period, no significant spills occurred nor violation to environmental laws and regulations.

### Occupational Health and Safety

In accordance with GRI Standard on Occupational Health and Safety the following should be noted:

- indicators are calculated dividing both the number of injuries and the number of lost workdays (calendar days) by total hours worked and multiplying that number per 1'000'000;
- injuries included in the data refer to injuries occurred in the Group companies (both manufacturing facilities and commercial subsidiaries). Commuting accidents are excluded;
- in the three-year reporting period, no occupational illnesses nor fatalities occurred in the DiaSorin Group's companies.

In 2020, 8 work-related injuries led to absence while 6 work-related injuries did not lead to absence.

	2018	2019	2020
Number of work-related injuries without workdays lost*			6
Number of work-related injuries with workdays lost			8
With serious consequences*			0
Number of hours worked			3'487'136
Rates of work-related injuries without workdays lost *			1.72
Rates of work-related injuries with workdays lost	3.42	2.55	2.29
Rates of injuries with serious consequences*			0
Percentage of work-related injuries with workdays lost on total employees**	0.61%	0.46%	0.39%
Rate of workdays lost due to work-related injuries	105.28	38.83	41.58

#### *Disclosure 403-9 Work-related injuries of GRI Standard 403: Occupational Health & Safety 2018*

(\*) The disclosure of the number and rate of work-related injuries without workdays lost and with serious consequences has been introduced for the first time in the 2020 report, following the update of the reference GRI Standard. For this reason, 2018-2019 data are not available.

(\*\*) Data have been integrated as compared with the GRI 403-9 reporting requirements. The indicator represents the ratio of work-related injuries with workdays lost to total Group employees \*100. The total number of employees used in the computation is provided in paragraph 8 of the Consolidated Non-Financial Statement.

## 10. RELATIONS WITH LOCAL COMMUNITIES

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### 10.1 DiaSorin's commitments and reference principles

As provided in the Code of Conduct of the Group “*DiaSorin is also committed to contributing effectively to promoting the quality of life and social-economic development of the communities where the Group operates and to the development of human capital and local skills while, at the same time, carrying out its business, on internal and external markets, according to methods compatible with sound business practice*”.

The Code of Conduct defines the principles to which the Group companies are required to abide by concerning money or in-kind contributions to support educational, scientific, artistic, cultural, social and humanitarian projects.

In particular the Code defines requests for contribution to which the Company may agree and donations that are expressly prohibited (donations to individuals or to profit-making organizations), and the manner by which ensuring full transparency of the donation (the recipient’s identity and use of the donation must be clear).

In July 2020, DiaSorin established *Fondazione DiaSorin* to promote the scientific culture among young people and to support excellence in schools. With a range of action extended to the entire Italian national territory, the DiaSorin Foundation has its own Bylaws that outlines the commitment to initiatives with civic, solidarity and social utility purposes "*in the field of scientific education and professional training through cultural activities of social interest for educational purpose*".

### 10.2 The instruments adopted

In compliance with the principles of the Code of Conduct, DiaSorin actively supports the community in which it operates, with a special focus on Italy and Piedmont, through a series of Corporate projects. These projects are part of the Corporate Social Responsibility (CSR) framework developed at Corporate level.

In order to set the “Corporate Social Responsibility” projects developed at Corporate level, DiaSorin has defined three Pillars around which the CSR projects should drape. Therefore, during the analysis and selection of requests received from external parties or of projects developed inside the Company, DiaSorin verifies that such initiatives are related to at least one of the following pillars: projects that aim at furthering passion for **science**, supporting **talent** and achieving a positive **impact** on the environment and people.

The same is applied to the initiatives developed locally by the Group’s subsidiaries worldwide, in order to homogeneously manage and set the initiatives at Group level.

All Corporate projects need to be assessed and approved by the DiaSorin Group CEO.

As already mentioned, in order to further increase the positive effect arising from the projects supporting talent and science, in July 2020 the Group established *Fondazione DiaSorin*, of which DiaSorin S.p.A is the primary sponsor. The Foundation, which was set up following the great success of the Mad for Science project, aims at investing in the relationship between science and young people, supporting students and encouraging them to approach science (especially life sciences), by stimulating their interest in science and promoting talent.

### 10.3 The results

The following provides a description of the main CSR initiatives developed at Corporate Level in 2020.

#### Mad for Science

The purpose of the project is supporting passion for science and research in the youngest at school, right where their first meeting with science takes place, and making Italy a flagship for excellence in the scientific field.

Following the great success of the previous editions, the competition went nationally, involving hundreds of Italian scientific high schools: in 2020, 167 high schools submitted their applications to the competition.

The competition asked the Italian scientific high schools to take part with a team of 5 students and a science teacher, presenting a list of 5 educational experiences to be developed within their own laboratory. The theme of the 2020 edition was "Mens sana in corpore sano" and required teams to reflect upon three UN objectives of the 2030 Agenda (SDG2 "end hunger, achieve food security, improve nutrition and promote a sustainable agriculture", SDG3 "ensure healthy lives and promote well-being for all and for all ages" and SDG6 "ensure availability and sustainable management of water and sanitation facilities for all").

Participants also had to draw up a budget for their biolab implementation for a maximum amount of 50,000 euros and a maximum ceiling of 5,000 euros per year for 5 consecutive years for the supply of consumables. An external jury and, subsequently, an internal DiaSorin jury (made up of Research and Development experts), evaluated over 160 ideas (also in terms of applicability over the entire five-year high school period) and selected the 8 finalist teams competing during the "Mad for Science Challenge", which was held on October 14, 2020, live streaming on the Facebook channel of the



project. While schools participated remotely, DiaSorin jury and top management were in attendance at the Turin Auditorium in order to ensure maximum safety and compliance with the rules implemented in Italy in response to the COVID-19 pandemic.

The Jury, made up of authoritative members of the scientific community, academia and communication, officially announced the high schools ranking in the first 3 positions.

“Filippo Buonarroti” Scientific High School in Pisa won the first prize of the Mad for Science Challenge 2020. The school was awarded a prize of 50,000 thousand euros for the implementation of its own biolaboratory and 5,000 thousand euros per year for the following 5 years for the supply of consumables.

“Leonardo da Vinci” Scientific High School in Trento ranked second and was awarded a prize of 25,000 thousand euros for the implementation of its own biolaboratory and 2,500 thousand euros per year for the following 5 years for the supply of consumables.

DiaSorin supported winners purchasing the instruments and equipment for the biolab implementation and will provide the first and second-place winners (winning 50,000 thousand euros and 25,000 thousand euros, respectively) with a five-year supply of materials for their own biolabs.

During the Final a Special Prize for Communication, amounting to 12,500 euros, was awarded to the school that best integrated the environmental sustainability concept within the 5 laboratory experiences proposed. The amount -earmarked for the implementation of the existing laboratory - was awarded to the "Failla-Tedaldi" High School in Castelbuono (PA).

Finally, DiaSorin, to reward the enormous effort made by the finalist schools in such a complex context as the one generated by the COVID-19 pandemic, also awarded a "Finalist Award" of 10,000 euros to the high schools ranking from fourth to eighth position. The winners were: "Filippo Lussana" High School in Bergamo, "Italo Calvino" High School in Genoa, "Giovanni Battista Ferrari" High School in Este (PD), "Laurana-Baldi" High School in Urbino and "Enrico Fermi" High School in Aversa (CE).

DiaSorin is aware of the key role of science and technology for social progress and the educational mission of school, therefore the company has been investing in talent of young people and in schools for several years through the Mad for Science project. In 2020, on the basis of the experience gained in Mad for Science along with the constant dialogue with the teachers taking part in the project, and firmly believing that school is a breeding ground for new generations (as well as for future scientists), DiaSorin has decided to expand its initiative, turning Mad for Science from a social responsibility project to DiaSorin Foundation's flagship project. A fresh start built on a four-year legacy that will enable the Foundation to broaden and enhance its initiatives, maintaining its initial aim: nurturing passion for science in young people.

Fondazione DiaSorin is the tangible commitment of DiaSorin to young people and schools and through its Mad for Science project it aims to



foster scientific culture, by developing and supporting projects that actively engage students and teachers in science.

### Talenti Project

The purpose of the project is promoting local excellence and celebrating talent in all its forms.

In 2016-2018, DiaSorin asked the Italian Federation of Paralympic Winter Sports to select talented athletes to represent Italy at the 12th Winter Paralympics in PyeongChang -South Korea- from March 9 to March 18, 2018, in the same venue of the 12th Winter Olympic Games.

Italian athletes achieved important results: the Italian national team won giant slalom and slalom (2 gold), snowboard cross and super G (2 silver) and downhill (1 bronze). It was a great success if compared with the previous editions of 2014 Sochi Winter Games, where Italian athletes won no medals.

For this reason, DiaSorin decided to support again this project in the 2019-2022 four-year period, along with the talented athletes that the Italian Federation of Paralympic Winter Sports will select and train to represent Italy in the 2022 Paralympic Games in Beijing.

In 2020, despite the pandemic, FISIP continued training in compliance with the rules applied to contain the spread of the COVID-19 pandemic without being able to participate in national or international competitions.

### Pinocchio Project

The aim of the project is to improve the quality of life in hospitals supporting the little patients in all the areas of their everyday life: education, medical care, diagnostic exams.

DiaSorin has supported the Pinocchio Project, active in three Piedmont Hospitals, since 2015

In 2015, DiaSorin undertook to provide 60 active teachers operating in Piedmont and their students with a supply of tablets. This initiative aims at creating a bridge between the healthcare and school systems.

In 2016, the partners involved in the project financed the aesthetic and chromatic restyle of the CT Scan room in the Regina Margherita hospital. The room has been transformed into a cozy, colorful environment, also thanks to the use of sophisticated films on diagnostic machinery. The aim is helping children to feel a bit less frightened when approaching such a delicate procedure. With surprising results, there was a decrease in cases where sedation was required for the radiological procedure.



In 2019, DiaSorin financed the restyling of the pediatric MRI room at Istituto Giannina Gaslini, popularly known as the Gaslini Hospital in Genoa.

Disney contributed to the project decorating the MRI room with characters of Toy Story 4 by Disney-Pixar.

In 2020, DiaSorin completed the third humanization project for pediatric hospitals in Italy. DiaSorin and *Progetto per gli Ospedali & Infanzia* donated "Doctor Giraffe", a customized portable X-ray machine depicting a friendly giraffe to make diagnostics a more child-friendly experience. Doctor Giraffe will replace obsolete machines and will improve the X-ray approach to young patients in COVID wards.



### Projects worldwide

Consistently with Corporate CSR criteria to support local initiatives, again in 2020 the Group's companies implemented several CSR initiatives in local communities, giving priority to actions having a positive impact on people's health and well-being in local communities where the Group operates.

With respect to the CSR pillar involving passion for science and knowledge, the Group supported several scientific events and symposia aimed at improving medical research.

Lastly, as to CSR Pillar focused on supporting people talent, DiaSorin implemented specific projects to support scientific talents' education at universities and research poles.

Due to the spread of the COVID-19 pandemic, many annual initiatives have changed their format and objectives in terms of support to local communities. Group companies actively engaged in supporting local communities that have been hit hard by the pandemic.

### USA



DiaSorin's subsidiaries in Stillwater (Minnesota) and Cypress (California) actively engaged in fundraisings to support local communities' needs and fostered, at the same time, different scientific projects at local High Schools. The following provides a summary of the initiatives in the U.S.:

1. DiaSorin Inc. Stillwater, Minnesota USA

- *"Boo Bash 2020 - Habitat for Humanity e Children Cancer Research Center"*: fundraising to support local communities in need and research on childhood cancers. The main objective of the 2020 project was to support the scientific research of local and state teams engaged in the development of projects having a positive impact on children with cancer and on their families.
- *"Feed our Heroes"*: during the first phase of the COVID-19 pandemic, DiaSorin Inc., together with the Stillwater community, supported frontline workers in the fight against the virus by sponsoring meals for healthcare professionals in hospitals and clinics.
- *"Valley Outreach Food & Fund Drive"*: Valley Outreach, Stillwater's charity, organizes the biggest statewide food and fund drive each year, involving local companies and community. DiaSorin employees organized multiple teams to participate in the challenge. Although the competition was interrupted by the first wave of the pandemic, the teams managed to collect more than 690 kg of food as well as cash donations that were extremely important due to the crisis the community was experiencing.
- *"Community Thread Holiday Hope Event"*: donation to the Community Thread association. During Christmas holidays, low-income families, older adults and adults with disabilities are matched with sponsors who provide individually chosen gifts and a holiday meal.
- *"Youth Service Bureau"*: donation to support the "Youth Service Bureau", an association which helps youth and families learn the skills they need to be more successful at home, in school and throughout the community. For families dealing with social, emotional and behavioral issues, the Bureau is recognized as the best primary support body. The association is intended to keep children and teens out of the court system and prevent school dropout by involving parents, schools, police, judiciary and local communities.
- *"Speed STEM and DaVinci Fest"*: active employees' participation in the events involving local middle high school students and adults. In 2020, an experiment was developed to measure the luminescence intensity of fluorescent bracelets. The aim of the experiment was to familiarize participants with the techniques that are commonly applied to DiaSorin business, introducing "STEM" disciplines through a direct experience. In addition to the employees who actively participate in the event as experiment promoters or judges, DiaSorin was also one of the sponsors of the event, which involved more than 300 students, 83 volunteers and 700 members of the Stillwater community.
- *MN Science Quiz Bowl & Science & Engineering Fair"*: educational project to support Education of Excellence in collaboration with Minnesota Academy of Science (MAS). Every year MAS organizes 2 regional science competitions in Minnesota; specifically, the first competition is for



middle school students and the second is for High Schoolers. In qualification competitions, teams of students are required to solve technical problems and answer fast-paced questions about science and math, like in tv shows. Winning teams will represent Minnesota in the “National Science Bowl” competition, promoted by the U.S. Energy Department in Washington, D.C.

- *“New Richmond Science Program”*: sponsorship of the local high school science program, through the purchase of materials, with the aim of promoting “STEM” disciplines.
- *“The Partnership Plan”*: sponsorship of the project supporting remote teaching of "STEM" subjects. The project is managed by the "The Partnership Plan" association, an active organization in the promotion of learning tools through first-hand experiences for young people in the community.
- *“Stillwater High School Scholarship Program”*: sponsorship, along with other local companies, of a total of 115 scholarships to support the most deserving first-year university students. In 2020, DiaSorin, Inc. awarded 3 scholarships to high school students who stood out for their academic results and their commitment to the community to support STEM first-year students.
- *“Stuff the Bus: Community Thread & United Way”*: program to support scientific education in Stillwater schools involving DiaSorin Inc. employees through a fundraising for scientific school departments. Due to the pandemic, the team developed an online donation site for the 2020 edition, thanks to which DiaSorin employees could donate and offer their support to Community Thread to help them prepare and organize donations – according to the different age of children- so that they were picked up ready at a special "Drive-in".
- *“Stillwater High School Science Engineering Program”*: sponsorship of a robotics program aimed at strengthening the interest and involvement of high school students in “STEM” disciplines. In particular, the Stillwater Science and Engineering High School team participated in the “NASA Human Exploration Rover Challenge”, designing and building a human-powered vehicle.
- *“Mounds Park Academy”*: sponsorship of a robotics program at the Mounds Park Academy school, with the aim of bringing high school students closer to “STEM” disciplines.

## 2. DiaSorin Molecular, Cypress California, USA

- *“Hope for the Holiday”*: a volunteering project that involved local DiaSorin employees, coordinated by the company that informed all employees about the initiative. The Company collected employee donations and delivered gifts to the association. The association Orange County Community Action Partnership - CapOc promoting the initiative aims to end poverty in Orange County. Every year, during Christmas holidays the “Hope for the Holidays” initiative help people celebrate Christmas time. In a year like 2020 where poverty increased dramatically, DiaSorin employees chose two families hit by COVID-19, both from an economic and health point of view. Gifts were given to each family member and cash donations were collected for each family.

- *"American Red Cross"*: setting up of a blood collection and donation unit at the headquarters of DiaSorin Inc. during the peak the COVID-19 pandemic, when there was a serious shortage of blood bags due to lack of donations.

### China

In China, in accordance with the Talent Pillar, DiaSorin supports the most deserving students providing scholarships to the Shanghai Jiaotong University.

In addition, in 2020, DiaSorin financed and organized "ToRCH Webinar", a public educational seminar on prenatal diseases, in collaboration with the Beijing KangHua foundation for the development of traditional Chinese medicine. The foundation is a non-profit association that aims at promoting health education and disseminating the best practices in the health sector. One of its objectives is the development of healthcare companies.

### France

- *"ESAT (Etablissement et Service d'Aide par le Travail)"*: in 2020, the French branch of the DiaSorin Group signed a contract with ESAT, an organization providing assistance to people with disabilities through employment. The organization promotes their social inclusion by delegating the delivery of employee payrolls to their staff. In this way the Company contributed to the organization's activity, which aims at encouraging the independence of people with disabilities, through training or, where necessary, through adjusting jobs to the specific needs of the person with disabilities.

### Poland:

- In 2020, the Polish branch of DiaSorin made various in-kind and financial donations to support the local community during the pandemic. In particular, donations of PPE or equipment were made at the beginning of the pandemic, when there was acute shortage of such equipment.

## CORRELATION TABLE WITH LEGISLATIVE DECREE 254/16 AND MATERIAL TOPICS

Topic as per Leg. Decree 254/2016	Material Topic	Risks identified	Policies adopted	Indicators	Reporting scope	Details on the methodology and any omissions as regards GRI requirements
<b>ENVIRONMENTAL</b>	Environmental management (waste management, energy efficiency, management of water resources)	See chapter 3 “Identification of risks and opportunities”, paragraph 3.7 “Topics concerning environmental management”	See chapter 9 “Environment, Health and Safety”	<p><i>GRI Standard 103 “Management approach 2016”</i></p> <ul style="list-style-type: none"> <li>• Disclosure 103-1: Explanation of the material topic and its Boundary</li> <li>• Disclosure 103-2: The management approach and its components</li> <li>• Disclosure 103-3: Evaluation of the management approach</li> </ul> <p><i>GRI Standard 302 “Energy 2016”:</i></p> <ul style="list-style-type: none"> <li>• Disclosure 302-1: Energy consumption within the organization</li> </ul> <p><i>GRI Standard 303 “Water and effluents 2018”:</i></p> <ul style="list-style-type: none"> <li>• Disclosure 303-1: Interactions with water as a shared resource</li> <li>• Disclosure 303-2: Management of water discharge-related impacts</li> <li>• Disclosure 303-3: Water withdrawal</li> </ul> <p><i>GRI Standard 305 “Emissions 2016”:</i></p> <ul style="list-style-type: none"> <li>• Disclosure 305-1: Direct (Scope 1) GHG emissions</li> <li>• Disclosure 305-2: Energy indirect (Scope 2) GHG emissions</li> </ul> <p><i>GRI Standard 306 “Effluents and Waste 2016”:</i></p> <ul style="list-style-type: none"> <li>• Disclosure 306-2: Waste by type and disposal method</li> </ul>	Data collection and reporting include all Group’s companies, including commercial subsidiaries. Subsidiaries data for consumption and waste are included in the scope of consolidation, except where data are not available because they are included in service expenses or as for small sized rented premises where such expenses are included in periodic costs and cannot be unbundled.	<p><i>Disclosures 302-1 / 305-1 / 305-2:</i></p> <ul style="list-style-type: none"> <li>- Energy consumption data (Disclosure 302-1) have been prepared using conversion factors adopted by the Environmental Indicators Protocols issued by the Global Reporting Initiative</li> <li>- Emissions data (Disclosure 305-1 and 305-2) of manufacturing facilities have been prepared using conversion factors adopted by the GHG Protocol Standard</li> <li>- Computation of Scope 1 emissions includes direct emissions from the combustion of fuel to generate thermal energy for heating system or for production processes, for vehicles and refrigerant gas emissions.</li> <li>- Computation of Scope 2 includes emissions connected to electricity consumption from renewable and non-renewable sources and purchase of thermal energy, as well as heating system at the Italian headquarter where such expenditure is included among common costs. Electric consumption from renewable sources were integrated in the computation starting from 2020, thus updating 2018 and 2019 data vis-à-</li> </ul>

				<ul style="list-style-type: none"> <li>• Disclosure 306-3: Significant spills</li> </ul> <p><i>GRI Standard 307 "Environmental Compliance":</i></p> <ul style="list-style-type: none"> <li>• Disclosure 307-1: Non-compliance with environmental laws and regulations</li> </ul>		<p>vis past reporting periods</p> <ul style="list-style-type: none"> <li>- Electric consumption was broken down between renewable and non-renewable sources, on the basis of the composition of the energetic mix used for the electricity produced from suppliers (where expressly indicated in the electricity bill).</li> </ul> <p><i>Disclosures 303-3:</i></p> <p>Data on water consumption have been collected from information provided in the electricity bills or, where available, from communication by owners of premises and /or bodies responsible for managing common expenses. The disclosure concerning withdrawals from water-stressed areas was introduced for the first time in the 2020 reporting following the update of the reference GRI Standard. For this reason, 2018-2019 data are not available.</p> <p><i>Disclosure 306-2:</i></p> <ul style="list-style-type: none"> <li>- Compared to the Reporting Requirements of the Disclosure GRI, details on total weight of hazardous/non-hazardous waste by destination are not provided.</li> </ul> <p>The percentage of waste by "Re-use/recycle/recovery" and "Disposal" categories was calculated on the basis of available information on disposal methods (information provided by transporters and waste disposal</p>
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						operators on the waste destination and, where applicable, indications contained in the accompanying documents).
<b>SOCIAL</b>	Relations with local communities	See chapter 3 "Identification of risks and opportunities", paragraph 3.6 "Social issues and respect for human rights"	See chapter 10 "Relations with local communities"	<p><i>GRI Standard 103 "Management approach 2016"</i></p> <ul style="list-style-type: none"> <li>• Disclosure 103-1: Explanation of the material topic and its Boundary</li> <li>• Disclosure 103-2: The management approach and its components</li> <li>• Disclosure 103-3: Evaluation of the management approach</li> </ul> <p>Even though the Group does not report figure-based indicators and/or associated with GRI Disclosure on this matter, the document describes qualitatively the most relevant initiatives that are developed/promoted by the Parent Company and subsidiaries in the three-year reporting period and having a positive impact on local communities where the Group operates.</p>	The scope of data collection on social initiatives was extended to all Group companies, in addition to Corporate initiatives The Group reported the most relevant local initiatives developed by Group's companies, on the basis of the CSR criteria that have been defined at central level to support local initiatives.	N/A
	Research, innovation and technological excellence	See chapter 3 "Identification of risks and opportunities", paragraph 3.4 "Topics concerning research, innovation and technological excellence"	See chapter 7 "Research, innovation and technological excellence"	<p><i>GRI Standard 103 "Management approach 2016"</i></p> <ul style="list-style-type: none"> <li>• Disclosure 103-1: Explanation of the material topic and its Boundary</li> <li>• Disclosure 103-2: The management approach and its components</li> <li>• Disclosure 103-3: Evaluation of the management approach</li> </ul> <p>Number of outstanding projects at December 31 of</p>	The scope of data includes all Group's projects in the reference period.	Data in the table are based on the projects classification within the Product Development Master Plan (PDMP) and documents detailing the different stages of the project development.

				each reporting year are classified in the following areas: immunodiagnostics, molecular diagnostics, instruments and in the 4 development phases (pre-feasibility, feasibility, validation, industrialization).		
Customer satisfaction	See chapter 3 "Identification of risks and opportunities", paragraph 3.3 "Customer satisfaction"	See chapter 6 "Relationship with customers and customer satisfaction"	<p><i>GRI Standard 103 "Management approach 2016"</i></p> <ul style="list-style-type: none"> <li>• Disclosure 103-1: Explanation of the material topic and its Boundary</li> <li>• Disclosure 103-2: The management approach and its components</li> <li>• Disclosure 103-3: Evaluation of the management approach</li> </ul> <p>Even though the Group does not report figure-based indicators and/or associated with GRI Disclosure on this matter, the document describes qualitatively initiatives to "listen to" customers in 2020 and those scheduled for 2021.</p>	The scope includes all Group's companies	N/A	
Quality of products and processes	See chapter 3 "Identification of risks and opportunities", paragraph 3.2 "Quality of products and processes"	See chapter 5 "Quality of products and processes"	<p><i>GRI Standard 103 "Management approach 2016"</i></p> <ul style="list-style-type: none"> <li>• Disclosure 103-1: Explanation of the material topic and its Boundary</li> <li>• Disclosure 103-2: The management approach and its components</li> <li>• Disclosure 103-3: Evaluation of the management approach</li> </ul> <p>Number of audits on critical suppliers in the three-year reporting period</p>	The scope of data includes manufacturing facilities, where products/services having a direct impact on end product compliance are purchased.	The Non-Financial Statement data are determined according to audit plans both at Corporate and local level and audit reports providing audits results	

				classified into Corporate audits and Local audits and related results (possible identification of significant non-compliance in the audit report summarizing audit results).		
<b>EMPLOYEES</b>	Employee training and development	See chapter 3 "Identification of risks and opportunities", paragraph 3.5 "Employee-related topics"	See chapter 8 " Employee management"	<p><i>GRI Standard 102 "General Disclosures 2016":</i></p> <ul style="list-style-type: none"> <li>• Disclosure 102-8: Information on employees and other workers</li> </ul>	Data collection and reporting is extended to all Group companies.	<p><i>Disclosure 102-8:</i> Figures on Company's employees refers to the total workforce at 12/31 of each reporting year. Points a) and c) are reported.</p> <p><i>Disclosure 404-1:</i> Average training hours are determined as the ratio between training hours provided and employees at 12/31 of the reporting year.</p> <p><i>Disclosure 404-3:</i> The indicator refers to employees that have a part of variable compensation (i.e., MBO, Incentives), managed through the PMP LEAD program and, more generally, to all employees subject to a formal periodic assessment of the performance. The abovementioned process includes employees hired in the last months of the year even though they have yet to be assessed.</p> <p><i>Disclosure 405-1:</i> Reporting data by gender and age are provided for Group's employees only (information on corporate bodies is provided in the Corporate Governance Report and ownership structure) broken down in the three professional categories. Data are</p>
	Employee well-being			<p><i>GRI Standard 103 "Management approach 2016"</i></p> <ul style="list-style-type: none"> <li>• Disclosure 103-1: Explanation of the material topic and its Boundary</li> <li>• Disclosure 103-2: The management approach and its components</li> <li>• Disclosure 103-3: Evaluation of the management approach</li> </ul>		
	Diversity and Inclusion			<p><i>GRI Standard 404 "Training and Education 2016":</i></p> <ul style="list-style-type: none"> <li>• Disclosure 404-1: Average hours of training per year per employee</li> <li>• Disclosure 404-3: Percentage of employees receiving regular performance and career development reviews</li> </ul> <p><i>GRI Standard 405 "Diversity and Equal Opportunities 2016":</i></p> <ul style="list-style-type: none"> <li>• Disclosure 405-1: Diversity of governance bodies and employees</li> <li>• Disclosure 405-2: Ratio of basic salary and remuneration of women to men</li> </ul>		

				<p>In addition to the above GRI indicators, the DiaSorin Group provides a staff breakdown by education</p>		<p>reported in absolute value</p> <p><i>Disclosure 405-2:</i></p> <ul style="list-style-type: none"> <li>- The ratio of women/men salary was computed adding the monthly wages of the Group's Companies' employees (except for small-sized commercial branches, as staff is composed only of men) converted into euros according to the average exchange rate in local currency in 2020 and divided by the number of employees by professional categories. Then it was calculated ratio of men salary to women salary.</li> <li>- Compared to the Reporting Requirements of GRI Disclosure 405-2, the report provides only the ratio of women/men basic salary. Data apply only to White Collars and Blue Collars.</li> </ul> <p>With respect to non-GRI indicator concerning employees by education, data have been collected on the basis of information and documentation provided by employees upon hiring.</p>
	<p>Employment and dialogue with the social partners</p>			<p><i>GRI Standard 103 "Management approach 2016"</i></p> <ul style="list-style-type: none"> <li>• Disclosure 103-1: Explanation of the material topic and its Boundary</li> <li>• Disclosure 103-2: The management approach and its components</li> </ul>		<p><i>Disclosure 102-41:</i></p> <p>Figures were calculated as the ratio of employees covered by collective bargaining agreement to total Group employees. It should be noted that the issue is not applicable to all countries where the Group operates.</p>



				<ul style="list-style-type: none"> <li>• Disclosure 103-3: Evaluation of the management approach</li> </ul> <p><i>GRI Standard 102 "General Disclosures 2016":</i></p> <ul style="list-style-type: none"> <li>• Disclosure 102-41: Collective Bargaining Agreements</li> </ul> <p><i>GRI Standard 401 "Employment 2016":</i></p> <ul style="list-style-type: none"> <li>• Disclosure 401-1: New employee hires and employee turnover</li> </ul>		<p><i>Disclosure 401-1:</i> Rates of new employee hires and employee turnover are determined as the ratio of employees who left and employees who entered the company in the 01/01-12/31 period to the workforce at 12/31 of the year under consideration for Companies in the scope multiplied by 100. Rate of new employee hires is presented at Group level. As to expired employee contracts, the table provides the turnover rate, not data in absolute value. The indicator is not broken down by geographical area.</p>
	Health and safety		See chapter 9 "Environment, Health and Safety"	<p><i>GRI Standard 103 "Management approach 2016"</i></p> <ul style="list-style-type: none"> <li>• Disclosure 103-1: Explanation of the material topic and its Boundary</li> <li>• Disclosure 103-2: The management approach and its components</li> <li>• Disclosure 103-3: Evaluation of the management approach</li> </ul> <p><i>GRI Standard 403 "Occupational Health &amp; Safety 2018":</i></p> <ul style="list-style-type: none"> <li>• Disclosure 403-1: Occupational health and safety management system</li> <li>• Disclosure 403-2: Hazard identification, risk assessment, and incident investigation</li> <li>• Disclosure 403-3: Occupational health services</li> </ul>	The scope of the data includes all Group companies .	<p><i>Disclosure 403-9:</i> Injury rate and lost day rate indicators are calculated dividing both the number of injuries and the number of lost workdays (calendar days) by total hours worked and multiplying that number per 1'000'000. Commuting accidents are excluded</p>

				<ul style="list-style-type: none"> <li>• Disclosure 403-4: Worker participation, consultation, and communication on occupational health and safety</li> <li>• Disclosure 403-5: Worker training on occupational health and safety</li> <li>• Disclosure 403-6: Promotion of worker health</li> <li>• Disclosure 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</li> <li>• Disclosure 403-9: Work-related injuries</li> </ul> <p>In addition to the GRI indicators reported above, the DiaSorin Group also provides the total number of occupational diseases registered by the Group during the year.</p>		
<b>RESPECT FOR HUMAN RIGHTS</b>	N/A	See chapter 3 "Identification of risks and opportunities", paragraph 3.6 "Social issues and respect for human rights"	See paragraph 3.6 "Social issues and respect for human rights" sub-paragraph 3.6.2 "Respect for human rights"	As described in the paragraph, human rights-associated risks are not deemed relevant for the DiaSorin Group with respect to both company's employees and external collaborators. For this reason, the Group does not report figure-based indicators and/or associated with GRI Disclosure on this matter. Nevertheless, the paragraph describes the principles contained in the Group Code of Conduct concerning this issue. The Code of Conduct defines relationships with employees, external staff and the supply chain.		
<b>FIGHT AGAINST CORRUPTION</b>	Fight against corruption	See chapter 3 "Identification of risks and opportunities", paragraph 3.1 "Topics concerning fight against corruption "	See paragraph 4 "Fight against corruption"	<p><i>GRI Standard 103 "Management approach 2016"</i></p> <ul style="list-style-type: none"> <li>• Disclosure 103-1: Explanation of the material topic and its Boundary</li> <li>• Disclosure 103-2: The management approach and its components</li> <li>• Disclosure 103-3: Evaluation of the management approach</li> </ul> <p><i>GRI Standard 205 "Anti-corruption":</i></p>	The scope of the data includes all Group companies	<p><i>Disclosure 205-2:</i> Starting from 2019, as to DiaSorin S.p.A, fight against corruption training, that is concerning the MedTech Code and Model 231, is included in the induction session for new hires and therefore included in "Disclosure 404-1: Average hours of training per year per employee".</p> <p>Figures for other Companies include employees involved in</p>

				<ul style="list-style-type: none"> <li>• Disclosure 205-2: Communication and training about anti-corruption policies and procedures</li> </ul>		<p>communication activities and formal sharing of the principles contained in the Group’s Code of Conduct or other documents relating to anti-corruption (i.e., Commercial Code of Conduct). The indicator is presented in absolute value and is not broken down by geographical area.</p>
<b>TRANSVERSAL</b>			See paragraph 1.2 Reporting Standard	<p><i>GRI Standard 207 “Tax”- “Management approach”</i></p> <ul style="list-style-type: none"> <li>• Disclosure 207-1: Approach to tax</li> <li>• Disclosure 207-2: Tax governance, control, and risk management</li> </ul> <p>Disclosure 207-3: Stakeholder engagement and management of concerns related to tax</p>	The scope of data includes all Group companies.	<p><i>Disclosure 207-1:</i> Reported the aspects in points a. i., ii., iii.</p> <p><i>Disclosure 207-2:</i> Reported the aspects in points a. i., ii., iii.</p> <p><i>Disclosure 207-3:</i> reported the aspects in points a. i.</p> <p><i>Disclosure 207-4:</i> The Group shall integrate this indicator starting from 2021.</p>

# INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT OF THE DIASORIN GROUP



**DIASORIN SPA**

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED  
NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,  
PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND  
ARTICLE 5 OF CONSOB REGULATION NO. 20267 OF JANUARY  
2018**

**YEAR ENDED 31 DECEMBER 2020**



## **Independent auditor's report on the consolidated non-financial statement**

*pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018*

To the Board of Directors of DiaSorin SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of DiaSorin SpA and its subsidiaries (the "Group") for the year ended 31 December 2020 prepared in accordance with article 4 of the Decree, presented in the specific section of the Report on Operations and approved by the Board of Directors on 11 March 2021 (the "NFS").

### **Responsibilities of the Directors and the Board of Statutory Auditors for the NFS**

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016, and updated to 2019, by the GRI - Global Reporting Initiative (the "GRI Standards"), with reference to a selection of GRI Standards, indicated at paragraph "Note on methodology" of the NFS, identified by them as the reporting standards.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

### **PricewaterhouseCoopers SpA**

Sede legale: Milano 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12079880135 Iscritta al n° 110644 del Registro dei Revisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 071 2132311 - Bari 70122 Via Abate Gimma 72 Tel. 080 5640211 - Bergamo 24121 Largo Boletti 5 Tel. 035 229591 - Bologna 40126 Via Angelo Finelli 8 Tel. 051 6886211 - Brescia 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - Catania 95129 Corso Italia 302 Tel. 095 7532311 - Firenze 50121 Viale Gramsci 15 Tel. 055 2482811 - Genova 16121 Piazza Piccapietra 9 Tel. 010 29041 - Napoli 80121 Via del Mille 16 Tel. 081 36181 - Padova 35138 Via Vicenza 4 Tel. 049 873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091 349737 - Parma 43121 Viale Tanara 20/A Tel. 0521 275911 - Pescara 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - Roma 00154 Largo Fochetti 29 Tel. 06 570251 - Torino 10122 Corso Palestro 10 Tel. 011 556771 - Trento 38122 Viale della Costituzione 33 Tel. 0461 237004 - Treviso 31100 Viale Fellasant 90 Tel. 0422 696911 - Trieste 34125 Via Cesare Battisti 18 Tel. 040 3480781 - Udine 33100 Via Foscolle 43 Tel. 0432 23789 - Varese 21100 Via Albuzzi 43 Tel. 0332 285039 - Verona 37135 Via Francia 21/C Tel. 045 8263001 - Vicenza 36100 Piazza Pontelanello 9 Tel. 0444 393311

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### ***Auditor's Independence and Quality Control***

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

### ***Auditor's responsibilities***

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards, with reference to a selection of GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. understanding of the following matters:
  - business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
  - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
  - key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 4 a) below;



4. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of DiaSorin SpA and with the personnel of DiaSorin Inc (USA) and DiaSorin Iberia SA (Spain) and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following companies, DiaSorin SpA, DiaSorin Inc (USA) and DiaSorin Iberia SA (Spain), which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out meetings and interviews during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

### **Conclusions**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of DiaSorin Group for the year ended 31 December 2020 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards, with reference to the selection of GRI Standards included in the NFS.

Milan, 31 March 2021

PricewaterhouseCoopers SpA

*Signed by*

Stefano Pavese  
(Partner)

*Signed by*

Paolo Bersani  
(Authorised signatory)

*This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2020 translation.*

## **MOTION TO APPROVE THE FINANCIAL STATEMENTS AND APPROPRIATE THE 2020 NET PROFIT**

Dear Shareholders,

We recommend that you approve the Company's financial statements for the year ended December 31, 2020 and appropriate the net profit of € 164,215,786 as follows:

- taking into account the statutory reserve has met the limit imposed by article 2430 of the Italian Civil Code, the Company will distribute € 54,764,445.00, as a dividend of € 1.00 on each common share outstanding on the record date, excluding treasury share, equal to 1,183,812 ordinary shares;
- bring forward as retained earnings the balance of € 109,451,341.00.

The dividend will be payable starting from May 26, 2021, with coupon date date on May 24, 2021 to the common shares outstanding, excluding treasury shares. Pursuant to Art. 83- *terdecies* of the Legislative Decree 58/98 only the parties qualifying as shareholders at the close of business on May 25, 2021 (record date) will be entitled to a dividend.

Saluggia, March 11, 2021

For the Board of Directors,

**The Chairman**

Gustavo Denegri



**CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2020 AND DECEMBER 31, 2019 OF THE DIASORIN GROUP**

**CONSOLIDATED INCOME STATEMENT  
PURSUANT TO CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006**

<i>(€ thousands)</i>	Notes	12/31/2020	<i>amount with related parties</i>	12/31/2019	<i>amount with related parties</i>
Net revenues	(1)	881,305	-	706,319	
Cost of sales	(2)	(278,400)		(217,628)	
<b>Gross profit</b>		<b>602,905</b>	<b>-</b>	<b>488,691</b>	
Sales and marketing expenses	(3)	(144,064)		(142,753)	
Research and development costs	(4)	(50,800)		(47,948)	
General and administrative expenses	(5)	(72,083)	(7,984)	(69,591)	(7,171)
Other operating income (expenses)	(6)	(11,732)		(10,538)	
<i>Non-recurring amount</i>		<i>(3,663)</i>		<i>(4,615)</i>	
<b>EBIT</b>		<b>324,226</b>		<b>217,861</b>	
Net financial income (expense)	(7)	(2,853)		(1,574)	
<b>Result before taxes</b>		<b>321,373</b>		<b>216,287</b>	
Income taxes	(8)	(73,077)		(40,552)	
<b>Net result</b>		<b>248,296</b>	<b>-</b>	<b>175,735</b>	<b>-</b>
Including:					
- Parent Company shareholders' interests in net result		247,871		175,735	
- Minority shareholders' interests in net result		425		-	
<b>Basic earnings per share</b>	(9)	<b>4.53</b>		<b>3.21</b>	
<b>Diluted earnings per share</b>	(9)	<b>4.50</b>		<b>3.20</b>	

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

<i>(€ thousands)</i>	12/31/2020	12/31/2019
<b>Net result (A)</b>	<b>248,296</b>	<b>175,735</b>
<b>Other comprehensive gains/(losses) that will not be reclassified subsequently to gain/(loss) of the period:</b>		
Gains/(losses) on remeasurement of defined benefit plans	(1,491)	(2,653)
<b>Total other comprehensive gains/(losses) that will not be reclassified subsequently to gain/(loss) of the period (B1)</b>	<b>(1,491)</b>	<b>(2,653)</b>
<b>Other comprehensive gains/(losses) that will be reclassified subsequently to gain/loss of the period:</b>		
Gains/(losses) from translation of financial statements of foreign branches	(48,600)	8,139
Gains/(losses) on fair value measurement of receivables	-	61
<b>Total other comprehensive gains/(losses) that will be reclassified subsequently to gain/(loss) of the period (B2)</b>	<b>(48,600)</b>	<b>8,200</b>
<b>TOTAL OTHER COMPREHENSIVE GAINS/(LOSSES), NET OF TAX EFFECT (B1) +(B2)=(B)</b>	<b>(50,091)</b>	<b>5,547</b>
<b>TOTAL COMPREHENSIVE GAINS/(LOSSES) (A)+(B)</b>	<b>198,205</b>	<b>181,282</b>
<i>Including:</i>		
- amount attributable to Parent Company shareholders	197,780	181,282
- amount attributable to minority interests	425	-

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**PURSUANT TO CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006**

<i>(€ thousands)</i>	<b>notes</b>	<b>12/31/2020</b>	<i>amount with related parties</i>	<b>12/31/2019</b>	<i>amount with related parties</i>
<b>ASSETS</b>					
<i>Non-current assets</i>					
Property, plant and equipment	(10)	140,497		128,385	
Goodwill	(11)	154,774		164,681	
Other intangibles	(11)	201,963		205,598	
Equity investments	(12)	26		27	
Deferred-tax assets	(13)	33,080		31,647	
Other non-current assets	(14)	2,189		2,453	
<i>Total non-current assets</i>		<i>532,529</i>		<i>532,791</i>	
<i>Current assets</i>					
Inventories	(15)	191,234		171,127	
Trade receivables	(16)	165,678		132,513	-
Other current assets	(17)	16,998		24,981	
Other current financial assets	(18)	126		44,588	
Cash and cash equivalents	(18)	339,881		157,552	
<i>Total current assets</i>		<i>713,917</i>		<i>530,761</i>	
<b>TOTAL ASSETS</b>		<b>1,246,446</b>		<b>1,063,552</b>	

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
PURSUANT TO CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006**

*(continued)*

<i>(€ thousands)</i>	notes	12/31/2020	<i>amount with related parties</i>	12/31/2019	<i>amount with related parties</i>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<i>Shareholders' equity</i>					
Share capital	(19)	55,948		55,948	
Treasury shares	(19)	(109,546)		(81,849)	
Additional paid-in capital	(19)	18,155		18,155	
Statutory reserve	(19)	11,190		11,190	
Other reserves and retained earnings	(19)	731,060		669,444	
Net profit for the year attributable to shareholders of the Parent Company		247,871		175,735	
<i>Equity attributable to shareholders of the Parent Company</i>		<i>954,678</i>		<i>848,623</i>	
Other reserves and retained earnings attributable to minority interests		1,216		-	
Net profit for the period attributable to minority interests		425		-	
<i>Equity attributable to minority interests</i>		<i>1,641</i>		<i>-</i>	
<b>Total shareholders' equity</b>		<b>956,319</b>		<b>848,623</b>	
<i>Non-current liabilities</i>					
Non-current financial liabilities	(20)	30,451		24,466	
Provisions for employee benefits	(21)	41,242	1,844	36,263	
Deferred-tax liabilities	(13)	10,066		7,135	
Other non-current liabilities	(22)	48,155		24,586	
<i>Total non-current liabilities</i>		<i>129,914</i>		<i>92,450</i>	
<i>Current liabilities</i>					
Trade payables	(23)	65,485		55,733	
Other payables	(24)	60,688	74	51,134	658
Current tax liabilities	(25)	29,831		10,800	
Current financial liabilities	(20)	4,209		4,812	
<i>Total current liabilities</i>		<i>160,213</i>		<i>122,479</i>	
<b>Total liabilities</b>		<b>290,127</b>		<b>214,929</b>	
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,246,446</b>		<b>1,063,552</b>	

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**PURSUANT TO CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006**

	12/31/2020	<i>amount with related parties</i>	12/31/2019	<i>amount with related parties</i>
<b>Cash flow from operating activities</b>				
Net profit for the year	248,296		175,735	
Adjustments for:				
- Income taxes	73,077		40,552	
- Depreciation and amortization	61,034		58,972	
- Financial expense (income)	2,853		1,574	
- Additions to/ (Utilizations of) provisions for risks	4,709		(599)	
- (Gains)/Losses on sales of non-current assets	123		287	
- Additions to/ (Reversals of) provisions for employee severance indemnities and other benefits	2,619		1,162	
- Stock options reserve	6,884		4,821	
- Currency translation reserve on operating activities	(24,635)		(771)	
- Change in other non-current assets/liabilities	18,675	1,844	346	
<b>Cash flow from operating activities before changes in working capital</b>	<b>393,635</b>	<b>-</b>	<b>282,079</b>	<b>-</b>
(Increase)/Decrease in trade receivables	(38,980)		(51)	
(Increase)/Decrease in inventories	(30,196)		(9,820)	
Increase/(Decrease) in trade payables	11,041		(1,814)	
(Increase)/Decrease in other current items	6,566	(584)	4,533	526
<b>Cash from operating activities</b>	<b>342,066</b>	<b>-</b>	<b>274,927</b>	<b>-</b>
Income taxes paid	(36,891)		(42,612)	
(Paid)/ collected interests	(613)		355	
<b>Net cash from operating activities</b>	<b>304,562</b>	<b>-</b>	<b>232,670</b>	<b>-</b>
Investments in intangibles	(32,345)		(18,361)	
Investments in property, plant and equipment	(42,480)		(37,429)	
Equity investments	(1)		-	
Proceeds from divestments of non-current assets	1,803		3,567	
<b>Cash used in regular investing activities</b>	<b>(73,023)</b>	<b>-</b>	<b>(52,223)</b>	<b>-</b>
Acquisitions of subsidiaries and business operations	-		(6,903)	
<b>Cash used in investing activities</b>	<b>(73,023)</b>	<b>-</b>	<b>(59,126)</b>	<b>-</b>
(Repayment of)/ Proceeds from loans and other financial liabilities	(7,531)		(26,601)	
(Opening)/ Repayment of term deposits	40,824		(20,666)	
Increase in share capital/additional paid-in capital	3,964		-	
(Purchase)/Sale of treasury shares	(26,093)		7,016	
Dividends paid	(52,053)		(49,231)	
<b>Cash used in financing activities</b>	<b>(40,889)</b>	<b>-</b>	<b>(89,482)</b>	<b>-</b>
Foreign exchange translation differences	(8,321)		387	
<b>Net change in cash</b>	<b>182,329</b>	<b>-</b>	<b>84,449</b>	<b>-</b>
<b>Cash and cash equivalents - Opening balance</b>	<b>157,552</b>		<b>73,103</b>	
<b>Cash and cash equivalents - Closing balance</b>	<b>339,881</b>	<b>-</b>	<b>157,552</b>	<b>-</b>

**STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY**

<i>(€ thousands)</i>	Share capital	Treasury shares	Additional paid-in capital	Statutory reserve	Currency translation reserve	Stock option reserve	Reserve for treasury shares	Other reserves and retained earnings	Net profit (loss) for the year	Group interest in shareholders' equity	Minority interest in equity	Total interest in shareholders' equity
<b>Shareholders' equity at 12/31/2018</b>	<b>55,948</b>	<b>(87,784)</b>	<b>18,155</b>	<b>11,190</b>	<b>13,472</b>	<b>3,847</b>	<b>87,784</b>	<b>443,993</b>	<b>158,128</b>	<b>704,733</b>	<b>2</b>	<b>704,735</b>
Appropriation of previous year's profit	-	-	-	-	-	-	-	158,128	(158,128)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(49,231)	-	(49,231)	-	(49,231)
Stock options and other changes	-	-	-	-	-	3,519	-	1,302	-	4,821	-	4,821
Sale of /(purchase) treasury shares	-	5,935	-	-	-	-	(5,935)	7,016	-	7,016	-	7,016
Put/Call option rights in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
<i>Profit for the period</i>	-	-	-	-	-	-	-	-	175,735	175,735	-	175,735
Translation adjustment	-	-	-	-	8,141	-	-	-	-	8,141	(2)	8,139
IFRS 9 receivables measurement	-	-	-	-	-	-	-	61	-	61	-	61
Gains/(losses) from remeasurement of defined benefits plans, net of tax effect	-	-	-	-	-	-	-	(2,653)	-	(2,653)	-	(2,653)
<i>Other changes in the comprehensive income statement</i>	-	-	-	-	8,141	-	-	(2,592)	-	5,549	(2)	5,547
Comprehensive profit for the period	-	-	-	-	8,141	-	-	(2,592)	175,735	181,284	(2)	181,282
<b>Shareholders' equity at 12/31/2019</b>	<b>55,948</b>	<b>(81,849)</b>	<b>18,155</b>	<b>11,190</b>	<b>21,613</b>	<b>7,366</b>	<b>81,849</b>	<b>558,616</b>	<b>175,735</b>	<b>848,623</b>	<b>-</b>	<b>848,623</b>
<b>Shareholders' equity at 12/31/2019</b>	<b>55,948</b>	<b>(81,849)</b>	<b>18,155</b>	<b>11,190</b>	<b>21,613</b>	<b>7,366</b>	<b>81,849</b>	<b>558,616</b>	<b>175,735</b>	<b>848,623</b>	<b>-</b>	<b>848,623</b>
Appropriation of previous year's profit	-	-	-	-	-	-	-	175,735	(175,735)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(52,053)	-	(52,053)	-	(52,053)
Stock options and other changes	-	-	-	-	-	4,197	-	1,331	-	5,528	-	5,528
Sale of /(purchase) treasury shares	-	(27,697)	-	-	-	-	27,697	(26,093)	-	(26,093)	-	(26,093)
Put/Call option rights in subsidiaries	-	-	-	-	-	-	-	(19,107)	-	(19,107)	1,216	(17,891)
<i>Profit for the period</i>	-	-	-	-	-	-	-	-	247,871	247,871	425	248,296
Translation adjustment	-	-	-	-	(48,600)	-	-	-	-	(48,600)	-	(48,600)
IFRS 9 receivables measurement	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from remeasurement of defined benefits plans, net of tax effect	-	-	-	-	-	-	-	(1,491)	-	(1,491)	-	(1,491)
<i>Other changes in the comprehensive income statement</i>	-	-	-	-	(48,600)	-	-	(1,491)	-	(50,091)	-	(50,091)
Comprehensive profit for the period	-	-	-	-	(48,600)	-	-	(1,491)	247,871	197,780	425	198,205
<b>Shareholders' equity at 12/31/2020</b>	<b>55,948</b>	<b>(109,546)</b>	<b>18,155</b>	<b>11,190</b>	<b>(26,987)</b>	<b>11,563</b>	<b>109,546</b>	<b>636,938</b>	<b>247,871</b>	<b>954,678</b>	<b>1,641</b>	<b>956,319</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019

### GENERAL INFORMATION AND SCOPE OF CONSOLIDATION

#### General information

The DiaSorin Group is specialized in the development, manufacture and distribution of immunodiagnosics and molecular diagnostics tests. The Group's Parent Company, DiaSorin S.p.A., is in Via Crescentino (no building No.), Saluggia (VC).

The Board of Directors authorized the publication of these Consolidated Financial Statements on March 11, 2021.

#### Principles for the preparation of the consolidated financial statements

The 2020 consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

The financial statements and the accompanying notes include the additional information that accounting schedules and other financial statement disclosures are required to provide pursuant to Consob Resolution No. 15519 of July 27, 2006 and the CONSOB Communication of July 28, 2006.

The designation IFRSs also includes the International Accounting Standards ("IAS") that are still in effect and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements were prepared in accordance with the historical cost and going concern principles.

The Directors believe that applying the going concern principle is an appropriate choice because, in their opinion, there are no uncertainties resulting from events or circumstance that, individually or collectively, could give rise to doubts about the Group's ability to function as a going concern.

These consolidated financial statements are denominated in Euros and all amounts are rounded to thousands of Euros, unless otherwise stated.

#### Financial statement presentation format

In the consolidated income statement, costs are broken down by function. This income statement scheme, also known as a "cost of sales" income statement, is more representative of the Group's business than a presentation with expenses broken down by nature because it is consistent with internal reporting and business management methods and with international practice in the diagnostic sector.

In the income statement, expense and income amounts generated by extraordinary transactions that are not part of standard operations are shown separately in order to permit a better assessment of the Group's operating performance.

In the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately. The cash flow statement is presented in accordance with the indirect method.

#### Scope of consolidation

The consolidated financial statements include the financial statements of DiaSorin S.p.A., the Group's Parent Company, and its subsidiaries at December 31, 2020. The financial statements of the consolidated companies are those prepared by their Boards of Directors for approval by the shareholders.

Subsidiaries are companies over which the Group is able to exercise control pursuant to IFRS 10, that is when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are consolidated line by line from the date the Group obtains control until the moment when control ceases to exist.

The Group has neither subsidiaries with minority interest in plant, property and equipment, nor unconsolidated structured entities and it is not subject to significant restrictions concerning interest in subsidiaries.

No change occurred in the scope of consolidation compared to December 31, 2019.

### Investments in subsidiaries

A list of direct and indirect investments in subsidiaries at December 31, 2020 and December 31, 2019 is provided below:

Company	Country	At December 31, 2020		At December 31, 2019	
		% held by the Group	% minority interest	% held by the Group	% minority interest
<b>Direct investments</b>					
DiaSorin S.A/N.V.	Belgium	100%	-	100%	-
DiaSorin Ltda	Brazil	100%	-	100%	-
DiaSorin S.A.	France	100%	-	100%	-
DiaSorin Iberia S.A.	Spain	100%	-	100%	-
DiaSorin Ltd	UK	100%	-	100%	-
DiaSorin Inc.	USA	100%	-	100%	-
DiaSorin Mexico S.A de C.V.	Mexico	100%	-	100%	-
DiaSorin Deutschland GmbH	Germany	100%	-	100%	-
DiaSorin AB	Sweden	100%	-	100%	-
DiaSorin Ltd	Israel	100%	-	100%	-
DiaSorin Austria GmbH	Austria	100%	-	100%	-
DiaSorin Czech s.r.o.	Czech Republic	100%	-	100%	-
DiaSorin Diagnostics Ireland Limited	Ireland	100%	-	100%	-
DiaSorin South Africa (PTY) Ltd	South Africa	100%	-	100%	-
DiaSorin Australia (Pty) Ltd	Australia	100%	-	100%	-
DiaSorin Ltd	China	76%	24%	80%	20%
DiaSorin Switzerland AG	Switzerland	100%	-	100%	-
DiaSorin Poland sp. z o.o.	Poland	100%	-	100%	-
DiaSorin Ireland Limited	Ireland	100%	-	100%	-
DiaSorin I.N.UK Limited	Ireland	100%	-	100%	-
DiaSorin I.N. Limited	Ireland	100%	-	100%	-
DiaSorin APAC Pte Ltd	Singapore	100%	-	100%	-
<b>Indirect investment</b>					
DiaSorin Canada Inc	Canada	100%	-	100%	-
DiaSorin Healthcare India Private Limited	India	100%	-	100%	-
DiaSorin Molecular LLC	USA	100%	-	100%	-

A complete list of the investee companies containing information about head office location and the percentage interest held by the Group is provided in Annex I.

### Investments in joint ventures

At December 31, 2020, the Group does not hold investments classified as joint venture pursuant to IFRS 11.



## **Business combinations**

At December 31, 2020, no business combinations occurred.

## **PRINCIPLES OF CONSOLIDATION, VALUATION CRITERIA AND ACCOUNTING STANDARDS**

### *Principles of consolidation*

The financial statements of subsidiaries and branches are consolidated by the line-by-line consolidation method.

Under this method, assets, liabilities, expenses and revenues are consolidated using their full amount, irrespective of the percentage interest held, and the minority interest in shareholders' equity and net profit is shown in separate line items of the consolidated financial statements.

When preparing the consolidated financial statements, intra-Group balances and transactions, including unrealized intra-Group gains and losses, are eliminated.

All assets and liabilities of foreign companies included in the scope of consolidation that are denominated in foreign currencies are translated into euros at the exchange rates in force on the date of the financial statements. Revenues and expenses are translated into euros at the average exchange rate for the year. Currency translation differences generated by the use of this method are posted to a shareholders' equity in the "translation reserve" item until the corresponding equity investment is sold. Upon IFRS first-time adoption, cumulative translation differences generated by the consolidation of foreign companies outside the Euro zone were deemed to be zero, as allowed by IFRS 1.

Transactions in foreign currencies are recognized at the exchange rate in force on the transaction date. Cash assets and liabilities denominated in foreign currencies that are outstanding on the date of the financial statements are converted at the exchange rate in force on that date.

## **Business combinations**

The acquisition of subsidiaries is accounted for by the acquisition method. The consideration transferred in a business combination is measured at fair value, computed as the sum of the assets given and liabilities incurred by the Group at the date of acquisition and the equity instruments issued in exchange for control of the acquired company. As a rule, incidental transaction costs are recognized in profit or loss when incurred. It should be noted that starting from January 1, 2020, the Company has adopted the amendments to IFRS 3 accounting standard: the amendments caused significant changes in the definition of a business. The standard provides that an acquisition has to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of "output" is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

Assets, liabilities and identifiable contingent liabilities that satisfy the recognition criteria of IFRS 3 are recognized at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5, which are recognized at fair value less cost to sell. Goodwill resulting from a business combination is recognized as an asset and initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, as a result of a reassessment of the abovementioned amounts, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss. Initially, the minority interest in the acquired company is valued in accordance with the interest of minority shareholders in the net fair value of the assets, liabilities and

contingent liabilities recognized. Business combinations completed before January 1, 2010, were accounted for in accordance with the earlier version of IFRS 3.

Call/put options exchanged between the Parent Company and minority shareholders are recognized considering the risks benefits transferred with the contract. Specifically, the Group recognizes a financial liability on the date the contract is executed against the Group's equity when the minority shareholders retain the transaction's risks and benefits, or against the minority shareholder's equity when the transaction's risks and benefits are transferred to the majority shareholder. Any subsequent changes in the value of the liability are recognized in equity.

### Valuation criteria and accounting principles

#### **Property, plant and equipment**

The primary components of property, plant and equipment include:

- a) Land;
- b) Industrial buildings;
- c) General purpose and specialized facilities;
- d) Machinery;
- e) Manufacturing and distribution equipment;
- f) Right-of-use assets (in accordance with IFRS 16 accounting standard)
- g) Other assets.

These assets are recognized at their acquisition or production cost, plus directly attributable incidental expenses. Items of property, plant and equipment are valued at cost. Their cost is reduced by depreciation (with the exception of land, which is not depreciated) and write-downs for impairment.

Depreciation is computed on a straight-line basis at rates that reflect an asset's decrease in value and wear and tear. Depreciation is computed from the moment an asset is available for use.

Significant components of property, plant and equipment that have different useful lives are recognized separately and each one is depreciated in accordance with its own useful life.

The useful lives and residual values of these assets are reviewed each year upon the closing of the annual financial statements.

In accordance with the IFRS 16 accounting principles, the Group as lessee recognizes the so-called right-of-use asset at the initial leasing date (i.e., the date on which the underlying asset is available for use). Right-of use-asset is measured at cost, net of any accumulated depreciation and impairments and adjusted for any remeasurement of the lease liability. The cost of the right-of-use asset includes the amount of the lease liabilities recognized, the initial direct costs incurred and the payment of leases at the commencement date or before, net of any incentives received. The right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the end of the useful life of the right-of use asset or, if earlier, to the lease's term. If the lease transfers ownership of the asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise the option to purchase the asset, the Group shall depreciate the right-of-use asset from the lease commencement date to the end of the useful life of the underlying asset.

The depreciation rates used are as follows:

Industrial buildings	5.5%
General purpose and specialized facilities	10-12.5%
Machinery	12%
Manufacturing and distribution equipment	40%
Equipment held by customers	14-25%
Reconditioned equipment held by customers	20-33%
Right-of-use assets	5.5%-33%

Costs incurred for regular maintenance and repairs are charged directly to income the year they are incurred. Costs incurred to recondition equipment are capitalized only to the extent that the reconditioned equipment meets the requirements to be recognized separately as an asset or an asset component in accordance with the component approach. Reconditioning costs and any non-depreciated residual values are depreciated over the asset's residual life, which is estimated at three years.

Leasehold improvements that meet the requirements of IAS 16 "Property, Plant and Equipment" are classified as property, plant and equipment and depreciated over the asset's residual life or the remaining length of the lease, whichever is shorter.

If, irrespective of the amount of depreciation already taken, the recoverable value of an asset, computed in accordance with the method provided in IAS 36, is lower than its carrying value, the latter is written down to the assets' recoverable value and the resulting impairment loss is recognized. If in subsequent years the reasons for the original write-down cease to apply, the asset is restored to its original value (net of any depreciation that would have been taken had the asset not been written down) or its recoverable value, whichever is lower.

Gains and losses on the disposal or retirement of assets, which are computed as the difference between the sales proceeds and the asset's net carrying value, are recognized in the income statement for the year. In accordance with IFRS 16 accounting standard, if changes to lease contracts result in a change in the accounting for the existing lease, the Group recognizes a remeasurement of the carrying amount of the right-of-use asset and a change, at the same time, in the lease liability; any gains or losses resulting from the remeasurement are recognized in the income statement of the period.

## **Intangible assets**

Intangible assets are recognized in the statement of financial position only if they are identifiable, controllable, there is an expectation that they will produce future economic benefits and their cost can be measured reliably.

Intangible assets with a finite useful life are valued at their acquisition or production cost or at their appraised value, net of accumulated amortization and impairment losses. Amortization is computed on the basis of an asset's estimated useful life and begins when an asset is available for use. Useful lives are reviewed annually, and the impact of any changes is reflected prospectively.

Intangible assets with an indefinite useful life are not amortized. They are tested for impairment annually or more frequently, if necessary, even when there are no indications that the value of the assets has been impaired. These tests are carried out for each cash generating unit to which intangible assets have been allocated.

### *Intangible assets with an indefinite useful life*

#### *Goodwill*

Goodwill generated through the acquisition of a subsidiary or another business combination is the portion of the purchase price paid in excess of the Group's interest in the fair value on the date of

acquisition of the acquired assets, liabilities and identifiable contingent liabilities. Goodwill is recognized as an intangible asset with an indefinite useful life and is not amortized. However, its carrying amount is tested once a year (or more often if necessary) for impairment, even when there are no indications that its value has been impaired, and to test the indefinite life assumption. Impairment losses are immediately recognized in profit or loss and may not be reversed subsequently. After initial recognition, goodwill is valued at cost, less any accumulated impairment losses. When a subsidiary is sold, the net carrying amount of the goodwill allocated to that subsidiary is included in the computation of the gain or loss generated by the sale.

For impairment test purposes, goodwill is allocated to the cash generating units (CGUs).

#### *Intangible assets with a defined life*

##### *Development costs*

Costs incurred internally to develop new products or systems constitute an intangible asset and may be recognized as such only if all the following requirements can be satisfied:

- It is a technically feasible to complete an asset so that it will be available for use or sale and the Group intends to do so.
- The Group is able to sell, exchange or distribute the future economic benefits attributable to an asset without having to relinquish future economic benefits generated by other assets used by the same cash generating unit.
- There is evidence that the costs incurred will generate probable future benefits. Such evidence can consist of the existence of a market for the output of the asset or of the usefulness of the asset, if used internally.
- The Group has access to adequate technical and financial resources to complete the development of the asset and to sell or use internally its output.
- The expenditures attributable to the asset during its development can be measured reliably.

Capitalized development costs include only the expenditures that can be attributed directly to the development process.

In the first year, amortization is computed based on the length of time during which the asset is effectively in use. The useful life of development costs is estimated at 10 or 15 years, in accordance with the maximum length of time during which management believes that the asset will generate economic benefits for the Group. The estimated useful life of capitalized development costs incurred to develop the LIAISON XL system is also 10 years.

Research and development costs that do not satisfy the requirements listed above are charged to income immediately and may not be capitalized in subsequent years.

##### *Other intangibles*

Other intangibles are recognized in the statement of financial position only if it is probable that their use will generate future economic benefits and if their cost can be measured reliably. If these conditions are met, these intangible assets are recognized at cost, which is their purchase price plus incidental expenses. The gross carrying amount of intangible assets with a finite useful life is amortized on a straight-line basis based on the assets' estimated useful lives. Amortization begins when an asset is put into use. In the first year, amortization is computed based on the length of time during which the asset is effectively in use. The Group uses the following amortization rates:

Asset type	Amortization rate
Concessions, licenses and similar rights	6.67% -10% or length of contract
Customer relationship	6.67% -10%
Trademarks	5% - 20%
Industrial patent and intellectual property rights	Legal duration

Absent an explicit duration of the reference contracts, the amortization period for distribution rights ranges between 10 and 15 years, based on management's best estimate.

The duration of the amortization period, which is based on internal analyses and valuations, development plans and the return flows from their use, is deemed to be consistent with expectations concerning the duration and development of the Group's activities and products and with the likelihood that the positions achieved in the diagnostics market will be retained.

### **Impairment of assets**

The Group tests its property, plant and equipment and its intangible assets once a year to determine whether the value of these assets has been impaired. If evidence of impairment is detected, the recoverable value of the affected assets is determined. Intangibles with a finite useful life, intangibles that are not yet ready for use and goodwill generated through a business combination are tested for impairment at least once a year, even when there is no indication that the value of the assets has been impaired, or more often if there is an indication that their value may have been impaired, as required.

An asset's recoverable amount is the higher of its fair value, less cost to sell, and its value in use, computed as the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Expected future cash flows reflect assumptions that are consistent with the criteria applied to determine the discount rate. Cash flow projections are based on Company plans and on reasonable and documented assumptions about the Group's future results and macroeconomic conditions.

The discount rate used must reflect the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

When the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the CGU to which the asset belongs. Particularly, the CGUs identified by the DiaSorin Group coincide with the legal entities of the Group, whose tangibles and intangibles assets are recognized in total assets at the date of the impairment test.

Whenever the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the reduction is recognized as an impairment loss. Subsequently, if an impairment loss for an asset other than goodwill ceases to exist or is reduced, the carrying amount of the asset (or CGU) is increased to the new estimated recoverable amount (but not more than the asset's net carrying amount had no impairment loss been recognized). This reversal is recognized immediately in earnings. Impairment losses recognized on goodwill or intangibles with indefinite useful life are in no way recoverable.

### **Inventories**

Inventories, which consist mainly of raw materials, work-in-progress and finished products, are carried at the lower of cost or net realizable value, determined in accordance with market conditions. Costs include the price paid to suppliers plus the incidental expenses incurred to bring the purchased goods to the warehouse door, net of discounts and allowances. Production costs include the costs directly attributable to individual goods or classes of goods, plus a reasonable allocation of the overall outlays

incurred for the activities carried out to produce the goods in question (fixed production overhead). The allocation of fixed production overhead is based on the normal capacity of the production facilities.

Cost is determined by the FIFO method.

The carrying amount of the inventory, determined in the manner described above, is reduced by a provision that reflects the impact of obsolete and slow-moving inventory.

## **Receivables and payables**

Trade and other receivables are valued at amortized cost using the effective interest rate, less impairment losses, except receivables within a business model whose objective is achieved by either collection of contractual cash flows or sale (hold to collect and sell). These receivables are measured at fair value with changes recognized directly in the comprehensive income statement.

Impairment losses on receivables are recognized through the simplified approach required by IFRS 9 to measure loss allowance through lifetime expected credit loss. Specifically, the Group calculates expected credit loss using a provision matrix, which is estimated on the basis of historical credit loss experience for past due receivables and is adjusted to reflect current conditions and estimates on relevant future economic conditions.

Trade payables and other payables are initially recognized at fair value, net of directly allocated accessory costs and are subsequently measured at amortized cost, applying the effective interest rate criteria.

Receivables and payables denominated in foreign currencies are translated at the exchange rates in force on the date of the financial statements and any resulting gains or losses are recognized in earnings.

## **Factoring of receivables**

The DiaSorin Group engages in the factoring of its receivables.

When all risks and benefits relating to ownership and contractual rights are transferred to cash flows deriving thereof, receivables assigned through such transactions are removed from the statement of financial position. In such event, cumulative changes in fair value - previously recognized in the comprehensive income statement - are transferred to the income statement. Conversely, if requirements for derecognition of assets are not met, receivables are recognized as such in the Group financial statements; a corresponding financial liability is recognized in the consolidated statement of financial position as “financial payables”.

## **Cash and cash equivalents**

They consist of cash and cash equivalents, short-term bank deposits, shares in liquidity funds and other money market securities readily converted into cash.

## **Assets and liabilities held for sale**

Assets and liabilities held for sale are classified as such when their carrying amounts will be recovered mainly from the sale rather than continuous use. These conditions will be considered to have been fulfilled when the sale or discontinuity of the group of assets being disposed of is considered to be highly probable and the assets and liabilities are immediately available for the sale in the conditions they are in. When the Group is committed to a disposal plan involving loss of control of an investee company,

all the assets and liabilities of this investee company are classified as held for sale when the conditions described above are fulfilled even when, after disposal, the Group continues to hold a minority interest in the investee company.

Assets held for sale are measured at the lower of the carrying amount and the fair value net costs for sale.

## **Shareholders' equity**

Equity instruments issued by the Group's Parent Company are recognized for the amount of consideration received. Dividends distributed by the Group's Parent Company are recognized as a liability when the distribution resolution is approved. The purchase cost of treasury shares and the proceeds from their sale are recognized directly in equity, with no impact on the income statement.

### *Treasury shares*

When the Group's Parent Company and its subsidiaries purchase Company shares, the consideration paid is deducted from the shareholders' equity attributable to the Company's shareholders, until the shares are retired or sold. No gain or loss is recognized in the income statement when treasury shares are bought, sold, issued or retired. When these shares are subsequently reissued, the consideration received, net of taxes, is added to the shareholders' equity attributable to the Company's shareholders.

## **Employee benefits**

### *Pension plans*

The Group uses different types of defined-contribution and defined-benefit plans, in accordance with the local conditions and practices in the countries in which it operates.

Each year, the Group recognizes in earnings the portion of the premiums paid in connection with defined-contribution plans that accrue that year.

Defined-benefit pension plans, which include the severance benefits payable to employees pursuant to Article 2120 of the Italian Civil Code, are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. The liability that represents the benefits owed to employees under defined-benefit plans is recognized at its actuarial value.

The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Group's obligation. The determination of the present value of the Group's obligation is made by an independent actuary, using the projected unit credit method. This method treats each period of service provided by an employee to a company as an individual accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Moreover, this method requires taking into account future wage increases due for any reason (inflation, career moves, labor contract renewals, etc.) until the end of the employment relationship.

The cost of defined-benefit plans accrued during the year, which is reflected in the income statement as part of labor costs and financial expense, is equal to the sum of the average present value of the accrued benefits of current employees for service provided during the year and their annual vested interest in the present value of the Group's obligations at the beginning of the year, computed by discounting future outlays by the same rate as that used to estimate the Group's liability at the end of the previous year. The

annual discount rate used for these computations was the same as the year-end market rate for zero-coupon bonds with a maturity equal to the average residual duration of the liability. Actuarial gains and losses reflecting changes in the actuarial assumptions or experience adjustments are credited or charged to equity in the statement of comprehensive income for the period in which they arise. If the amount is recorded on the balance sheet as an asset, it is limited to the present value of economic benefits available in the form of refunds or reductions in future contributions to the plan.

On January 1, 2007, the Italian Budget Law and the related implementation decrees introduced significant changes in the rules that govern the Provision for employee severance indemnities (“PESI”) of companies whose registered office is located in Italy. These changes include the right of employees to decide the destination of future accrued PESI amounts. Specifically, employees can direct new PESI flows to selected pension investments or keep them with the employer company, which will then deposit its PESI contribution in a treasury account at the Italian social security administration (abbreviated as INPS in Italian). In light of these changes, the PESI is now viewed as a defined-benefit plan only insofar as the amounts vested before January 1, 2007 are concerned and as a defined-contribution plan after January 1, 2007.

#### *Equity-based compensation plans*

Group companies grant to Group executives and middle managers additional benefits through equity-based plans (stock options). In accordance with IFRS 2 “Share-based Payment,” stock options awarded to employees are measured at their fair value on the grant date, in accordance with models that take into account factors and data (option exercise price, duration of the option, current price of the underlying shares, expected share price volatility, expected dividends and interest rate for zero-risk investments over the life of the option) applicable on the grant date.

If the option becomes exercisable after a certain period and/or certain performance requirements are met (vesting period), the total value of the option is prorated over the vesting period and recognized in earnings, with the offsetting entry posted to a specific shareholders’ equity account called Other reserves. Because stock options are equity instruments, as defined by IFRS 2, the fair value of each option determined on the grant date is not adjusted at the end of each year unless changes occur in the stock options terms and conditions to increase their fair value in favor of beneficiaries. The estimate of the number of options that will reach maturity (and hence the number of employees who will be entitled to exercise their options) is adjusted. The result of any change in estimate is posted as an increase to or a reduction of the abovementioned shareholders’ equity account, with the offsetting entry reflected in the income statement. At the end of the exercise period, the exercised options are reflected in the Company’s share capital by adding an amount obtained by multiplying the number of shares issued by the par value of each share. The portion of “Other reserves” that is attributable to plan costs previously recognized in earnings and the amount obtained by multiplying the number of shares issued by the difference between the exercise price and the par value per share is posted to a shareholders’ equity reserve.

#### **Provisions for risks and charges**

Provisions for risks and charges include amounts set aside to fund current obligations (statutory or implied) that arise from a past event, the performance of which will probably require the use of resources and the amount of which can be reasonably estimated. When the use of financial resources is expected to extend for a period of more than one year, the corresponding obligation should be recognized at its present value by discounting expected future cash flows at a rate that takes into account the cost of money and the risks inherent in the liability.



The provisions are updated on each financial statement date to reflect best current estimates. The impact of any change in estimates is reflected in the income statement for the period during which the change occurred.

Risks that are merely reasonably possible of producing a liability are disclosed in the Notes to the financial statements, but no amount is recorded in the financial statements.

## **Income taxes**

Income taxes include both current and deferred taxes.

Current taxes are computed on the basis of the estimated taxable income for the year in accordance with the tax laws in force in the countries in which the Group operates.

Taxable income is different from reported income because it does not include positive and negative components that will be taxable or deductible in subsequent years and those items that will never be taxable or deductible. The liability for current taxes is computed using the tax rates in force on the date of the financial statements or the tax rates that will be in force when the asset is realized or the liability settled, if they are known.

Deferred-tax assets and liabilities are the taxes that the Group expects to pay or recover on temporary differences between the values attributed to assets and liabilities for reporting purposes and the corresponding tax-related values used to compute taxable income, computed in accordance with the balance sheet liability method. As a rule, deferred-tax liabilities are recognized for all taxable temporary differences, while deferred-tax assets are recognized only insofar as the Group deems it probable that, in the future, it will generate sufficient taxable income to use the deductible temporary differences. The tax benefit produced by carrying forward tax losses is recognized if and to the extent that it is probable that, in the future, the Group will have sufficient taxable income to offset these losses. Deferred-tax liabilities or assets are also determined for consolidation adjustments.

The carrying value of deferred-tax assets is updated on each financial statement date and reduced when the existence of future taxable income sufficient to recover all or part of these assets is no longer probable.

Deferred taxes are computed at the tax rate in force on the closing date of the financial statements or at the tax rate that will be in force when the asset is realized or the liability settled. Deferred taxes are charged directly to income, except for those attributable to items recognized directly in equity, in which case the corresponding deferred taxes are also recognized in equity. Deferred-tax assets and liabilities can be offset when the taxpayer has a legally exercisable right to offset current tax assets and liabilities and when they refer to the same taxpayer, when they are due to the same tax administration and the Group plans to settle current tax assets and liabilities on a net basis. The net balance is recognized as a deferred-tax asset if positive or a deferred-tax liability if negative.

## **Financial liabilities**

Financial liabilities consist of loans payable, including advances for the factoring of receivables, and other financial liabilities as derivatives. Initially, financial liabilities other than derivatives are recognized at their fair value less transaction costs. Subsequently, they are valued at their amortized costs, which is their initial amount, less any principal repayments, adjusted upward or downward to reflect the amortization (by the effective interest rate method) of any differences between the initial value and the value at maturity.

Consistently with IFRS the Group, as lessee, recognizes separately from financial liabilities the lease liabilities measuring them at the present value of the payments due for leasing not yet settled at the lease

commencement date. The payments due include the fixed payments (including the fixed payments in substance), net of any lease incentives to be received, the variable lease payments which depend on an index or a rate and the amounts expected to be paid as guarantee on the residual value. The lease payments include also the exercise price of a purchase option where it is reasonably certain that this option shall be exercised by the Group.

## **Financial Derivatives**

Consistently with the provisions of IFRS 9, derivatives qualify for hedge accounting only when (i) there is formal designation and documentation of the hedging relationship, including company's objective and strategy in risk management at the inception of the hedge and (ii) the hedge is expected to be effective. When financial instruments qualify for hedge accounting, the following accounting treatments are applied:

- Fair value hedges: if a derivative is designated as hedging the exposure to changes in fair value of a recognized asset or liability attributable to a specific risk that could have an impact on the income statement, the gains or losses derived from subsequent fair value measurements of the hedge are recognized in earnings. Gains or losses on the hedged item that are attributable to the hedged risk change the carrying amount of the hedged items and are also recognized in earnings;
- Cash flow hedges: if a derivative is designated as a hedging of the exposure to variability in the future cash flows attributed to a recognized asset or liability or to a highly probable future transaction that could have an impact on the income statement, the effective portion of the gain or loss stemming from changes in the fair value of the hedge is recognized in equity. The effective portion of any gain or loss is reclassified from shareholders' equity to the income statement in the same period in which the hedged transaction is recognized. Any gains or losses associated with a hedge that has become ineffective are immediately recognized in earnings. If a hedge or a hedging transaction is closed out but the hedged transaction has not yet been executed, all accumulated gains and losses, which until then were recognized in equity, are recognized in the income statement when the corresponding transaction is executed. If the occurrence of the hedged transaction is no longer viewed as probable, unrealized gains and losses suspended in equity are immediately transferred to the income statement.

The hedge effectiveness is determined at the inception of the hedge relationship, through periodic assessments of the prospective hedge effectiveness to ensure the existence of an economic relationship between the hedged item and the hedging instrument.

When hedge accounting cannot be applied, all gains and losses generated by subsequent fair value measurements of derivatives are immediately recognized in earnings.

The fair value of financial instruments that are listed on an active market is based on market prices at the balance sheet date. The fair value of financial instruments that are not listed on an active market is determined using valuation techniques based on a series of methods and assumptions, and market information at the balance sheet date.

The following provides a classification of financial instruments recorded at fair value in a three-level hierarchy:

- Level 1: Fair value is determined on the basis of (unadjusted) quoted prices in active markets for identical assets or liabilities;

- Level 2: Fair value is determined using valuation techniques based on observable inputs on active market;
- Level 3: Fair value is determined using valuation techniques based on market unobservable inputs.

## **Revenue recognition**

Revenues are recognized when control over assets sold to end customers or distributors has been transferred and related contractual obligations have been met. Revenues are measured as the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services (net of discounts, allowances and return).

### *Sales revenues*

Sales to end customers (carried out through the Group's subsidiaries) are based on a business model which provides for reagents supply and the provision of a diagnostic instrument along with its technical support (identified as a single performance obligation). Sales revenues are recognized when control over diagnostic kits is transferred to the end customer ("at point in time").

Sales to distributors (the so-called export markets, where DiaSorin is not present through a direct distribution channel), which provide for separate sale of kits/reagents and/or instruments are identified as separate performance obligation since kits, reagents and instruments will be combined and configured by the distributor and sold to the end customer. The relevant revenues are recognized when control over instruments and/or reagents is transferred to their distributor.

### *Service revenues*

Service revenues are generated by separate contracts for technical support.

These revenues are recognized in the income statement based on the percentage of completion of each transaction and only when the outcome of the transaction can be estimated reliably.

### *Royalties*

The Parent Company collects royalties from third parties for the use of patents required to manufacture specific products. Revenues from royalties, which are generally based on the sales revenues generated by patent users, are recognized when underlying sales transactions are concluded.

### *Interest income*

Interest income is recognized in the income statement at the effective yield rate. It is earned mainly on credit balances in bank accounts.

## **Dividends**

Dividend distributions are recognized when the right of the Parent Company's shareholders to receive payment is established, which generally occurs when the Shareholders' Meeting approves the dividend distribution resolution. The dividend distribution is recognized as a liability in the financial statements for the period during which the dividend distribution is approved by the Shareholders' Meeting.

## **Government grants**

Government grants are recognized when there is a reasonable certainty that they will be collected. This occurs when the distributing public entity approves a formal resolution to that effect.

Grants received in connection with the purchase of property, plant and equipment or the capitalization of development costs are recognized among non-current liabilities and recognized in the income statement in equal instalments computed on the basis of the useful lives of the assets for which the grant was received.

Grants received as an interest subsidy upon the occurrence of specific events are recognized in the income statement at the present value of the benefit, when there is a formal commitment to grant the benefit by the distributing public entity. The corresponding liabilities are recognized at their current value on the date the grant was received. Interest on this liability is recognized in the income statement in accordance with the amortized cost method.

### **Cost of sales**

Cost of sales represents the cost incurred to produce or purchase the goods and merchandise sold by the Company. It includes all of the costs incurred to purchase and process materials and the overhead directly attributable to production.

Overhead includes depreciation of the property, plant and equipment and the amortization of the intangible assets used for production purposes, as well as inventory write-downs. Cost of sales also includes freight paid to deliver products to customers.

### **Research and development costs**

This item includes research and development costs that cannot be capitalized and the amortization of capitalized development costs.

### **Interest expense**

Interest expense is recognized in accordance with the accrual principles, based on the financed amount and the applicable effective interest rate.

### **Earnings per share**

Basic earnings per share are computed by dividing the portion of the net profit or loss attributable to holders of common shares of the Group's Parent Company (the numerator) by the weighted average number of common shares outstanding during the year (the denominator).

Diluted earnings per share are computed by adjusting the portion of the net profit or loss attributable to holders of common shares of the Group's Parent Company (the numerator) and the weighted average number of common shares outstanding during the year (the denominator) to take into account all potential shares with a dilutive effect. A potential share is a financial instrument or other contract that can convey to its holder the right to receive common shares.

### **Material extraordinary events and transactions – Atypical and/or unusual transactions**

Consistent with Consob Communication No. DEM/6064293 of July 28, 2006, the notes to the financial statements provide information about the impact of non-recurring material extraordinary events and

transactions and/or atypical and/or unusual transactions on the Group's balance sheet, financial position and operating performance.

The abovementioned Consob Communication defines as atypical and/or unusual transactions those transactions that, because of their significance/materiality, type of counterparty, purpose, method used to determine the transfer price and timing (close to the end of the year), could give rise to doubts with regard to: the accuracy/completeness of the disclosure provided in the financial statements, conflict of interests, safety of the corporate assets and protection of minority shareholders.

## Related parties

Consistent with Consob Communication No. DEM/6064293 of July 28, 2006, the notes to the financial statements provide information about the impact of related-party transactions on the Group's balance sheet, financial position and income statement.

## NEW ACCOUNTING STANDARDS

Below are the international accounting standards, interpretations and amendments to existing accounting standards and interpretations or specific provisions contained in the standards and interpretations approved by IASB, which have been endorsed or have not been endorsed for adoption in Europe as of the date on which this document is approved:

Description	Endorsed at the date of this document	Date of effect envisaged by the standard
Amendments to IFRS 3: Definition of a Business	Yes	Financial years as from 1 January 2020
Interest rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	Yes	Financial years as from 1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	Yes	Financial years as from 1 January 2020
Amendments to the Conceptual Framework	Yes	Financial years as from 1 January 2020
Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions	Yes	Financial years as from 1 January 2020
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9	Yes	Financial years as from 1 January 2021
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Yes	Financial years as from 1 January 2021
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	No	Financial years as from 1 January 2022
IFRS 17 Insurance Contracts (including Amendments issued in 2020)	No	Financial years as from 1 January 2023
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	No	Financial years as from 1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies	No	Financial years as from 1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	No	Financial years as from 1 January 2023

The Group will adopt these new standards, amendments and interpretations on the basis of their relevant effective dates and when endorsed by the European Union. An assessment is being carried out to analyze the potential effects of introducing these amendments in the consolidated financial statements.

#### *New accounting standards adopted by the Group*

This note presents the impact of the adoption of amendments to the accounting standards - applied from 1 January 2020 - on the consolidated financial statements to the extent that they differ from those applied in the previous periods.

It should be noted that these amendments had no material impact on the Consolidated Financial Statements at December 31, 2020.

#### Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform

On September 26, 2019 the IASB issued “*Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform*”, which amends IFRS 9 - *Financial Instruments* and IAS 39 - *Financial Instruments: Recognition and Measurement* and IFRS 7 - *Financial Instruments: Disclosures*. Specifically, the amendment modifies some specific hedge accounting requirements, providing for temporary dispensations, to provide relief from potential effects of the uncertainty caused by the IBOR reform (still in progress) on future cash flows in the period preceding its completion. The amendment also requires companies to provide further information in the financial statements regarding their hedge relationships that are directly affected by the uncertainties generated by the reform to which the aforementioned dispensations apply. The amendments had no material impact on the Group’s consolidated financial statements.

#### Amendments to IAS 1 and IAS 8 – Definition of Material

On October 31, 2018, the IASB issued “*Definition of Material (Amendments to IAS 1 and IAS 8)*”. The document modified the definition of “material” in IAS 1 – *Presentation of Financial Statements* and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment aims to provide a more specific definition of “material” and introduce the concept of “obscured information” alongside the concepts of omitted or misstated information previously included in the two amended Standards. The amendment specifies that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendment clarifies that information is obscured if it is described in a way that results in an effect for the primary users of the financial statements similar to that which would have resulted if the information in question had been omitted or misstated. The amendments had no material impact on the Group’s consolidated financial statements.

#### Amendments to the Conceptual Framework

On March 29, 2018, the IASB issued the amendment to “*References to the Conceptual Framework in IFRS Standards*”. The Conceptual Framework is not a Standard and its concepts cannot override any Standard or any requirement in a Standard. The purpose of the Conceptual Framework is to assist the IASB in the development of Standards, to assist preparers of financial statements in developing accounting policies for transactions or events not covered by existing standards and to assist all parties to understand and interpret the Standards.

Amendments to the Conceptual Framework will not change the accounting Standards currently in force, but will include new concepts and changes, such as:

- restoring the concept of prudence as part of neutrality;
- revising the definition of assets and liabilities;
- removing the probability threshold for recognition;
- adding guidance on the derecognition.

These amendments, in force as of 1 January 2020, had no material impact on the Group's consolidated financial statements.

#### Amendments to IFRS 3 – Definition of business

On October 22, 2018, the IASB issued the document “*Definition of a Business (Amendments to IFRS 3)*”. The document provides clarification regarding the definition of a business for the purposes of the correct application of IFRS 3. More specifically, the amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities/processes and assets to qualify as a business. However, to meet the definition of a business an integrated set of activities/processes and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To this end, the IASB replaced the term "ability to create outputs" with "ability to contribute to the creation of outputs" to clarify that a business can exist without including all of the inputs and processes needed to create outputs. The amendments have also introduced an optional concentration test that can be used to exclude a business if the price paid substantially refers to a single activity or group of activities. The amendments apply to all the business combinations and acquisitions of assets after 1 January 2020, but early application is permitted. Since the amendments apply prospectively to transactions or other events occurring on or after the date of first application, their impact on the Group's consolidated financial statements was not material.

#### Amendments to IFRS 16 –Covid-19-related rent concessions

On May 28, 2020, the IASB issued the amendment “*Covid-19 Related Rent Concessions (Amendment to IFRS 16)*”. The document states that lessees are entitled to record Covid-19-related rent reductions without having to analyze the contracts to assess whether the definition of ‘lease modification’, as stated by the IFRS 16, is respected. Lessees who exercise this right may therefore record the effects of the rent reductions directly in the income statement as at the date when the reduction takes effect. The amendment applies to financial statements starting from 1 June 2020. The adoption of the amendment had not a material impact on the Group's consolidated financial statements.

#### *Accounting principles issued but not yet adopted by the Group*

The Group is assessing any possible impacts resulting from the introduction of amendments to standards and interpretations that at the date of the Report had already been issued but not yet effective although such amendments are not expected to have a material impact on the consolidated financial statements. The Group intends to adopt these standards and interpretations, if applicable, once they are effective.

Amendments to *IFRS 3, IAS 16, IAS 37 and IAS 1* are as follows:

#### Amendments to IFRS 3, IAS 16 and to IAS 37

On May 14, 2020, the IASB published the following amendments:

- Amendments to IFRS 3 - *Business Combinations*: the amendments update a reference in IFRS 3 to the Conceptual Framework without changing the accounting requirements for business combinations.
- Amendments to IAS 16 - *Property, Plant and Equipment*: the amendment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*: the amendments clarify that in assessing whether a contract is onerous, all costs that relate directly to the contract should be included. Therefore, the assessment of a probable onerous contract includes either incremental cost (for example direct labor material) or all costs the company cannot avoid as they

relate directly to fulfilling contract (for example, the share of staff expenditure and depreciation of equipment used in fulfilling the contract).

- *Annual Improvements 2018-2020*: amendments applied to IFRS 1 - *First-time Adoption of International Financial Reporting Standards*, to IFRS 9 - *Financial Instruments*, to IAS 41 - *Agriculture* and to *Illustrative Examples* of IFRS 16 - *Leases*.

The amendments will come into effect on 1 January 2022. The Management does not expect the adoption of these amendments to have a material effect on the Group's consolidated financial statements.

#### Amendments to IAS 1 – Classification of liabilities

On January 23, 2020, the IASB issued “*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*”. The document clarifies the criteria for the classification of a liability as either current or non-current. Amendments will come into effect from 1 January 2023, but early application is permitted. The Management does not expect the adoption of these amendments to have a material effect on the Group's consolidated financial statements.



## ANALYSIS OF FINANCIAL RISKS

The financial risks to which the Group is exposed include market risks and, to a lesser extent, credit risk and liquidity risk, as previously described in the report on operations.

The table below lists material assets and liabilities in accordance with the requirements of IFRS 7:

	12/31/2020				12/31/2019		
	(€ thousands)	Notes	Carrying Value	Assets at amortized cost	Assets at fair value with changes in the Comprehensive Income Statement	Carrying Value	Assets at amortized cost
Trade receivables	(16)	165,678	165,678	-	132,513	119,588	12,925
Other current financial assets	(18)	-	-	-	44,539	44,539	-
Financial derivatives	(18)	126	-	126	49	-	49
Cash and cash equivalents	(18)	339,881	339,881	-	157,552	157,552	-
<b>Total current financial assets</b>		<b>505,685</b>	<b>505,559</b>	<b>126</b>	<b>334,653</b>	<b>321,679</b>	<b>12,974</b>
<b>Total financial assets</b>		<b>505,685</b>	<b>505,559</b>	<b>126</b>	<b>334,653</b>	<b>321,679</b>	<b>12,974</b>

	12/31/2020				12/31/2019		
	(€ thousands)	Notes	Carrying Value	Liabilities at amortized cost	Liabilities at fair value	Carrying Value	Liabilities at amortized cost
Liabilities for Put/Call option rights	(22)	23,079	-	23,079	-	-	-
Other non-current liabilities	(22)	25,076	25,076	-	-	-	-
Financial lease liabilities (IFRS 16)	(20)	30,451	30,451	-	24,466	24,466	-
<b>Total non-current financial liabilities</b>		<b>78,606</b>	<b>55,527</b>	<b>23,079</b>	<b>24,466</b>	<b>24,466</b>	<b>-</b>
Trade payables	(23)	65,485	65,485	-	55,733	55,733	-
Current bank debt	(20)	-	-	-	8	8	-
Financial lease liabilities (IFRS 16)	(20)	4,209	4,209	-	4,804	4,804	-
<b>Total current financial liabilities</b>		<b>69,694</b>	<b>69,694</b>	<b>-</b>	<b>60,545</b>	<b>60,545</b>	<b>-</b>
<b>Total financial liabilities</b>		<b>148,300</b>	<b>125,221</b>	<b>23,079</b>	<b>85,011</b>	<b>85,011</b>	<b>-</b>

With regard to the above, the classification of financial assets and liabilities measured at fair value in the statement of financial position, according to the fair value hierarchy, concerned derivative financial instruments at December 31, 2020 classified at level 2 and registered in other current financial assets amounting to € 126 thousand. The change in the fair value of these instruments is recognized in earnings.

The duration of the financial lease liability is provided in Note 20. Interests on lease amounted to € 1,263 thousand at December 31, 2020, as against € 1,381 thousand at December 31, 2019.

The COVID-19 implications did not change the Company's credit risk and liquidity risk profile.

### Risks related to fluctuations in foreign exchange and interest rates

The Group is exposed to market risk deriving from currency and interest rate fluctuations as it operates in an international framework in which transactions are made in different currencies and interest rates.

The Group did not establish hedges specifically for fluctuations in interest rates: given the composition of financial debt, which is mainly composed of financial liabilities arising from the application of IFRS 16, the exposure to the interest rate risk is not material since no significant changes occurred in the incremental borrowing rate.

Some Group subsidiaries are located in countries that are not members of the European Monetary Union. Since the Group's reporting currency is the euro, the income statements of these companies are translated into euros at the average exchange rate for the year. Consequently, even if revenues and margins were to remain equal when stated in the local currency, fluctuations in exchange rates could have an impact on the euro amount of revenues, expenses and operating results due to the translation into the consolidation currency. An analysis of the changes affecting the main currencies used by the Group has shown that a 5% change in the exchange rates of all of the currencies used by the Group would have an impact on the income statement of about € 9.0 million.

The euro amount attributed to assets and liabilities of consolidated companies that use reporting currencies different from the euro could vary as a result of changes in exchange rates. As required by the accounting principles adopted by DiaSorin, these changes are recognized directly in equity by posting them to the currency translation reserve. A 5% change in all foreign exchange rates would have an impact of about € 19 million on the currency translation reserve.

In 2020, in order to mitigate the foreign exchange risk related to the currency fluctuations, the Group's Parent Company executed currency forward sales requiring the recognition of a positive fair value of 126 thousand at December 31, 2020 (negative fair value € 49 thousand at December 31, 2019).

### Credit risk

The Group's receivables present a low level of risk both due to the sector in which DiaSorin operates where end customers are, to a large extent, public institutions and due to the high financial soundness of its main private customers. Considering the Group's economic and financial performance, the economic scenario caused by the COVID-19 pandemic had no material impact on the Group's trade receivables and, therefore, it was not necessary to adjust the determination of the recoverability of receivables recognized in the balance sheet, according to the "Expected Credit Loss" model defined by the IFRS 9 standard.

The Group's receivables present a low level of risk since most of these receivables are owed by public institutions or large groups on international laboratories.

At December 31, 2020, past-due trade receivables were equal to about 4.5% of revenues. These receivables were held mainly by the Group's Parent Company and by the U.S. and Brazilian and Spanish subsidiaries. These past-due receivables were covered by an allowance for doubtful accounts amounting to € 8,737 thousand. In addition, in order to bridge the gap between contractual payment terms and actual collection times, the Group resorts to factoring receivables without recourse.

A breakdown of trade receivables and provision for doubtful accounts at December 31, 2020 is as follows:

(€ thousands)

<i>Type</i>	<b>Expiring</b>	<b>0 - 90</b>	<b>91 - 180</b>	<b>181 - 360</b>	<b>Past due for over 360</b>	<b>Total due</b>	<b>Total receivables</b>
Trade receivables	132,109	29,753	2,552	2,822	7,179	42,306	174,415
Expected loss rate	<b>0%</b>	<b>3%</b>	<b>5%</b>	<b>43%</b>	<b>90%</b>	<b>21%</b>	<b>n.a</b>
Provision for doubtful account	(10)	(937)	(118)	(1,222)	(6,450)	(8,727)	(8,737)
<b>Net value</b>	<b>132,099</b>	<b>28,816</b>	<b>2,434</b>	<b>1,600</b>	<b>729</b>	<b>33,579</b>	<b>165,678</b>

### Liquidity risk

A prudent cash management strategy includes maintaining sufficient cash or readily available assets and credit lines, to meet immediate liquidity needs. Cash flows, funding requirements and liquidity levels are monitored centrally to ensure promptly and effectively the availability of financial resources and invest appropriately any excess liquidity.

Management believes that the funds and credit lines currently available, when combined with the resources generated by operating and financing activities, will enable the Group to meet the obligations resulting from its capital investment programs, working capital requirements and the need to repay its indebtedness upon maturity.

At December 31, 2019 and 2020, the Group did not have any bank loans.

Cash and cash equivalent were € 339,881 thousand.

## **ITEMS THAT INVOLVE THE USE OF SIGNIFICANT ASSUMPTIONS AND ESTIMATES**

The preparation of financial statements in accordance with the IFRSs requires the use of estimates for some material amounts. In addition, the Group's management is required to make judgments and assumptions as to how the Group's accounting policies should be applied in certain areas.

The process of drafting financial statements involves the use of estimates and assumptions about future events. These estimates represent the best assessment possible on the date of the financial statements. However, because of their very nature, they could produce material changes in balance sheet amounts in future years.

Estimates are updated on an on-going basis by the Group's management and are based on past experience, all other known factors and the occurrence of future events that are reasonably expected to take place. Special care is used in this area in view of the high level of uncertainty that characterizes the macroeconomic context.

The main items affected by estimates are reviewed below.

### *Allowance for doubtful accounts*

The Allowance for doubtful accounts reflects management's estimates about losses that could be incurred in the portfolio of accounts receivable from end customers and from the indirect distribution network (independent distributors). The allowance for doubtful accounts' estimate is based on the expected credit loss 'ECL' model calculated as the difference between the contractual cash flows due and the cash flows the Group expects to receive, determined on the basis of past experience for similar receivables, the current and historical past due percentages, losses and collections, and the careful monitoring of credit quality, considering current conditions and assumptions concerning future economic conditions.

### *Provision for inventory write-downs*

The Provision for inventory write-downs reflects management's estimates of the Group's loss expectations, determined on the basis of past experience and historical and projected trends in the market for in vitro diagnostics.

### *Useful life of development costs*

Development costs that meet the requirements for capitalization are recognized as intangible assets. The Group's management has estimated the average useful life of these projects at 10 years, which corresponds to the average life cycle of LIAISON products and the length of time during which the assets associated with these products are expected to generate a cash inflow for the Group. The estimated useful life of capitalized development costs incurred to develop the LIAISON XL and LIAISON XS systems is also 10 years.

### *Impairment of non-current assets*

Non-current assets include property, plant and equipment, intangible assets (including goodwill), equity investments and other financial assets. Management reviews the carrying amounts of non-current assets held and in use and available-for-sale assets on a regular basis and whenever events or circumstances make such review necessary. The recoverable value of property, plant and equipment and intangible assets (including goodwill and know how) is verified using criteria that are consistent with the requirements of IAS 36, which are explained in the section of these Notes entitled "Impairment of assets."

### *Pension plans and other post-employment benefits*

The companies of the Group are parties to pension and health benefit plans in different countries. The Group's largest pension plans are in Sweden, Germany and Italy. Management uses different statistical assumptions and evaluation factors to project future events and compute the costs, liabilities and assets related to these plans. Assumptions are made with regard to the discount rate, the expected yield of plan assets, the rates of future increases in employee compensation and trends in health care costs. The actuaries who provide the Group with consulting support also use subjective parameters, such as employee mortality and termination rates.

#### *Stock option plans*

The measurement of stock option plans at fair value requires the formulation of specific assumptions, the most significant of which include the following:

- the value of the underlying shares on the valuation date;
- the expected volatility of the price/value of the underlying shares;
- the dividend yield of the underlying shares.

#### *Contingent liabilities*

The Group is a party to legal and tax disputes that are under the jurisdiction of various countries. Given the uncertainty inherent in such situations, it is difficult to predict with certainty any expense that may result from these disputes. In the normal course of business, management relies on the support of its legal counsel and of experts on legal and taxation issues. The Group recognizes a liability in connection with these disputes when it believes that the occurrence of a cash outlay is probable and the amount of the resulting loss can be reasonably estimated. When a cash outlay becomes probable, but the amount cannot be determined, this fact is disclosed in the notes to the financial statements.

#### *Derivatives*

Option contracts concerning minority interests in subsidiaries executed with minority shareholders are recognized, on the date of execution, as financial liabilities with the offsetting entry posted to other equity reserve, by estimating the present "redemption amount" value. The value of these liabilities is periodically adjusted.

## SEGMENT INFORMATION AT DECEMBER 31, 2020 AND AT DECEMBER 31, 2019

In accordance with IFRS 8, the Group designated the geographic regions where it operates as its operating segments.

The Group's organization and internal management structure and its reporting system are segmented as follows: Italy and U.K. Branch, Europe (Germany, France, Belgium and the Netherlands, Spain and Portugal, Ireland, Austria, Great Britain, Scandinavia, Czech Republic, Slovakia, Switzerland and Poland), North America (United States and Canada) and Rest of the World (Brazil, Mexico, Israel, China, Australia, India and South Africa).

The Group is characterized by an organization of its commercial structure by geographic regions, which was adopted to accommodate the Group's geographic expansion and strategic initiatives. The logic of this new organization reflects the destination of the Group's sales, dividing the sales areas into four regions: Europe and Africa, North America, Central and South America, Asia Pacific and China.

As a result, the communication of the financial data of the DiaSorin Group to the financial markets and the investing public is being changed to show revenue data aligned with its organization by regions.

The schedules that follow show the Group's operating and financial data broken down by geographic region identifying, as required by IFRS 8 paragraph 5:

- Activities generating revenues and expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Operating results that are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- Discrete financial information about assets, liabilities, revenues and expenses.

No unallocated common costs are shown in the abovementioned schedules and hence each segment is equipped with comprehensive independent organizations (sales, technical support and accounting) fully capable of exercising its function. Moreover, Italy segment invoices each quarter to the other segments the activities costs that are incurred centrally by the Corporate division to support Group's companies.

Eliminations refer primarily to inter-segment margins that are eliminated at consolidation. Specifically, the elimination of the margin earned by Italy segment through the sale of equipment to other segments is carried out both at the result and investment levels. The margin generated by products sold by the manufacturing locations to the commercial branches but not yet sold to outsiders is eliminated only at the result level.

Segment assets include all operating items (non-current assets, receivables and inventory) but not tax-related items (deferred-tax assets) and financial assets, which are shown at Group level.

The same approach was used for segment liabilities, which include operating items (mainly trade payables and amounts owed to employees) but do not include financial and tax liabilities or shareholders' equity, which are shown at Group level.

	ITALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
<i>(€ thousands)</i>	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>INCOME STATEMENT</b>												
Revenues from customers	182,043	160,573	232,768	198,799	368,287	219,758	98,207	127,189	-	-	881,305	706,319
Inter-segment revenues	288,976	234,505	13,182	16,714	109,015	62,355	937	765	(412,110)	(314,339)	-	-
<b>Total revenues (1)</b>	<b>471,019</b>	<b>395,078</b>	<b>245,950</b>	<b>215,513</b>	<b>477,302</b>	<b>282,113</b>	<b>99,144</b>	<b>127,954</b>	<b>(412,110)</b>	<b>(314,339)</b>	<b>881,305</b>	<b>706,319</b>
<b>Segment EBIT</b>	<b>129,966</b>	<b>83,778</b>	<b>29,903</b>	<b>24,451</b>	<b>177,403</b>	<b>101,475</b>	<b>2,880</b>	<b>9,098</b>	<b>(15,926)</b>	<b>(941)</b>	<b>324,226</b>	<b>217,861</b>
Unallocated common costs											-	-
<b>Operating margin</b>											<b>324,226</b>	<b>217,861</b>
Other net income/(expense)											-	-
Financial income/(expense)											(2,853)	(1,574)
<b>Result before taxes</b>											<b>321,373</b>	<b>216,287</b>
Income taxes											(73,077)	(40,552)
<b>Net result</b>											<b>248,296</b>	<b>175,735</b>
<b>OTHER INFORMATION</b>												
Investments in intang.	9,915	10,861	102	256	21,681	6,444	652	801	-	-	32,350	18,362
Invest. in prop.plant and equip	16,418	18,822	14,137	11,849	14,731	8,729	12,349	3,441	(2,973)	(1,621)	54,662	41,220
<b>Total investments</b>	<b>26,333</b>	<b>29,683</b>	<b>14,239</b>	<b>12,105</b>	<b>36,412</b>	<b>15,173</b>	<b>13,001</b>	<b>4,242</b>	<b>(2,973)</b>	<b>(1,621)</b>	<b>87,012</b>	<b>59,582</b>
Amortization of intangibles	(9,615)	(8,537)	(5,916)	(6,140)	(13,124)	(12,501)	(792)	(836)	1,970	4,174	(25,255)	(23,840)
Depre. of prop.plant and equip	(13,177)	(12,757)	(9,280)	(8,833)	(9,219)	(10,208)	(4,063)	(5,848)	2,181	2,514	(33,558)	(35,132)
<b>Total amort. and deprec.</b>	<b>(22,792)</b>	<b>(21,294)</b>	<b>(15,196)</b>	<b>(14,973)</b>	<b>(22,343)</b>	<b>(22,709)</b>	<b>(4,855)</b>	<b>(6,684)</b>	<b>4,151</b>	<b>6,688</b>	<b>(58,813)</b>	<b>(58,972)</b>

	ITALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>STATEMENT OF FINANCIAL POSITION</b>												
Segment assets	428,985	401,346	174,222	170,804	425,907	358,537	60,734	64,007	(216,515)	(164,955)	873,333	829,738
Unallocated assets	-	-	-	-	-	-	-	-	-	-	373,113	233,814
<b>Total assets</b>	<b>428,985</b>	<b>401,346</b>	<b>174,222</b>	<b>170,804</b>	<b>425,907</b>	<b>358,537</b>	<b>60,734</b>	<b>64,007</b>	<b>(216,515)</b>	<b>(164,955)</b>	<b>1,246,446</b>	<b>1,063,552</b>
Segment liabilities	115,278	112,092	95,191	73,058	91,673	40,808	32,589	39,837	(119,160)	(98,078)	215,570	167,716
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	74,557	47,213
Shareholders' equity	-	-	-	-	-	-	-	-	-	-	956,319	848,623
<b>Total liabilities and shareholders' equity</b>	<b>115,278</b>	<b>112,092</b>	<b>95,191</b>	<b>73,058</b>	<b>91,673</b>	<b>40,808</b>	<b>32,589</b>	<b>39,837</b>	<b>(119,160)</b>	<b>(98,078)</b>	<b>1,246,446</b>	<b>1,063,552</b>

(1) Revenues are recognized at a point in time when control over distributed products is transferred to end customers



## DESCRIPTION AND MAIN CHANGES

### Consolidated income statements

In the income statement, costs are classified by function. This income statement format, also known as “cost of sales” income statement, is more representative of the Group’s business than a presentation with expenses classified by nature.

Insofar as a classification of expenses by nature is concerned, depreciation and amortization expense totaled € 58,813 thousand (€ 58,972 thousand in 2019), broken down as follows:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Depreciation of property, plant and equipment	33,558	35,132
Amortization of intangibles	25,255	23,840
<b>Total</b>	<b>58,813</b>	<b>58,972</b>

Depreciation of property, plant and equipment includes € 17,836 thousand attributable to equipment held by customers (€ 16,450 thousand in 2019), which in the income statement by destination is part of the cost of sales. An additional € 8,587 thousand representing depreciation of plant and machinery and manufacturing and distribution equipment is included among production expenses (€ 9,478 thousand in 2019).

The amortization of intangible assets is recognized mainly as part of research and development costs (€ 7,683 thousand), sale and marketing expenses (€ 11,828 thousand) general and administrative expenses (€ 1,569 thousand).

Labor costs amounted to € 195,103 thousand (€ 177,199 thousand in 2019).

A breakdown is as follows:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Wages and salaries	148,957	133,010
Social security contributions	25,748	24,421
Severance indemnities and other benefits paid	5,270	4,365
Cost of stock option plan	4,817	3,852
Other labor costs	10,310	11,551
<b>Total</b>	<b>195,103</b>	<b>177,199</b>

The table below shows the average number of Group employees in each category:

	<b>2020</b>	<b>2019</b>
Factory staff	330	289
Office staff	1,562	1,563
Managers	111	104
<b>Total</b>	<b>2,003</b>	<b>1,955</b>

### 1. Net revenues

In 2020, net revenues, which are generated mainly through the sale of diagnostic kits, totaled € 881,305 thousand (€ 706,319 thousand in 2019), up 24.8% compared to 2019 (+27.0% at CER).

A breakdown of revenues by customer location in outlet markets:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>	<b>% Change at current exchange rates</b>	<b>% Change at constant exchange rates</b>
Europe and Africa	391,430	325,289	20.3%	20.5%
USA and Canada	357,117	205,792	73.5%	77.0%
Asia Pacific	100,598	134,267	-25.1%	-23.7%
Latin America	32,160	40,970	-21.5%	-7.5%
<b>Total</b>	<b>881,305</b>	<b>706,319</b>	<b>24.8%</b>	<b>27.0%</b>

## 2. Cost of sales

In 2020, the cost of sales amounted to € 278,400 thousand, as against € 217,628 thousand in 2019. This item includes € 16,372 thousand for royalties paid for the use of patents applied to manufacture products (€ 13,966 thousand in 2019), and € 11,957 thousand in costs incurred to distribute products to end customers (€ 10,480 thousand in 2019) and € 17,836 thousand for depreciation of equipment held by customers (€ 16,450 thousand in 2019).

## 3. Sales and marketing expenses

Sales and marketing expenses amounted to € 144,064 thousand, as against € 142,753 thousand in 2019. This item consists mainly of marketing costs incurred to promote and distribute DiaSorin products, costs attributable to the direct and indirect sales force and the cost of the technical support offered together with the Group-owned equipment provided to customers under gratuitous loan contracts.

## 4. Research and development costs

Research and development costs, which totaled € 50,800 thousand (€ 47,948 thousand in 2019), include the research and development outlays that were not capitalized, equal to € 26,754 thousand (€ 25,899 thousand in 2019), costs incurred to register the products offered for sale and meet quality requirements totaling € 16,362 thousand (€ 15,853 thousand in 2019) and the amortization of capitalized development costs equal to € 7,683 thousand (€ 6,196 thousand in 2019). In 2020, the Group capitalized new development costs amounting to € 20,257 thousand, as against € 13,797 thousand in 2019; the increase in capitalized costs include the activities for the development of the COVID-19 tests.

## 5. General and administrative expenses

General and administrative expenses, which include expenses incurred for corporate management activities, Group administration, finance and control, information technology, corporate organization and insurance, totaled € 72,083 thousand in 2020 (€ 69,591 thousand in 2019). The item includes € 7,984 thousand in costs attributable to Directors and strategic executive compensation (€ 7,171 thousand in 2019).

## 6. Other operating income (expenses)

A breakdown of other operating income and expenses is as follows:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
Tax liabilities	(801)	(941)
Accruals to the doubtful debts and provisions for risks and charges	(2,079)	(1,135)
Out-of-period items and other operating income (expense)	(2,966)	(3,847)
Write-down of tangible and intangible assets	(2,222)	-
Non-recurring expenses	(3,663)	(4,615)
<b>Other operating income (expense)</b>	<b>(11,732)</b>	<b>(10,538)</b>

The item accruals to the doubtful debts and provisions for risks and charges include increased accruals to the doubtful debts, amounting to € 710 thousand, as a consequence of a slow-down in payments by third-party distributors.

Out-of-period items and other operating income (expense) include income and expenses from operations that cannot be allocated to specific functional areas (such as gains and losses on asset sales, government grants, insurance settlements, reversals of unused provisions, additions to provisions for risks, incidental taxes and fees). The item also includes Group costs to purchase medical and diagnostic devices to protect employees from Covid-19 infection.

Write-down of tangible and intangible assets includes the customer relationship write-down following impairment tests carried out on DiaSorin India CGU. Further details are provided in note “11. Goodwill and other intangible assets”.

In 2020, non-recurring expenses of € 3,663 thousand include a financial loss from the closure of the South African manufacturing facility.

## **7. Financial expense/(income)**

The table below provides a breakdown of financial income and expense:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
Factoring transactions fees	(486)	(447)
Interest and other financial expenses	(2,943)	(3,517)
<i>including: interest expense on leases</i>	<i>(1,263)</i>	<i>(1,381)</i>
Interest on pension funds	(437)	(595)
Share of the profit/(loss) from discounted financial payables	-	(115)
Interest and other financial income	2,005	2,833
Foreign exchange differences and financial instruments	(992)	267
<b>Net financial income (expense)</b>	<b>(2,853)</b>	<b>(1,574)</b>

In 2020, net financial expenses amounted to € 2,853 thousand, as against € 1,574 thousand in 2019.

Interest and other financial expenses were € 2,943 thousand (€ 3,517 thousand in 2019).

Exchange differences on financial items were negative by € 993 thousand (positive by € 267 thousand in 2019) as a result of fluctuations in exchange rates on financial balances different from the Group's Parent Company currency.

Lastly, factoring transactions fees amounted to € 486 thousand (€ 447 thousand in 2019).

The Group recognized financial income from assets valued at amortized cost for an amount of € 2,005 thousand (€ 2,833 thousand in 2019), mainly accrued on bank accounts and DiaSorin Inc.'s short-term deposits.

## 8. Income taxes

The income tax expense recognized in the income statement amounted to € 73,077 thousand (€ 40,552 thousand in 2019), broken down as follows:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Current income taxes:		
- Regional taxes (IRAP)	3,713	2,123
- Other income taxes	68,080	39,237
Other taxes (non-deductible tax withholdings/prior-period taxes)	(438)	7,497
Deferred taxes	1,722	(8,305)
<i>IRAP amount</i>	<i>119</i>	<i>(21)</i>
<b>Total income taxes for the year</b>	<b>73,077</b>	<b>40,552</b>

The significant change in "Other taxes" is due to the significant increase in the Group's profit before tax.

A reconciliation of the theoretical tax rate to the effective tax rate, without taking into account the IRAP liability and withholding taxes on dividends, is provided below:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Profit before taxes	321,373	216,287
Ordinary tax rate referred the Parent Company	24.0%	24.0%
Theoretical income taxes	77,130	51,909
Tax effect of permanent differences	(7,609)	(11,947)
Effect of deferred-tax liabilities/assets	-	(10,095)
Effect of foreign tax rates that are different from statutory Italian tax rates	162	1,086
Other differences	-	-
<b>Total income taxes</b>	<b>69,683</b>	<b>30,953</b>
<b>Effective tax rate</b>	<b>21.7%</b>	<b>14.3%</b>

In 2020, the effective tax rate increased to 21.7% from 14.3% in 2019, as a consequence of the effect of deferred-tax assets on the value of the assets transferred to Italy following the divestiture of the Irish manufacturing facility.

## 9. Earnings per share

Basic earnings per share amounted to € 4.53 in 2020 (€ 3.21 in 2019). Diluted earnings per share totaled € 4.50 (€ 3.20 in 2019). Basic earnings per shares were computed by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding during the year (54,757,637 in 2020 and 54,711,844 in 2019).

The dilutive effect of stock option plans granted by DiaSorin S.p.A is determined by excluding tranches assigned to a price higher than the average price of the ordinary shares in 2020.

## **Consolidated statement of financial position**

### **10. Property, plant and equipment**

The tables below show the changes that occurred in the original cost of fixed assets in 2020 and 2019:

<i>(€ thousands)</i>	<b>At December 31, 2019</b>	<b>Additions</b>	<b>Translation differences</b>	<b>Net Divestments</b>	<b>Reclassifications and other changes</b>	<b>At December 31, 2020</b>
Land	2,366	-	(24)	-	-	2,342
Buildings	25,565	804	(579)	-	1,846	27,636
Plant and machinery	40,227	3,114	(712)	(1,221)	(463)	40,945
Manufacturing and distribution equipment	185,287	27,158	(9,293)	(17,955)	2,558	187,755
Other assets	28,985	1,547	(1,645)	(709)	1,719	29,897
Advances and tangible in progress	14,301	9,858	(525)	(6)	(7,973)	15,656
IFRS 16 rights of use	34,043	12,182	(1,848)	(661)	(62)	43,654
<b>Total fixed assets</b>	<b>330,774</b>	<b>54,662</b>	<b>(14,626)</b>	<b>(20,552)</b>	<b>(2,375)</b>	<b>347,884</b>

<i>(€ thousands)</i>	<b>At December 31, 2018</b>	<b>Additions</b>	<b>IFRS 16 first adoption impact</b>	<b>Translation differences</b>	<b>Net Divestments</b>	<b>Reclassifications and other changes</b>	<b>At December 31, 2019</b>
Land	2,361	-	-	5	-	-	2,366
Buildings	23,633	484	-	144	(50)	1,354	25,565
Plant and machinery	38,096	2,477	-	241	(1,493)	906	40,227
Manufacturing and distribution equipment	178,082	21,535	-	2,089	(17,259)	840	185,287
Other assets	29,130	2,954	-	603	(4,005)	303	28,985
Advances and tangible in progress	10,353	9,979	-	119	(1,204)	-4,946	14,301
IFRS 16 rights of use	-	3,791	30,550	743	(497)	-544	34,043
<b>Total fixed assets</b>	<b>281,655</b>	<b>41,220</b>	<b>30,550</b>	<b>3,944</b>	<b>(24,508)</b>	<b>(2,087)</b>	<b>330,774</b>

The following changes occurred in the corresponding accumulated depreciation accounts in 2020 and 2019:

<i>(€ thousands)</i>	<b>At December 31, 2019</b>	<b>Depreciation</b>	<b>Translation differences</b>	<b>Net Divestments</b>	<b>Reclassifications and other changes</b>	<b>At December 31, 2020</b>
Buildings	17,020	774	(458)	-	-	17,336
Plant and machinery	26,688	3,259	(370)	(1,142)	(2,010)	26,425
Manufacturing and distribution equipment	136,747	20,983	(6,962)	(15,373)	(97)	135,298
Other assets	16,521	2,764	(973)	(644)	364	18,032
IFRS 16 rights of use	5,413	5,778	(310)	(525)	(62)	10,294
<b>Total fixed assets</b>	<b>202,389</b>	<b>33,558</b>	<b>(9,072)</b>	<b>(17,684)</b>	<b>(1,804)</b>	<b>207,387</b>

<i>(€ thousands)</i>	At December 31, 2018	Depreciation	Translation differences	Net Divestments	Reclassifications and other changes	At December 31, 2019
Buildings	16,774	633	104	-42	(449)	17,020
Plant and machinery	23,825	3,728	153	-1,467	449	26,688
Manufacturing and distribution equipment	128,990	22,200	1,374	-14,601	(1,216)	136,747
Other assets	17,085	3,139	223	-3,926	-	16,521
IFRS 16 rights of use	-	5,432	20	-39	-	5,413
<b>Total fixed assets</b>	<b>186,674</b>	<b>35,132</b>	<b>1,874</b>	<b>(20,075)</b>	<b>(1,216)</b>	<b>202,389</b>

A breakdown of the net carrying value of fixed assets at December 31, 2020 and 2019 is provided below:

<i>(€ thousands)</i>	At December 31, 2019	Additions	Depreciation	Translation differences	Net Divestments	Reclassifications and other changes	At December 31, 2020
Land	2,366	-	-	(24)	-	-	2,342
Buildings	8,545	804	(774)	(121)	-	1,846	10,299
Plant and machinery	13,539	3,114	(3,259)	(342)	(79)	1,547	14,519
Manufacturing and distribution equipment	48,540	27,158	(20,983)	(2,331)	(2,582)	2,655	52,457
Other assets	12,464	1,547	(2,764)	(672)	(65)	1,354	11,865
Advances and tangible in progress	14,301	9,858	-	(525)	(6)	(7,973)	15,656
IFRS 16 rights of use	28,630	12,182	(5,778)	(1,538)	(137)	(0)	33,360
<b>Total fixed assets</b>	<b>128,385</b>	<b>54,662</b>	<b>(33,558)</b>	<b>(5,554)</b>	<b>(2,868)</b>	<b>(571)</b>	<b>140,497</b>

<i>(€ thousands)</i>	At December 31, 2018	Additions	IFRS 16 first adoption impact	Depreciation	Translation differences	Net Divestments	Reclassification s and other changes	At December 31, 2019
Land	2,361	-	-	-	5	-	-	2,366
Buildings	6,859	484	-	(633)	40	(8)	1,803	8,545
Plant and machinery	14,271	2,477	-	(3,728)	88	(26)	457	13,539
Manufacturing and distribution equipment	49,092	21,535	-	(22,200)	715	(2,658)	2,056	48,540
Other assets	12,045	2,954	-	(3,139)	380	(79)	303	12,464
Advances and tangible in progress	10,353	9,979	-	-	119	(1,204)	(4,946)	14,301
IFRS 16 rights of use	-	3,791	30,550	(5,432)	723	(458)	(544)	28,630
<b>Total fixed assets</b>	<b>94,981</b>	<b>41,220</b>	<b>30,550</b>	<b>(35,132)</b>	<b>2,070</b>	<b>(4,433)</b>	<b>(871)</b>	<b>128,385</b>

Additions to manufacturing and distribution equipment include equipment provided to customers under gratuitous loan contracts, amounting to € 24,351 thousand in 2020 (€ 17,728 thousand in 2019). Depreciation for the period totaled € 17,836 thousand (€ 16,450 thousand in 2019).

Assets under construction and advances amounted to € 14,301 thousand in 2020 (€ 15,656 thousand in 2019) and include on plant and machinery, equipment and leasehold improvements.

Reclassifications and other net movements of € 571 thousand (€ 871 thousand in 2019) refer to reclassifications from advances of tangible assets to intangible assets.

Fixed assets include “Right-of-use Assets” for a total amount of € 33,360 thousand at December 31, 2020 (€ 28,630 at December 31, 2019), recognized on the basis of IFRS 16 accounting standard. The item includes right-of-use assets relating to rented property and industrial buildings, amounting to € 28,932 thousand at December 31, 2020 (€ 24,205 at December 31, 2019), along with right-of-use assets

relating to company vehicles rentals amounting to € 4,428 at December 31, 2020 (€ 4,425 at December 31, 2019).

## 11. Goodwill and other intangible assets

Goodwill totaled € 154,774 thousand at December 31, 2020 (€ 164,681 thousand at December 31, 2019), a decrease of € 9.907 thousand due to foreign exchange translation.

The tables below describe the main changes that occurred in goodwill.

As explained in the “Accounting Standards” section of this Report, goodwill is tested for impairment and, if necessary, it is written down when impairment losses occur. The Group assesses the recoverability of goodwill and other intangibles with an indefinite life at least once a year by testing for impairment each cash generating unit (CGU). Through the impairment test of CGUs the Group assess the recoverability of other intangibles with a definite life also in the absence of specific impairment indicators.

The CGUs identified by the Group coincide with the single Group companies or, where relevant, homogeneous aggregations of companies. Goodwill has been allocated to the CGU’S that at the time of their purchase benefit from the synergies generated by the respective business combinations generating goodwill. A breakdown of how goodwill was recognized and/or allocated to the different CGUs for impairment test purposes is as follows:

- € 98,815 thousand to the DiaSorin USA (North America) CGU;
- € 46,447 thousand to the DiaSorin Italy CGU;
- € 6,840 thousand to the DiaSorin Germany CGU;
- € 1,907 thousand to the DiaSorin Brazil CGU;
- € 765 thousand to the DiaSorin Benelux CGU

The table below provides a breakdown of changes in goodwill, by individual CGU, that occurred in 2020:

<i>(€ thousands)</i>	<b>At December 31, 2019</b>	<b>Translation differences</b>	<b>Reclassifications</b>	<b>Business Combination</b>	<b>At December 31, 2020</b>
DiaSorin Belgium	765	-	-	-	765
DiaSorin Brazil	2,693	(786)	-	-	1,907
DiaSorin Germany	6,840	-	-	-	6,840
DiaSorin Italy	46,447	-	-	-	46,447
DiaSorin USA (North America)	107,936	(9,121)	-	-	98,815
<b>Total goodwill</b>	<b>164,681</b>	<b>(9,907)</b>	-	-	<b>154,774</b>

Insofar as the knowhow acquired with the Murex transaction in 2010 is specifically concerned, this intangible asset with an indefinite useful life, amounting to €5,044 thousand, was tested for impairment as part of the DiaSorin Italy CGU.

The impairment test was completed on the basis of the most recent projections of economic results and cash flows for future years (2021-2023). These projections have been developed on the basis of the 2021 budget and according to the latest forecast data available to the Group Management and approved by the Board of Directors.

The recoverability of the recognized amounts was tested by comparing the net carrying amount of the individual CGUs with their value in use (recoverable amount). The recoverable amount is equal to the present value of the future cash flows that the continuing use of the assets belonging to each CGU is

expected to generate both for the period of explicit flows, and at the end of the time horizon of the forecast (in accordance with the perpetuity method).

On the basis of the evaluations performed, the Management found evidence of impairment in relation to some intangible assets allocated to DiaSorin India CGU, as a consequence of the persisting COVID-19 pandemic, with a material effect on the capacity to generate cash flows. Therefore, the Company proceeded to write down their value for an amount equal to € 2,222 thousand.

The main assumptions used to compute the recoverable amount were those concerning the discount rate, the most recent budget data and long-range projections and the expected growth rate at the end of the time horizon of the forecast.

In computing the present value of future cash flow, the Group used a discount rate that reflects the weighted average cost of capital (WACC) and the cost of debt. The discount rate used was determined on a post-tax basis and coherently with the cash flows. The Group computed a specific WACC for each CGU to take into account the specific risk entailed by the Group's business in each country (this variable is reflected in the use of government bonds as risk-free for each country).

The discount rates used for each CGU are listed in the table below:

<b>Company</b>	<b>% used</b>
DiaSorin Italy	5.12%
DiaSorin France	3.39%
DiaSorin Iberia	5.58%
DiaSorin Benelux	3.39%
DiaSorin Sweden	3.41%
DiaSorin UK	3.71%
DiaSorin Germany	3.38%
DiaSorin Austria	3.40%
DiaSorin Czech Republic & Slovakia	4.48%
DiaSorin North America	4.28%
DiaSorin Brazil	10.29%
DiaSorin Mexico	9.31%
DiaSorin Israel	4.09%
DiaSorin China	7.55%
DiaSorin Australia	4.25%
DiaSorin India	9.06%
DiaSorin Switzerland	3.43%
DiaSorin Poland	4.80%

The time horizon used for cash flows projections is 3 years for all the CGUs, with the exception of DiaSorin Brazil CGU for which the time horizon is 5 years, due to the macro economic crisis that is affecting the Country, in order to assess the recoverability of long-term financial statement items. Then, a terminal value (perpetual return) was applied, using a growth rate (the "g" rate) of 2%, a rate that management believes could represent the projected growth rate in the sectors in which the CGUs operate.

In addition, the Group performed a sensitivity analysis assuming a worsening of variables (WACC and g rate) in the impairment test. Specifically, the discount rate was up to one percentage point and terminal growth rate decreased to 0.5%. The sensitivity analysis results showed no indications of impairment with exception of India CGU, as commented above.

The Company took into accounts the effects of the current economic situation also due to the prolonged COVID-19 pandemic, assessing the effect of a significant increase in the discount rates for a possible



worsening in market conditions, equal to a 2% change versus the discount rate used. The Management found no impairment of assets.

Other intangibles totaled € 201,963 thousand at December 31, 2020 (€ 205,598 thousand at December 31, 2019).

The tables that follow show the changes that occurred in the original cost of goodwill and other intangibles in 2020 and 2019:

<i>(€ thousands)</i>	<b>At December 31, 2019</b>	<b>Additions</b>	<b>Translation differences</b>	<b>Disposals and other changes</b>	<b>At December 31, 2020</b>
Goodwill	164,681	-	(9,908)	-	154,773
Development costs	112,203	20,257	(6,849)	639	126,249
Concessions, licenses and trademarks	126,280	8,287	(3,039)	431	131,959
Customer relationship	82,533	-	(4,911)	-	77,622
Industrial patents and intellectual property rights	29,827	488	(531)	-	29,783
Advances and other intangibles	4,057	3,313	(325)	-	7,045
<b>Total intangible assets</b>	<b>519,581</b>	<b>32,344</b>	<b>(25,563)</b>	<b>1,070</b>	<b>527,431</b>

<i>(€ thousands)</i>	<b>At December 31, 2018</b>	<b>Additions</b>	<b>Translation differences</b>	<b>Disposals and other changes</b>	<b>At December 31, 2019</b>
Goodwill	162,616	-	2,065	-	164,681
Development costs	97,407	13,797	1,232	(233)	112,203
Concessions, licenses and trademarks	123,218	2,053	655	354	126,280
Customer relationship	81,474	-	1,059	-	82,533
Industrial patents and intellectual property rights	29,097	470	103	157	29,827
Advances and other intangibles	4,403	(27)	17	(336)	4,057
<b>Total intangible assets</b>	<b>498,215</b>	<b>16,293</b>	<b>5,131</b>	<b>(58)</b>	<b>519,581</b>

The following changes occurred in the corresponding accumulated amortization accounts in 2020 and 2019:

<i>(€ thousands)</i>	<b>At December 31, 2019</b>	<b>Amortization</b>	<b>Translation differences</b>	<b>Disposals and other changes</b>	<b>At December 31, 2020</b>
Development costs	35,516	7,683	(1,772)	-	41,428
Concessions, licenses and trademarks	58,948	8,754	(1,254)	(306)	66,141
Customer relationship	25,298	7,771	(2,243)	2,222	33,048
Industrial patents and intellectual property rights	26,804	900	(432)	-	27,272
Advances and other intangibles	2,736	147	(77)	-	2,806
<b>Total intangible assets</b>	<b>149,302</b>	<b>25,255</b>	<b>(5,778)</b>	<b>1,916</b>	<b>170,695</b>

<i>(€ thousands)</i>	<b>At December 31, 2018</b>	<b>Amortization</b>	<b>Translation differences</b>	<b>Disposals and other changes</b>	<b>At December 31, 2019</b>
Development costs	29,138	6,196	228	(46)	35,516
Concessions, licenses and trademarks	49,609	8,695	768	(124)	58,948
Customer relationship	17,684	7,891	(277)	-	25,298
Industrial patents and intellectual property rights	25,789	906	109	-	26,804
Advances and other intangibles	2,911	152	9	(336)	2,736
<b>Total intangible assets</b>	<b>125,131</b>	<b>23,840</b>	<b>837</b>	<b>(506)</b>	<b>149,302</b>

A breakdown of the net carrying value of goodwill and other intangibles at December 31, 2020 and 2019 is provided below:

<i>(€ thousands)</i>	<b>At December 31, 2019</b>	<b>Additions</b>	<b>Amortization</b>	<b>Translation differences</b>	<b>Disposals and other changes</b>	<b>At December 31, 2020</b>
Goodwill	164,681	-	-	(9,908)	-	154,773
Development costs	76,687	20,257	(7,683)	(5,078)	639	84,822
Concessions, licenses and trademarks	67,332	8,287	(8,754)	(1,785)	737	65,818
customer relationship	57,235	-	(7,771)	(2,668)	(2,222)	44,574
Industrial patents and intellectual property rights	3,023	488	(900)	(99)	-	2,512
Advances and other intangibles	1,321	3,313	(147)	(248)	-	4,238
<b>Total intangible assets</b>	<b>370,279</b>	<b>32,344</b>	<b>(25,255)</b>	<b>(19,786)</b>	<b>(846)</b>	<b>356,737</b>

<i>(€ thousands)</i>	<b>At December 31, 2018</b>	<b>Additions</b>	<b>Amortization</b>	<b>Translation differences</b>	<b>Disposals and other changes</b>	<b>At December 31, 2019</b>
Goodwill	162,616	-	-	2,065	-	164,681
Development costs	68,269	13,797	(6,196)	1,004	(187)	76,687
Concessions, licenses and trademarks	73,609	2,053	(8,695)	(113)	478	67,332
customer relationship	63,790	-	(7,891)	1,336	-	57,235
Industrial patents and intellectual property rights	3,308	470	(906)	(6)	157	3,023
Advances and other intangibles	1,492	(27)	(152)	8	-	1,321
<b>Total intangible assets</b>	<b>373,084</b>	<b>16,293</b>	<b>(23,840)</b>	<b>4,294</b>	<b>448</b>	<b>370,279</b>

Capitalized development costs, which totaled € 20,257 thousand (€ 13,797 thousand in 2019) refer to the development of new CLIA kits and Molecular kits.

These costs are amortized on a straight-line basis over their useful life, which management estimates at 10 years.

A test of the recoverability of the net carrying amount of capitalized development costs was performed by determining the recoverable value of the CGU to which they were attributed and testing it for impairment, as described above. On the basis of the evaluations performed, the Company proceeded to write down the Indian subsidiary's customer relationship.

## 12. Equity investments

Non-consolidated equity investments totaled €26 thousand at December 31, 2020, as against € 27 thousand in 2019.

## 13. Deferred-tax assets and deferred-tax liabilities

Deferred-tax assets amounted to € 33,080 thousand at December 31, 2020 (€ 31,647 thousand at December 31, 2019). They relate to consolidated companies that have deferred-tax assets in excess of deferred-tax liabilities and to consolidation adjustments. Deferred-tax liabilities, which totaled € 10,066 thousand (€ 7,135 thousand at December 31, 2019) relate to consolidated companies that have deferred-tax liabilities in excess of deferred-tax assets. They are shown on the liabilities side of the statement of financial position.

The balance reflects the net deferred-tax assets computed on the consolidation adjustments (mainly from the elimination of unrealized gains on intra-Group transactions) and on temporary differences between the asset and liabilities amounts used to prepare the consolidated financial statements and the corresponding amounts used by the consolidated companies for tax purposes.

Deferred-tax assets were recognized in the financial statements when their future use was deemed to be probable. The same approach was used to recognize the benefit provided by the use of tax loss carryforwards, most of which, under current laws, can be brought forward indefinitely.

Based on the multi-year plans prepared by the Group's management, the Group is expected to generate sufficient taxable income in future years to allow for the full recovery of the abovementioned amounts. An analysis of deferred-tax assets, net of offsettable deferred-tax liabilities, is provided below:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
Deferred-tax assets	33,080	31,647
Deferred-tax liabilities	(10,066)	(7,135)
<b>Total net deferred-tax assets</b>	<b>23,014</b>	<b>24,512</b>

The table below shows a breakdown of the tax effect of the temporary difference that generated the net deferred-tax assets:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
<b>Temporary changes:</b>		
Amortization/Write-down of goodwill/ intangible assets	6,069	3,785
Provisions for risks and charges	4,052	3,335
Provision for employees' benefits	7,894	6,804
Intra-Group profits and other consolidation adjustment	4,634	7,837
Other charges deductible in future years	-	2,022
Losses carried forward	365	729
<b>Total net deferred tax assets</b>	<b>23,014</b>	<b>24,512</b>

The tables that follow show tax losses on which deferred tax assets/no deferred tax assets were recognized.

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
Previous tax losses	1,095	2,391
<b>Deferred tax assets recognized on tax losses</b>	<b>365</b>	<b>729</b>
Previous tax losses	3,735	5,150
<b>Unrecognized deferred tax assets</b>	<b>1,272</b>	<b>1,754</b>

#### **14. Other non-current assets**

Other non-current assets amounted to € 2,189 thousand (€ 2,453 thousand at December 31, 2019). They consist mainly of receivables from the Parent Company and the Belgian, Brazilian, Chinese and U.S. subsidiaries due beyond 12 months.

## 15. Inventories

A breakdown of inventories, which totaled € 191,234 thousand is provided below:

<i>(€ thousands)</i>	12/31/2020			12/31/2019		
	Gross amount	Write-down provisions	Net amount	Gross amount	Write-down provisions	Net amount
Raw materials and supplies	70,405	(2,919)	67,486	52,437	(2,672)	49,765
Work in progress	55,332	(2,860)	52,472	52,274	(2,370)	49,904
Finished goods	75,906	(4,630)	71,276	73,863	(2,405)	71,458
<b>Total</b>	<b>201,643</b>	<b>(10,409)</b>	<b>191,234</b>	<b>178,574</b>	<b>(7,447)</b>	<b>171,127</b>

The increase of € 20,107 thousand compared with December 31, 2019, is mainly due to increased manufacturing volumes to support a growth in revenues and to fluctuations in foreign exchange rates.

The table below shows the changes that occurred in the provisions for inventory write-downs:

<i>(€ thousands)</i>	12/31/2020	12/31/2019
<b>Opening balance</b>	<b>7,447</b>	<b>6,549</b>
Additions for the year	4,449	1,941
Utilizations/Reversals for the year	(1,016)	(1,133)
Translation differences and other changes	(471)	90
<b>Ending balance</b>	<b>10,409</b>	<b>7,447</b>

## 16. Trade receivables

Trade receivables totaled € 165,678 thousand at December 31, 2020 (€ 132,513 thousand at December 31, 2019). The increase in trade receivables compared with December 31, 2019 is due to the growth in revenues.

The table that follows shows the changes that occurred in the allowance for doubtful accounts, which amounted to € 8,737 thousand compared with December 31, 2019:

<i>(€ thousands)</i>	12/31/2020	12/31/2019
<b>Opening balance</b>	<b>8,620</b>	<b>8,882</b>
Additions for the period	1,791	255
Utilizations/Reversals for the period	(578)	(496)
Translation differences and other changes	(1,096)	(21)
<b>Ending balance</b>	<b>8,737</b>	<b>8,620</b>

Receivables from public sector and universities amounted to € 65,497 thousand (€ 47,320 thousand at December 31, 2019).

In order to bridge the gap between contractual payment terms and actual collection times, the Group uses factoring transactions to assign its receivables without recourse. In 2020, the receivables assigned by the Group's Parent Company amounted to € 56,239 thousand (€ 45,266 thousand in 2019).

## **17. Other current assets**

Other current assets amounted to € 16,998 thousand (€ 24,981 thousand at December 31, 2019). The decrease of € 7,983 thousand is due to the use of the research and development credit accrued. Other current assets consist of tax credits for research and development investments (€ 1,009 thousand), accrued income and prepaid expenses for insurance, rentals and advances to suppliers.

## **18. Cash and cash equivalent and current financial assets**

Cash and cash equivalents amounted to € 339,881 thousand at December 31, 2020 (€ 157,552 thousand at December 31, 2019) They consist of balances in banks accounts. More detailed information is provided in the Statement of Cash Flows above.

Current financial assets amounted to € 126 thousand (€ 44,588 thousand at December 31, 2019). The decrease of € 44,462 thousand is due to the payment of term deposits exceeding three months taken out by DiaSorin Inc.

## **19. Shareholders' equity**

### **Share capital**

At December 31, 2020, the fully paid-in share capital consisted of 55,948,257 common shares, par value of 1 euro each. No changes occurred compared with December 31, 2018.

### **Treasury shares**

At December 31, 2020, the amount of treasury shares was 1,226,112 (2.19% of the share capital) totaling € 109,546 thousand (€ 81,849 thousand at December 31, 2019).

The increase of € 27,697 compared to December 31, 2019 refers to the net effect deriving from the purchase of treasury shares (equal to € 35,417 thousand) and the exercise of 124,000 total option to serve the 2016 Stock Option Plan (42,000 options) and the 2017 Stock Option (82,000 options), for a total amount of € 7,720 thousand.

### **Additional paid-in capital**

This reserve amounted to € 18,155 thousand at December 31, 2020 and no changes occurred compared with December 31, 2019.

### **Statutory reserve**

This reserve amounted to €11,190 thousand at December 31, 2019 and no changes occurred compared with December 31, 2019.

### **Other reserves and retained earnings**

A breakdown of other reserves and retained earnings is as follows:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>	<b>Change</b>
Currency translation reserve	(26,987)	21,611	(48,598)
Reserve for treasury shares	109,546	81,849	27,697
Stock option reserve	11,563	7,366	4,197
Gains/Losses on remeasurements of defined benefit plans	(11,901)	(10,410)	(1,491)
Gains/Losses on the fair value measurement of receivables	-	61	(61)
Retained earnings	670,852	571,598	99,254
IFRS transition reserve	(2,973)	(2,973)	-
Other reserves	(19,040)	342	(19,382)
<b>Total other reserves and retained earnings</b>	<b>731,060</b>	<b>669,444</b>	<b>61,616</b>
<b>Total other reserves and retained earnings attributable to minority interest</b>	<b>1,216</b>	<b>-</b>	<b>1,216</b>

#### *Currency translation reserve*

This item was negative by € 26,987 thousand (positive by € 21,611 thousand at December 31, 2019) and reflects the foreign exchange differences resulting from the translation at year-end exchange rates of the shareholders' equities of consolidated companies with financial statements denominated in foreign currencies. The negative change of € 48,598 thousand, was due to the fluctuation of the exchange rate of the US dollar vis-à-vis the Euro.

#### *Reserve for treasury shares*

At December 31, 2020, the reserve for treasury shares amounted to € 109,546 thousand (€ 81,849 thousand at December 31, 2019). This reserve was established pursuant to law (Article 2357 *ter* of the Italian Civil Code). In 2020, the change in the reserve was due to the purchase of treasury shares for € 35,417 thousand, net of the exercise of 124,000 total options to serve the 2016 Stock Option Plan (for 42,000 options) and the 2017 Stock Option Plan (for 82,000 options), for a total amount of € 7,720 thousand.

#### *Stock option reserve*

The balance in the stock option reserve, which amounted to € 11,563 thousand (€ 7,366 thousand at December 31, 2019) refers to the stock option plans in effect at December 31, 2020 (see Note 27). The changes in the reserve that occurred in 2020 included an increase due to the recognition of the overall cost of the stock option Plans (€ 4,197 thousand) that was posted and recognized in the income statement as a labor costs included in general and administrative expenses, whilst the decrease was due to the options exercised.

#### *Gains/Losses on remeasurement of defined-benefit plans*

At December 31, 2020 this item, negative by € 11,901 thousand (€ 10,410 thousand at December 31, 2019), includes net losses of the period related to the actuarial assessment of the Group's defined-benefit plans amounting to € 1,491 thousand, net of the tax effect (€ 932 thousand).

#### *Retained earnings*

Retained earnings amounted to € 670,852 thousand (€ 571,598 thousand at December 31, 2019). The change of € 100,399 thousand, compared with December 31, 2019, is the net result of:

- appropriation of the consolidated net profit earned by the Group in 2019 (€ 175,735 thousand);
- distribution of ordinary dividends equal to € 52,053 thousand approved on June 10, 2020 by the Ordinary Shareholders' Meeting (equal to € 0.95 per share);

#### *IFRS transition reserve*

The IFRS transition reserve was established on January 1, 2005, upon first-time adoption of the IFRSs as an offset to the adjustments recognized to make the financial statements prepared in accordance with Italian accounting principles consistent with IFRS requirements, net of the applicable tax effect (as required by and in accordance with IFRS 1). This reserve has not changed since it was first established.

#### *Other reserves*

The item, negative by € 19,040 thousand, posted a change of € 19,382 thousand compared to December 31, 2019, due to the entry of the assessment of minority shareholders' sell-out rights in relation to their interests in the Chinese subsidiary. See note "22. Other non-current liabilities".

In 2020, the Group extended its existing joint venture with its partner FuYuan to Shanghai Baoshan District Government, with the aim to establish its first manufacturing and research site in Shanghai.

Within the scope of the new joint venture agreement, DiaSorin and the local partners signed a put/call option providing for DiaSorin S.p.A the exercise of a call option (whilst providing for local partners the exercise of a put option) at an agreed-upon price as indicated in the Agreement.

The agreement settled the previous option in force with Fu Yuan. The settlement of the previous option led to an increase in the Group's Shareholders' equity of € 1,356 thousand, as provided in IAS 32.

On the basis of the above, along with the analysis of the other conditions provided in the agreement, the Group evaluated as follows:

- Assessment of any transfer of risks and benefits to DiaSorin, according to IFRS 10
- Determination of the redemption amount of such options, as provided by IAS 32 and IFRS 9.

#### *Reconciliation of the net result and shareholders' equity of the Group's Parent Company to the corresponding consolidated data*

The table below shows a reconciliation of the net result and shareholders' equity of the Group's Parent Company to the corresponding consolidated data at December 31, 2020:

<i>(€ thousands)</i>	<b>Net result at 12/31/2020</b>	<b>Shareholders' equity at 12/31/2020</b>
<b>Amount in the financial statements of the Parent Company DiaSorin S.p.A.</b>	<b>164,216</b>	<b>525,691</b>
Difference between the carrying amount of equity investments and the value of the underlying shareholders' equity	20,033	473,394
Profits/(Losses) of consolidated companies	159,052	-
Elimination of unrealized intra-Group profits, net of the applicable tax effect	(9,907)	(42,766)
Elimination of intra-group dividends	(85,399)	-
<b>Amount in the consolidated financial statements</b>	<b>248,296</b>	<b>956,319</b>

## **20. Borrowings and other financial liabilities**

Borrowings and other financial liabilities amounted to € 34,660 thousand at December 31, 2020. A breakdown of borrowings and other financial liabilities is as follows (amounts in € thousands).

Lender	Currency	Current portion	Non-current portion	Due within 1 year and no later than 5 years	Beyond 5 years	Total
Short-term bank borrowings	€	-				-
IFRS 16 lease payables	€	4,209	30,451	1,558	28,893	34,660
<b>Total financial liabilities</b>		<b>4,209</b>	<b>30,451</b>	<b>1,558</b>	<b>28,893</b>	<b>34,660</b>

The table below lists the changes that occurred in the financing facilities that were outstanding at December 31, 2020 compared with 2019 (amounts in thousands of euros):

Lender	At December 31, 2019	Increases	Repayments	Translation differences and other movements	At December 31, 2020
Short-term bank borrowings	8	-	(8)	-	-
IFRS 16 lease payables	29,270	13,278	(6,268)	(1,621)	34,660
<b>Total financial liabilities</b>	<b>29,278</b>	<b>35,651</b>	<b>(6,276)</b>	<b>(1,621)</b>	<b>34,660</b>

## 21. Provisions for employee severance indemnities and other employee benefits

The balance in this account reflects all of the Group pension plan obligations, other post-employment benefits and benefits payable to employees when certain requirements are met. Group companies provide post-employment benefits to their employees by contributing to external funds and by funding defined- contribution and/or defined-benefit plans.

The manner in which these benefits are provided varies depending on the applicable statutory, tax-related and economic conditions in the countries where Group companies operate. As a rule, benefits are based on each employee's level of compensation and years of service.

### Defined-contribution plans

Certain Group companies pay contributions to private funds or insurance companies pursuant to a statutory or contractual obligation or on a voluntary basis. With the payment of these contributions, the companies in question absolve all of their obligations. The liability for contributions payable is included under "Other current liabilities". The cost attributable to each year, which accrues based on the services provided by employees, is recognized as a "Labor cost" of the relevant organizational unit. In 2020, this cost amounted to € 6,659 thousand.

### Defined-benefit plans

The Group's pension plans that qualify as defined-benefit plans include the provisions for employee severance indemnities in Italy, the Alecta system in Sweden and the U-Kasse pension plan and Direct Covenant system in Germany.



The liability owed under these plans is recognized at its actuarial value using the projected unit credit method; actuarial gains and losses resulting from the determination of these liabilities are credited or charged to equity in the statement of comprehensive income in the year in which they arise.

## Other employee benefits

The Group also provides its employees with additional long-term benefits, which are paid when employees reach a predetermined length of service. In these cases, the value of the liability recognized in the financial statements reflects the probability that these benefits will be paid and the length of time for which they will be paid. The liability owed under this plan is recognized at its actuarial value using the projected unit credit method. Actuarial gains and losses resulting from the determination of these items are recognized in the income statement; a loss of € 237 thousand were recognized in the income statement in 2020 (a loss € 150 thousand in 2019).

The table that follows lists the Group's main employee benefit plans that are currently in effect:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>	<b>Change</b>
Employee benefits <i>provided in:</i>			
- Italy	6,198	4,743	1,455
- Germany	30,810	27,939	2,871
- Sweden	2,758	2,698	60
- Other countries	1,476	883	593
<b>Total employee benefits</b>	<b>41,242</b>	<b>36,263</b>	<b>4,979</b>
<i>broken down as follows:</i>			
- Defined-benefit plans			
<i>Provision for employee's severance indemnities</i>	3,023	3,042	(19)
<i>Other defined-benefit plans</i>	33,568	30,637	2,931
	36,591	33,679	2,912
- Other long-term benefits	4,651	2,584	2,067
<b>Total employee benefits</b>	<b>41,242</b>	<b>36,263</b>	<b>4,979</b>

The table below shows the main changes that occurred in the Group's employee benefit plans compared with December 31, 2019:

<i>(€ thousands)</i>	<b>Defined-benefit plans</b>	<b>Other benefits</b>	<b>Total employee benefits</b>
<b>Balance at 12/31/2019</b>	<b>33,679</b>	<b>2,584</b>	<b>36,263</b>
Interest cost	441	(4)	437
Actuarial losses/(gains) recognized in income statement	-	237	237
Actuarial losses/(gains) from financial assumptions	1,851	-	1,851
Actuarial losses/(gains) from demographic changes	(3)	-	(3)
Actuarial losses/(gains) from experience	575	-	575
Current service cost	1,009	1,139	2,148
Benefits paid	(1,068)	(104)	(1,172)
Translation differences and other changes	109	797	906
<b>Balance at 12/31/2020</b>	<b>36,593</b>	<b>4,649</b>	<b>41,242</b>

The main changes that occurred in 2020 with regard to the provision for employee benefits include actuarial losses recognized in the comprehensive income statement (€ 2,423 thousand, gross of the tax effect) and contributions paid (€ 1,172 thousand). The net amount recognized in the 2020 income statement for employee benefits was an expense of € 2,822 thousand (€ 1,757 thousand in 2019).

Actuarial losses/(gains) arising from other employee benefits and current service cost are recognized in the income statement as part of labor costs, allocated to the area to which they correspond. Interest expense is recognized in the income statement as part of “Net financial income (expense)” (see Note 7). Actuarial losses/(gains) on defined-benefit plans are credited or charged to equity in the statement of comprehensive income in the period in which they arise.

The table below lists the main assumptions used for actuarial computation purposes in the defined benefit plans:

	<b>Pension plans</b>	
	<b>12/31/2020</b>	<b>12/31/2019</b>
Discount rate	0.68%	1.06%
Projected wage increases	2.75%	2.83%
Inflation rate	1.47%	1.50%
Average employee turnover rate	3.26%	4.98%

A sensitivity analysis of changes in the main assumptions used for actuarial computation purposes is set out below:

<i>(€ thousands)</i>		<b>Provision of employee severance indemnities</b>	<b>Other defined-benefit plans</b>
Discount rate	0.8% Increase	(113)	(5,194)
	0.8% Decrease	120	6,872
Projected wage increases	0.8% Increase	-	-
	0.8% Decrease	-	-
Inflation rate	0.8% Increase	73	4,812
	0.8% Decrease	(70)	(3,959)
Average employee turnover rate	10% Increase	(9)	-
	10% Decrease	9	-

(\*) The sensitivity analysis concerning provision of employee severance indemnities takes into account changes in discount rate, projected wage increase and inflation rate up or down by 0.5%.

## 22. Other non-current liabilities

Other non-current liabilities totaled € 48,155 thousand at December 31, 2020 (€ 24,586 thousand at December 31, 2019). The increase vs. 2019 (€ 23,569 thousand) refers mainly to long-term liabilities concerning put/call options under the new Joint Venture contract in China, which have been entered according to IAS 32 and IFRS 9 standards. Specifically, the Joint Venture contract that contains an obligation for the Group to purchase its own equity instruments for cash or other financial asset gives rise to a financial liability for the present value of the redemption amount.

Liability is initially recognized at the present value of the exercise price estimated at € 23,079 thousand. Later, changes in this amount are recognized with an equal amount being recognized the Group's net Shareholder's equity. Reference is made to the note "19. Shareholders' equity".

The table that follows shows the changes that occurred in provisions for risks and charges:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
<b>Opening balance</b>	<b>12,512</b>	<b>13,894</b>
Additions for the period	2,827	3,252
Utilizations/Reversals for the period	(2,764)	(4,418)
Translation differences and other changes	(360)	(216)
<b>Ending balance</b>	<b>12,215</b>	<b>12,512</b>

The item refers to charges to discontinue operating activities in South Africa.

## 23. Trade payables

At December 31, 2020 trade payables, which totaled € 65,485 thousand (€ 55,733 thousand at December 31, 2019), represent amounts owed to external suppliers for the purchase of goods and services. There are no amounts due after one year.

## **24. Other current liabilities**

Other current liabilities of € 60,688 thousand (€ 51,134 thousand at December 31, 2019) consist mainly of amounts owed to employees for additional monthly payments to be paid, equal to € 41,026 thousand (€ 34,666 thousand at December 31, 2019), contributions payable to social security and health benefit institutions amounting to € 3,889 thousand (€ 4,232 thousand at December 31, 2019) and accruals and deferred charges for a total of € 2,759 thousand (€ 2,263 thousand at December 31, 2019).

## **25. Income taxes payable**

The balance of € 29,831 thousand at December 31, 2020 (€ 10,800 thousand at December 31, 2019) represents the income tax liability for the profit earned in the period, net of estimated payments made, and amounts owed for other indirect taxes and fees. The analysis of income taxes is provided in Note 8.

## **26. Commitment and contingent liabilities**

### ***Guarantees provided***

The guarantees that the Group provided to third parties totaled € 36,543 thousand and include bank sureties in connection with the submission of bids in response to public calls for tenders and outstanding financing facilities (€ 28,352 thousand). These guarantees were established to secure lines of credit provided to Group companies (in the amount of € 5,434 thousand), and in connection with defined-contribution pension plans of certain subsidiaries (€ 2,758 thousand).

### ***Significant commitments and contractual obligations***

Significant contractual obligations include the agreements executed by DiaSorin S.p.A., the Group's Parent Company, and Stratec in connection with the development and production of new chemiluminescent diagnostic system LIAISON XL and LIAISON XS. The supply contract signed by DiaSorin and Stratec calls for the latter to manufacture and supply exclusively to DiaSorin the analyzers. The Group has agreed to purchase a minimum number of systems. However, the projected commitment is deemed to be significantly lower than the normal level of capital investment that would be required for current or future equipment production. As a result, net invested capital is not expected to undergo significant structural changes in the future as a result of this commitment.

### ***Contingent liabilities***

The DiaSorin Group operates globally. As a result, it is exposed to the risks that arise from the complex laws and regulations that apply to its commercial and manufacturing activities. The Group believes that, overall, the amounts set aside, for pending legal disputes, in the corresponding provision for risks are adequate.

As regards provisions for risks and charges, despite the lack of implementing decrees to Law n. 125 of 08/06/2015 extending the pay-back mechanism to medical devices, the Company carried out allocations to hedge the underlying risks.

## **27. Stock option plans**

## 2016 Plan

On April 28, 2016, the Ordinary Shareholders' Meeting approved the new 2016 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.

The Board of Directors approved an initial tranche of beneficiaries with a grant of 130,000 options by a resolution dated May 16, 2016, a second tranche with a grant of 20,000 options by a resolution dated August 4, 2016, a third tranche with a grant of 40,000 options by a resolution dated December 19, 2016, a fourth tranche with a grant of 40,000 options by a resolution dated August 3, 2017, a fifth tranche with a grant of 25,000 options by a resolution dated March 7, 2018, a sixth tranche with a grant of 20,000 options by a resolution dated November 7, 2018 and a seventh tranche with a grant of 25,000 by a resolution dated March 14, 2019.

Please note that, due some "bad leaver" and "good leaver" events, 104,849 options from the abovementioned grants were automatically cancelled and, pursuant to the Plan Regulations, became null and void for the previous beneficiaries.

These free option grants convey to the beneficiaries the right to acquire up to 250,000 common shares at the exercised price, based on a ratio of 1 share (with a par value of € 1 each) for each option granted and exercised, in accordance with the terms and conditions of the 2016 Plan.

The implementation of the program to purchase treasury shares for use in connection with the Company's new stock option plan began on May 12, 2016, in accordance with the terms and conditions authorized by the Shareholders' Meeting of April 28, 2016.

The program was completed on June 9, 2016, resulting in the purchase of 250,000 common shares (equal to 0.44% of the share capital). The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the DiaSorin common shares for the stock market trading session preceding each purchase.

As of December 31, 2020, stock options amounted to 63,933, following 2,000 stock options being exercised on January 20, 2020 at an average exercise price of € 51.83923 and 40,000 stock options being exercised on August 6, 2020 at an average exercise price of € 69.6334.

During the abovementioned period, the average price of the DiaSorin shares was € 144,71.

As detailed:

<b>2016 Plan</b>	<b>Grant date</b>	<b>Number of options</b>	<b>Exercise year</b>
I Tranche	May 16, 2016	46,218	2019
II Tranche	August 4, 2016	20,000	2019
III Tranche	December 19, 2016	23,000	2019
III Tranche	December 19, 2016	2,000	2020
IV Tranche	August 3, 2017	40,000	2020
V Tranche	March 7, 2018	18,933	
VI Tranche	November 7, 2018	20,000	
VII Tranche	March 14, 2019	25,000	
<b>Total</b>		<b>195,151</b>	

## 2017 Plan

On April 27, 2017, the Ordinary Shareholders' Meeting approved the new 2017 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.

The Board of Directors approved a first tranche of beneficiaries with a grant of 170,000 options by a resolution dated November 9, 2017, a second tranche with a grant of 10,000 options by a resolution dated March 7, 2018, a third tranche with a grant of 40,000 options by a resolution dated May 8, 2018, a fourth tranche with a grant of 15,000 options by a resolution dated November 7, 2018, a fifth tranche with a grant of 10,000 options by a resolution dated March 14, 2019, a sixth tranche with a grant of 10,000 options by a resolution dated June 10, 2019, a seventh tranche with a grant of 65,000 options by a resolution dated July 31, 2019, an eighth tranche with a grant of 45,000 options by a resolution dated November 6, 2019, a ninth tranche with a grant of 30,000 options by a resolution dated 19 December, 2019, a tenth tranche with a grant of 5,000 options by a resolution dated March 11, 2020, an eleventh tranche with a grant of 20,000 options by a resolution dated May 13, 2020 and a twelfth tranche with a grant of 56,122 options by a resolution dated July 30, 2020.

Please note that, due some "bad leaver" and "good leaver" events, 31,122 options from the abovementioned grants were automatically cancelled and, pursuant to the Plan Regulations, became null and void for the previous beneficiaries.

These free option grants convey to the beneficiaries the right to acquire up to 450,000 common shares at the exercised price, based on a ratio of 1 share (with a par value of € 1 each) for each option granted and exercised, in accordance with the terms and conditions of the 2017 Plan.

The Shareholders' Meeting of April 27, 2017 resolved to authorize, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the purchase, in one or more installments and for a period of 18 months from the date of the resolution, the purchase of up to 450,000 common shares to service the new 2017 Stock Option Plan. The program was implemented in April 2018 with the purchase of 100,000 common shares (equal to 0.18% of the share capital) and continued throughout 2020 along with the 2019 Stock Option Plan, ended on October 23, 2020.

The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the DiaSorin common shares for the stock market trading session preceding each purchase.

As of December 31, 2020 stock options amounted to 363,000, following 82,000 stock options being exercised between November 10, 2020 and December 18, 2020 at an average exercise price of € 78.4724.

During the abovementioned period, the average price of the DiaSorin shares was € 170.59.

As detailed:

<b>2017 Plan</b>	<b>Grant date</b>	<b>Number of options</b>	<b>Exercise year</b>
I Tranche	November 9, 2017	82,000	2020
I Tranche	November 9, 2017	61,878	
II Tranche	March 7, 2018	10,000	
III Tranche	May 8, 2018	40,000	
IV Tranche	November 7, 2018	15,000	
V Tranche	March 14, 2019	10,000	

VI Tranche	June 10, 2019	10,000
VII Tranche	July 31, 2019	65,000
VIII Tranche	November 6, 2019	40,000
IX Tranche	December 19, 2019	30,000
X Tranche	March 11, 2020	5,000
XI Tranche	May 13, 2020	20,000
XII Tranche	July 30, 2020	56,122
<b>Total</b>		<b>445,000</b>

### *2018 Plan*

On April 23, 2018, the Ordinary Shareholders' Meeting approved the new 2018 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.

The Board of Directors approved an initial tranche of beneficiaries with a grant of 675,000 options by a resolution dated May 8, 2018.

These free option grants convey to the beneficiaries the right to acquire up to 675,000 common shares at the exercised price, based on a ratio of 1 share (with a par value of € 1 each) for each option granted and exercised, in accordance with the terms and conditions of the 2018 Plan.

The Shareholders' Meeting of April 23, 2018 resolved to authorize, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the purchase, in one or more installments and for a period of 18 months from the date of the resolution, the purchase of up to 675,000 common shares to serve the new 2018 Stock Option Plan.

The program was completed on July 8, 2018, resulting in the purchase of 675,000 common shares (equal to 1.21% of the share capital). The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the DiaSorin common shares for the stock market trading session preceding each purchase.

At December 31, 2020, stock options amounted to 675,000, all related to the grant date of May 8, 2018.

### *2019 Plan*

On April 24, 2019, the Ordinary Shareholders' Meeting approved the new 2019 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.

The Board of Directors approved a first tranche of beneficiaries with a grant of 8,878 options by a resolution dated July 30, 2020 and a second tranche with a grant of 91,122 options by a resolution dated November 11, 2020.

These free option grants convey to the beneficiaries the right to acquire up to 100,000 common shares at the exercised price, based on a ratio of 1 share (with a par value of € 1 each) for each option granted and exercised, in accordance with the terms and conditions of the 2019 Plan.

The Shareholders' Meeting of April 24, 2019 resolved to authorize, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the purchase, in one or more installments and for a period of 18 months from the date of the resolution, the purchase of up to 200,000 common shares (equal to 0.357% of the share capital) to serve the new 2019 Stock Option Plan. The program was completed on October 23, 2020, resulting in the purchase of 192,511 common shares (equal to 0.3441% of the share capital), partly to serve the 2019 Stock Option Plan. The shares were purchased at unit prices that were

never lower by more than 15% or higher by more than 15% compared with the closing price of the DiaSorin common shares for the stock market trading session preceding each purchase.

At December 31, 2020 stock options amounted to 100,000.

As detailed:

<b>2019 Plan</b>	<b>Grant date</b>	<b>Number of options</b>
I Tranche	July 30, 2020	8,878
II Tranche	November 11, 2020	91,122
<b>Total</b>		<b>100,000</b>

#### *2020 Plan*

On June 10, 2020, the Ordinary Shareholders' Meeting approved the new 2020 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.

The Board of Directors approved an initial tranche of beneficiaries with a grant of 18,878 options by a resolution dated November 11, 2020, and a second grant of 15,000 options by a resolution dated December 21, 2020.

These free option grants convey to the beneficiaries the right to acquire up to 150,000 common shares at the exercised price, based on a ratio of 1 share (with a par value of € 1 each) for each option granted and exercised, in accordance with the terms and conditions of the 2020 Plan.

The Shareholders' Meeting of June 10, 2020 resolved to authorize, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the purchase, in one or more installments and for a period of 18 months from the date of the resolution, the purchase of up to 100,000 common shares (equal to 0.178% of the share capital) to serve the new 2020 Stock Option Plan.

At December 31, 2020 stock options amounted to 33,878.

As detailed:

<b>2020 Plan</b>	<b>Grant date</b>	<b>Number of options</b>
I Tranche	November 11, 2020	18,878
II Tranche	December 21, 2020	15,000
<b>Total</b>		<b>33,878</b>

#### **Valuation of stock options**

The stock options granted to Directors and employees are measured at their fair value on the grant date in accordance with the method provided in IFRS 2 and the total cost of the plan thus determined is allocated over the vesting period.

The fair value computation method uses a binomial model and is based on the following assumptions:

A – Exercise price



The exercise price was determined in accordance with Article 6.2 of the Plan's Regulations.

### B – Stock price

The value assigned to the underlying instrument for stock option valuation purposes is the daily closing price for DiaSorin shares on the grant date.

### C – Expected volatility

The expected volatility of the underlying instrument measures the expected fluctuations in price/value over a given period of time. The measure of volatility used in the option pricing model used is the annualized standard deviation of the continuously compounded rates of return on an equity security over a period of time.

### D – Employee exit rate

This rate, which reflects the probability that Directors or employees who are the recipients of stock option grants will leave the Company before the vesting date, was deemed to be 0%.

### E – Risk-free interest rate

IFRS 2 requires the use of a risk-free interest rate that will be valid over the expected life of the options, with the term expected life meaning the length of time between the grant date and the expected option exercise date.

### F – Dividend yield

The value of stock options is also affected by assumptions about the dividend yield, which is the annual dividend paid per share stated as a percentage of the share price.

The table below lists the input data used for stock option valuation purposes and the number of options exercisable at December 31, 2020:

2016 Plan	Vesting period (in years)	Exercise Price	Stock Price	Per value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock Price reference date	Vesting date
I Tranche	3.000000000	€ 52.54	€ 52.25	€ 1.00	30.00%	0.00%	0.46%	1.70%	05/16/2016	01/16/2019
II Tranche	3.000000000	€ 56.31	€ 57.80	€ 1.00	30.00%	0.00%	0.14%	1.70%	08/04/2016	08/05/2019
III Tranche	3.000000000	€ 51.84	€ 53.65	€ 1.00	30.00%	0.00%	0.38%	1.70%	12/19/2016	20/12/2019
IV Tranche	3.005479452	€ 69.63	€ 73.05	€ 1.00	23.00%	0.00%	0.14%	1.50%	08/03/2017	08/04/2020
VI Tranche	3.005500000	€ 70.05	€ 70.60	€ 1.00	23.00%	0.00%	0.33%	1.50%	03/07/2018	03/08/2021
VI Tranche	3.00547945	€ 82.42	€ 81.60	€ 1.00	25.00%	0.00%	0.44%	1.50%	11/07/2018	11/08/2021
VII Tranche	3.005479452	€ 86.04	€ 85.80	€ 1.00	25.00%	0.00%	0.25%	1.50%	3/14/2019	3/15/2022

2017 Plan	Vesting period (in years)	Exercise Price	Stock Price	Per value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock Price reference date	Vesting date
I Tranche	3.005479452	€ 78.47	€ 72.05	€ 1.00	23.00%	0.00%	-0.07%	1.50%	09/11/2017	11/10/2020
II Tranche	3.005479452	€ 70.05	€ 70.60	€ 1.00	23.00%	0.00%	0.14%	1.50%	07/03/2018	03/08/2021

III Tranche	3.008219178	€ 76.24	€ 78.30	€ 1.00	23.00%	0.00%	0.18%	1.50%	08/05/2018	05/10/2021
IV Tranche	3.005479452	€ 82.42	€ 81.60	€ 1.00	25.00%	0.00%	0.24%	1.50%	07/11/2018	11/8/2021
V Tranche	3.005479452	€ 86.04	€ 85.80	€ 1.00	25.00%	0.00%	0.12%	1.50%	3/14/2019	3/15/2022
VI Tranche	3.010958904	€ 95.35	€ 102.00	€ 1.00	25.00%	0.00%	-0.02%	1.50%	6/10/2019	6/13/2022
VII Tranche	3.005479452	€ 102.62	€ 105.00	€ 1.00	25.00%	0.00%	-0.24%	1.50%	7/31/2019	8/01/2022
VIII Tranche	3.005479452	€ 99.60	€ 104.30	€ 1.00	25.00%	0.00%	-0.08%	1.50%	11/6/2019	11/7/2022
IX Tranche	3.005479452	€ 119.28	€ 117.60	€ 1.00	25.00%	0.00%	-0.06%	1.50%	12/19/2019	12/20/2022
X Tranche	3.005479452	€ 110.44	€ 113.00	€ 1.00	25.00%	0.00%	-0.01%	1.50%	3/11/2020	3/13/2023
XI Tranche	3.005479452	€ 156.44	€ 172.50	€ 1.00	28.00%	0.00%	0.32%	1.50%	5/13/2020	5/15/2023
XII Tranche	3.002739726	€ 173.28	€ 167.50	€ 1.00	30.00%	0.00%	-0.17%	1.00%	7/30/2020	7/31/2023

2018 Plan	Vesting period (in years)	Exercise Price	Stock Price	Per value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock Price reference date	Vesting date
I Tranche	4.657534247	€ 76.24	€ 78.30	€ 1.00	23.00%	0.00%	0.49%	1.50%	05/08/2018	01/02/2023

2019 Plan	Vesting period (in anni)	Exercise Price	Stock Price	Per value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock Price reference date	Vesting date
I Tranche	3.002739726	€ 173.28	€ 167.50	€ 1.00	30.00%	0.00%	-0.17%	1.00%	7/30/2020	7/31/2023
II Tranche	3.005479452	€ 189.05	€ 172.40	€ 1.00	30.00%	0.00%	-0.29%	1.00%	11/11/2020	11/13/2023

2020 Plan	Vesting period (in years)	Exercise Price	Stock Price	Per value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock Price reference date	Vesting date
I Tranche	3.005479452	€ 189.05	€ 172.40	€ 1.00	30.00%	0.00%	-0.29%	1.00%	11/11/2020	11/13/2023
II Tranche	3.002739726	€ 169.95	€ 171.70	€ 1.00	30.00%	0.00%	-0.30%	1.00%	12/21/2020	12/12/2023

Based on the assumptions described above, the fair value of the 2016 Plan is equal to €2,504 thousand, with a vesting period that goes from May 16, 2016 to March 15, 2022. The fair value per option is as follows (amounts in €):

2016 Plan	Number of options on the vesting date	Fair Value
V Tranche	18,933	13.30140
VI Tranche	20,000	16.34540
VII Tranche	25,000	17.16720

Based on the assumptions described above, the fair value of the 2017 Plan is equal to 7,840 thousand, with a vesting period that goes from November 9, 2017 to July 31, 2023. The fair value per option is as follows (amounts in €):

2017 Plan	Number of options on the vesting date	Fair Value
I Tranche	61,878	8.79980
II Tranche	10,000	11.12670
III Tranche	40,000	12.94260
IV Tranche	15,000	13.66450
V Tranche	10,000	14.45860

VI Tranche	10,000	19.70320
VII Tranche	65,000	18.19750
VIII Tranche	40,000	19.21230
IX Tranche	30,000	19.05680
X Tranche	5,000	19.91630
XI Tranche	20,000	39.85342
XII Tranche	56,122	33.54930

Based on the assumptions described above, the fair value of the 2018 Plan is equal to €10,105 thousand, with a vesting period that goes from May 8, 2018 to January 2, 2023. The fair value per option is as follows (amounts in €):

2018 Plan	Number of options on the vesting date	Fair Value
I Tranche	675,000	14.97060

Based on the assumptions described above, the fair value of the 2019 Plan is equal to €3,111 thousand, with a vesting period that goes from July 30, 2020 to November 13, 2023. The fair value per option is as follows (amounts in €):

2019 Plan	Number of options on the vesting date	Fair Value
I Tranche	8,878	33.54930
II Tranche	91,122	30.86690

Based on the assumptions described above, the fair value of the 2020 Plan is equal to €1,135 thousand, with a vesting period that goes from November 11, 2020 to December 22, 2023. The fair value per option is as follows (amounts in €):

2020 Plan	Number of options on the vesting date	Fair Value
I Tranche	18,878	30.86690
II Tranche	15,000	36.82752

The cost attributable to 2020, which amounted to € 4,821 thousand, was recognized in the income statement as part of labor costs and general and administrative expenses, with the offsetting entries posted to shareholder's equity.

## 28. Related-party transactions

In the normal course of business, DiaSorin S.p.A. engages on a regular basis in commercial and financial transactions with its subsidiaries, which are also Group companies. These transactions, which are executed on standard market terms, consist of the supply of goods and services, including administrative, information technology, personnel management, technical support and consulting services, which produce receivables and payables at the end of the year, and financing and cash management transactions, which produce income and expenses.

These transactions are eliminated in the consolidation process and, consequently, are not discussed in this section of the Report.

The incidence of related-party transactions on the single items of the balance sheet, income statement and cash flows is not material.

The total amount owed to directors and strategic executives recognized in the income statement amounted to € 8,004 thousand (€ 7,016 thousand in 2019). Further details are provided in the Compensation Report included in the Report on Corporate Governance and Share Ownership.

The compensation payable to senior managers and eligible employees (key management) is consistent with standard market terms for compensation offered to employees with a similar status.

## **29. Significant events occurring after December 31, 2020 and business outlook**

No significant events occurred after December 31, 2020.

In H1' 2021, Management expects, at constant exchange rates and perimeter, the following:

Revenues: growth of approximately 40%

Ebitda Margin: equal to approximately 45%

Given the uncertainty of the macroeconomic and health context expected in the forthcoming months, DiaSorin is unable to provide a guidance for the full year. The Company constantly monitors the main economic and financial indicators and reserves the right to provide updates to the market when there is greater visibility on business evolution.

## **30. Significant non-recurring events and transactions**

According to the ESMA Communication n. 32-63-972 of 20 May 2020, the Group assessed the recommendations of the Authority on the implications of the COVID-19 outbreak and found no significant adverse effect on the business performance.

Specifically, with respect to the Group's economic and financial position, no significant adverse effect was found in the geographic areas where the Group operates.

On April 18, 2020, a competitor lodged an appeal with the Lombardy Regional Administrative Court of Law against the IRCCS Policlinico San Matteo in Pavia ("San Matteo Foundation") and against DiaSorin to request the cancellation of the Determination of the General Manager of San Matteo Foundation about a collaboration with DiaSorin for the validation of SARS-Cov-2 serological and molecular tests and resulting in an agreement between the San Matteo Foundation and DiaSorin ("Agreement").

On 21 April 2020, the Lombardy Regional Administrative Court of Law rejected the application for precautionary suspension, referring the case to the hearing to be held on May 13, 2020.

On 23 April 2020, the competitor filed an appeal with the Council of State against the rejection of the precautionary suspension. The appeal was rejected on the same date.

Previously, on April 16, 2020, the competitor had submitted a series of complaints, for all the reasons described above, addressed to the San Matteo Foundation, the National Anti-Corruption Authority, the Antitrust Authority, the Regional Prosecutor's Office attached to the State Auditors' Court of Lombardy, CONSOB, the Ministry of Health and the Office of the Public Prosecutor at the Court of Pavia, so that said authorities, having carried out their assessments on the facts presented, would adopt any measures within their competence.

On 8 June 2020, the Lombardy Regional Administrative Court of Law ruled on the appeal filed by the competitor and cancelled the determination of the Policlinico San Matteo and the related Agreement.

Subsequently, DiaSorin and the San Matteo Foundation appealed before the Council of State to overturn the ruling of the Lombardy Regional Administrative Court of Law.

By judgment no. 8126/2020 of 17 December 2020, the Council of State set aside the judgement under appeal and dismissed the action brought by the competitor, thus confirming the total legitimacy of the Agreement.

Competent authorities are still investigating on the pending proceeding at the Office of the Public Prosecutor of the Court of Pavia, initiated as a consequence of one of the abovementioned complaints submitted by the competitor and concerning the Agreement. At the moment it is not yet possible to predict the conclusion of said investigations.

### 31. Entries resulting from atypical and/or unusual transactions

As required by Consob Communication No. DEM/6064296 of July 28, 2006, the Company declares that, in 2020, the Group did not execute atypical and/or unusual transactions, as defined in the abovementioned Communication, according to which atypical and/or unusual transactions are transactions that, because of their significance/material amount, type of counterpart, subject of the transaction, method of determining the transfer price and timing of the event (proximity to the end of a reporting period), could create doubts with regard to: the fairness/completeness of the financial statement disclosures, the existence of a conflict of interest, the safety of the corporate assets and the protection of minority shareholders.

### 32. Translation of financial statements of foreign companies

The table below lists the main exchange rates used to translate into euros the 2020 financial statements of foreign companies:

Currency	Average exchange rates			Exchange rates at		
	2020	2019	Change	12/31/2020	12/31/2019	Change
U.S. dollar	1.1422	1.1195	2%	1.2271	1.1234	9%
Brazilian real	5.8943	4.4134	34%	6.3735	4.5157	41%
British pound	0.8897	0.8778	1%	0.8990	0.8508	6%
Swedish kronor	10.4848	10.5891	-1%	10.0343	10.4468	-4%
Swiss franc	1.0705	1.1124	-4%	1.0802	1.0854	0%
Czech koruna	26.4551	25.6705	3%	26.2420	25.4080	3%
Canadian dollar	1.5300	1.4855	3%	1.5633	1.4598	7%
Mexican peso	24.5194	21.5565	14%	24.4160	21.2202	15%
Israeli shekel	3.9258	3.9901	-2%	3.9447	3.8845	2%
Chinese yuan	7.8747	7.7355	2%	8.0225	7.8205	3%
Australian dollar	1.6549	1.6109	3%	1.5896	1.5995	-1%
South African rand	18.7655	16.1757	16%	18.0219	15.7773	14%
Norwegian krone	10.7228	9.8511	9%	10.4703	9.8638	6%
Polish Zloty	4.4430	4.2976	3%	4.5597	4.2568	7%
Indian Rupee	84.6392	78.8361	7%	89.6605	80.1870	12%
Singapore Dollar	1.5742	1.5273	3%	1.6218	1.5111	7%

### **33. Other information**

Law no. 124 of 4 August 2017 (the Annual Market and Competition Law) defined that, as from 2019, companies receiving grants, financial support, remunerated duties and any kind of economic benefits from Public Administrations and similar bodies are required to publish such amounts in the Note to the financial statements and consolidated financial statements.

In 2020, the Company did not receive financial support or economic benefits from Public Administration in accordance with the aforementioned Law; for additional details that may apply, reference is made to documentation submitted by lending entities at the National Registry of State Aids.

## ANNEX I: LIST OF EQUITY INVESTMENTS WITH THE SUPPLEMENTAL DISCLOSURES REQUIRED BY CONSOB COMMUNICATION NO. DEM/6064293

	Head office location	Currency	Share Capital (*)	Net profit/(loss) for the year (*)	Shareholders' equity in the latest approved financial statements (*)	Per value per share	% interest held directly	Shares or partnership interest held
<b>Equity investments consolidated line by line</b>								
DiaSorin S.A/N.V.	Bruxelles (Belgium)	EUR	1,674,000	2,877,429	5,569,566	6,696	99.99%	249
DiaSorin Ltda	Sao Paolo (Brazil)	BRL	65,547,409	1,909,619	15,094,392	1	99.99%	65,547,408
DiaSorin S.A.	Antony (France)	EUR	960,000	2,153,033	8,704,092	15	99.99%	62,492
DiaSorin Iberia S.A.	Madrid (Spain)	EUR	1,453,687	1,295,339	5,205,024	6	99.99%	241,877
DiaSorin Ltd	Blewbury (UK)	GBP	500	632,668	1,923,819	1	100.00%	500
DiaSorin Inc.	Stillwater (USA)	USD	1	84,225,900	475,893,900	0	100.00%	100
DiaSorin Canada Inc	Mississauga (Canada)	CAD	200,000	214,900	1,376,600	N/A	-	100 Class A common shares
DiaSorin Molecular LLC	Cypress (USA)	USD	100,000	7,157,000	11,688,500	100,000	-	1
DiaSorin Mexico S.A de C.V.	Mexico City (Mexico)	MXP	63,768,473	4,666,530	52,800,159	1	99.99%	49,999
DiaSorin Deutschland GmbH	Dietzenbach (Germany)	EUR	275,000	4,039,172	11,417,422	275,000	100.00%	1
DiaSorin AB	Solna (Sweden)	SEK	5,000,000	6,505,891	28,241,243	100	100.00%	50,000
DiaSorin Ltd	Rosh Haayin (Israel)	ILS	100	1,243,000	17,921,000	1	100.00%	100
DiaSorin Austria GmbH	Wien (Austria)	EUR	35,000	480,750	2,635,409	35,000	100.00%	1
DiaSorin Czech s.r.o.	Prague (Czech Republic)	CZK	200,000	11,306,000	70,758,000	200,000	100.00%	1
DiaSorin Diagnostics Ireland Limited	Dublin (Ireland)	EUR	3,923	5,089	32,230,527	0	100.00%	392,282
DiaSorin Ireland Limited	Dublin (Ireland)	EUR	163,202	1,973,722	26,374,842	1	100.00%	136,002
DiaSorin I.N.UK Limited	Dublin (Ireland)	EUR	7,826,072	89,933	11,662,793	0	100.00%	782,607,110
DiaSorin I.N. Limited	Dublin (Ireland)	EUR	1	3,282,463	1,412,220	0	100.00%	100
DiaSorin South Africa (PTY) Ltd	Johannesburg (South Africa)	ZAR	101	9,554,221	71,065,118	1	100.00%	101
DiaSorin Australia (Pty) Ltd	Sydney (Australia)	AUD	3,300,000	2,021,850	9,475,521	33,000	100.00%	100
DiaSorin Ltd	Shanghai (China)	RMB	1,211,417	29,393,513	49,882,123	1	80.00%	96,000
DiaSorin Switzerland AG	Risch (Switzerland)	CHF	100,000	265,889	930,619	100	100.00%	1,000
DiaSorin Poland sp. z o.o.	Warsaw (Poland)	PLN	550,000	134,012	10,493,406	50	100.00%	11,000
DiaSorin Healthcare India Private Limited	Chennai (India)	INR	365,552,320	14,795,304	36,860,614	10	0.01%	36,555,232
DiaSiorin APAC Pte. Ltd.	Singapore (Singapore)	EUR	15,323	46,475	61,798	N/A	100.00%	1
Company	Head office location	Currency	Share Capital (*)	Net profit/(loss) for the year (*)	Shareholders' equity in the latest approved financial statements (*)	Per value per share	% interest held directly	Shares or partnership interest held
<b>Equity investment valued at cost</b>								
DiaSorin Deutschland Unterstuetzungskasse GmbH	Dietzenbach (Germania)	EUR	25,565	92,810	25,565	1	-	1

(\*) Amounts stated in the local currency

**ANNEX II: DISCLOSURE REQUIRED PURSUANT TO ARTICLE 149-DUODECIES OF THE CONSOB ISSUERS' REGULATIONS**

<i>(€ thousands)</i>	<b>Party providing the service</b>	<b>Recipients</b>	<b>Fee attributable to 2020</b>
<b>Independent Auditing</b>	PricewaterhouseCoopers S.p.A.	Parent Company Diasorin S.p.A.	293
	PricewaterhouseCoopers S.p.A.	Subsidiaries	65
	Rete PwC	Subsidiaries	602
	Other	Subsidiaries	12
<b>Other services</b>	PricewaterhouseCoopers S.p.A.	Parent Company Diasorin S.p.A.	12
	Rete PwC	Subsidiaries	58
<b>Total</b>			<b>1,042</b>



**CERTIFICATION OF THE STATUTORY FINANCIAL STATEMENTS**  
**pursuant to article 81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended**

1. We, the undersigned, Carlo Rosa, in my capacity as Chief Executive Officer, and Piergiorgio Pedron, in my capacity as Corporate Accounting Documents Officer, of the issuer DiaSorin S.p.A.,

attest that,

insofar as the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998 are concerned, the administrative and accounting procedures applied to prepare the 2020 statutory financial statements are:

- a) adequate in light of the Company's characteristics; and
- b) were applied effectively.

2. Moreover, we attest that:

2.1 the statutory financial statements at December 31, 2020:

- a) were prepared in accordance with the applicable international accounting principles recognized by the European Union, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002;
- b) are consistent with the data in the supporting documents and accounting records;
- c) are suitable for the purpose of providing a truthful and fair representation of the balance sheet, operating performance and financial position of the issuer;

2.2 the Report on Operations provides a reliable analysis of the Group's performance and result from operations and of the status of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

Saluggia, March 11, 2021

Signed:

Carlo Rosa

Chief Executive Officer

Piergiorgio Pedron

Corporate Accounting  
Documents Officer

**STATUTORY FINANCIAL STATEMENTS OF DIASORIN S.P.A. AT  
DECEMBER 31, 2020 AND AT DECEMBER 31, 2019**

**INCOME STATEMENT**

<i>(in €)</i>	<b>Notes</b>	<b>2020</b>	<b>2019</b>
Net revenues	(1)	471,018,647	395,078,909
Cost of sales	(2)	(241,930,784)	(214,234,598)
<b>Gross Profit</b>		<b>229,087,863</b>	<b>180,844,311</b>
Sales and marketing expenses	(3)	(33,101,072)	(36,516,038)
Research and development costs	(4)	(27,768,455)	(22,564,416)
General and administrative expenses	(5)	(36,768,933)	(33,705,957)
Other operating income /(expenses)	(6)	(1,483,491)	(4,279,756)
<i>Non-recurring amount</i>	(6)	<i>(711,357)</i>	<i>(2,034,204)</i>
<b>Operating result (EBIT)</b>		<b>129,965,912</b>	<b>83,778,144</b>
Net financial income /(expense)	(7)	62,532,346	44,061,820
<b>Result before taxes</b>		<b>192,498,258</b>	<b>127,839,964</b>
Income taxes	(8)	(28,282,472)	(14,191,952)
<b>Net Result</b>		<b>164,215,786</b>	<b>113,648,012</b>

Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of related-party transactions on the income statement of DiaSorin S.p.A. is shown in a separate income statement schedule provided later in this Report

## COMPREHENSIVE INCOME STATEMENT

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
<b>Net profit for the year (A)</b>	<b>164,216</b>	<b>113,648</b>
<b>Other comprehensive gains/(losses) that will not be reclassified in gain/loss of the period:</b>		
Gains/(losses) on remeasurement of defined-benefit plans	(61)	(128)
<b>Total comprehensive gains/losses that will not be reclassified in gain/loss of the period (B1)</b>	<b>(61)</b>	<b>(128)</b>
<b>Other comprehensive gains/(losses) that will be reclassified in gain/loss of the period:</b>		
Gains/(losses) on fair value measurement of receivables	-	61
Gains/(losses) from translation of financial statements of foreign branches	(496)	453
<b>Total comprehensive gains/(losses) that will be reclassified in gain/loss of the period (B2)</b>	<b>(496)</b>	<b>514</b>
<b>TOTAL COMPREHENSIVE GAINS/(LOSSES), NET OF TAX EFFECT (B1)+(B2)=(B)</b>	<b>(557)</b>	<b>386</b>
<b>TOTAL COMPREHENSIVE GAINS/(LOSSES) (A)+(B)</b>	<b>163,659</b>	<b>114,034</b>

## STATEMENT OF FINANCIAL POSITION

### *DiaSorin S.p.A BALANCE SHEET*

<i>(in €)</i>	Notes	12/31/2020	12/31/2019
<b>ASSETS</b>			
<i>Non-current assets</i>			
Property, plant and equipment	(10)	63,310,798	62,267,806
Goodwill	(11)	39,756,621	39,756,621
Intangible assets	(11)	77,661,988	76,055,843
Equity investments	(12)	113,476,133	142,172,403
Deferred-tax assets	(13)	4,944,773	3,739,253
Other non-current assets	(17)	3,908,181	3,834,818
Other non-current financial assets	(16)	41,825,665	49,919,795
<b>Total non-current assets</b>		<b>344,884,159</b>	<b>377,746,539</b>
<i>Current assets</i>			
Inventories	(14)	112,564,911	102,838,338
Trade receivables	(15)	48,099,360	43,758,408
Trade receivables from Group companies	(15)	86,937,121	68,004,464
Financial receivables from Group companies	(16)	6,013,209	7,785,711
Other current assets	(17)	6,309,736	14,460,491
Other current financial assets	(20)	125,660	49,365
Cash and cash equivalents	(18)	134,303,741	38,444,495
<b>Total current assets</b>		<b>394,353,738</b>	<b>275,341,272</b>
<b>TOTAL ASSETS</b>		<b>739,237,897</b>	<b>653,087,811</b>

Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of related-party transactions on the statement of financial position of DiaSorin S.p.A. is shown in a separate statement of financial position schedule provided later in this Report.

## STATEMENT OF FINANCIAL POSITION *(continued)*

<i>DiaSorin S.p.A BALANCE SHEET</i>			
<i>(in €)</i>	Note	12/31/2020	12/31/2019
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<i>Shareholders' equity</i>			
Share capital	(19)	55,948,257	55,948,257
Treasury shares	(19)	(109,545,617)	(81,849,427)
Additional paid-in capital	(19)	18,155,103	18,155,103
Statutory reserve	(19)	11,189,651	11,189,651
Other reserves and retained earnings	(19)	385,727,980	318,265,971
Net profit for the year		164,215,786	113,648,012
<b>Total shareholders' equity</b>		<b>525,691,160</b>	<b>435,357,567</b>
<i>Non-current liabilities</i>			
Non-current financial liabilities	(20)	10,312,418	11,379,768
Provisions for employee benefits	(21)	6,198,115	4,742,490
Other non-current liabilities	(22)	21,211,567	19,511,516
<b>Total non-current liabilities</b>		<b>37,722,100</b>	<b>35,633,774</b>
<i>Current liabilities</i>			
Trade payables	(23)	41,325,452	38,279,994
Trade payables due to Group companies	(23)	24,060,579	26,599,681
Current financial liabilities	(20)	1,036,416	1,164,689
Payables due to Group companies	(20)	70,735,080	90,012,326
Other current financial liabilities	(20)	-	-
Other liabilities	(24)	22,478,921	22,958,368
Current tax liabilities	(25)	16,188,189	3,081,412
<b>Total current liabilities</b>		<b>175,824,637</b>	<b>182,096,470</b>
<b>TOTAL LIABILITIES</b>		<b>213,546,737</b>	<b>217,730,244</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>739,237,897</b>	<b>653,087,811</b>

Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of related-party transactions on the statement of financial position of DiaSorin S.p.A. is shown in a separate statement of financial position schedule provided later in this Report.

## STATEMENT OF CASH FLOWS

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
<b>Cash flow from operating activities</b>		
Net profit for the year	164,216	113,648
Adjustments for:		
- Income taxes	28,283	14,192
- Depreciation and amortization	22,796	21,289
- Financial expense (income)	(62,533)	(44,062)
- Additions to/Utilizations of provisions for risks	4,064	2,029
- (Gains)/Losses on sales of non-current assets	(257)	(182)
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	(30)	(30)
- Changes in shareholders' equity reserves:		
- Stock options reserve	4,820	3,851
- Cumulative translation adjustment from operating activities	185	(397)
- Change in other non-current assets/liabilities	(556)	(592)
<b>Cash flow from operating activities before changes in working capital</b>	<b>160,988</b>	<b>109,746</b>
(Increase)/Decrease in current receivables	(24,055)	(3,451)
(Increase)/Decrease in inventories	(11,138)	(6,040)
Increase/(Decrease) in trade payables	623	6,124
(Increase)/Decrease in other current items	(1,386)	7,050
<b>Cash from operating activities</b>	<b>125,032</b>	<b>113,429</b>
Income taxes paid	(8,762)	(7,494)
Paid/ collected interests	(797)	(2,790)
<b>Net cash from operating activities</b>	<b>115,473</b>	<b>103,145</b>
Investments in intangibles	(9,915)	(11,022)
Investments in property, plant and equipment	(15,779)	(17,858)
Equity investments	-	-
Proceeds from divestments of non-current assets	164	610
<b>Cash used in ordinary investing activities</b>	<b>(25,530)</b>	<b>(28,270)</b>
Acquisitions of subsidiaries and business operations	-	(6,903)
<b>Cash used in investing activities</b>	<b>(25,530)</b>	<b>(35,173)</b>
(Repayment of)/ Proceeds from loans and other liabilities	(1,878)	(21,419)
Increase)/Decrease) in financial items due to Group companies	(8,905)	(72,512)
(Purchase)/Sale of treasury shares, stock options exercise	(26,093)	7,016
Dividend distribution	(52,053)	(49,231)
Dividend received from Group companies	95,699	92,433
<b>Cash from financing activities</b>	<b>6,770</b>	<b>(43,713)</b>
Foreign exchange translation differences	(853)	(1,014)
<b>Net change in cash and cash equivalents</b>	<b>95,860</b>	<b>23,245</b>
<b>Cash and cash equivalents opening balance</b>	<b>38,444</b>	<b>15,199</b>
<b>Cash and cash equivalents closing balance</b>	<b>134,304</b>	<b>38,444</b>

Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of related-party transactions on the statement of cash flows of DiaSorin S.p.A. is shown in a separate statement of statement of cash flows schedule provided later in this Report.

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(€ thousands)</i>	Share capital	Treasury shares	Additional paid-in capital	Statutory reserve	Stock option reserve	Reserve for treasury shares	Currency translation reserve	Other reserves and retained earnings	Net profit for the year	Group interest in Shareholder's equity
<b>Shareholders' equity at 12/31/2018</b>	<b>55,948</b>	<b>(87,784)</b>	<b>18,155</b>	<b>11,190</b>	<b>3,602</b>	<b>87,784</b>	<b>(815)</b>	<b>171,511</b>	<b>100,097</b>	<b>359,688</b>
Appropriation of previous year's profit	-	-	-	-	-	-	-	100,097	(100,097)	-
Dividend distribution	-	-	-	-	-	-	-	(49,231)	-	(49,231)
Stock options and other changes	-	-	-	-	2,548	-	-	1,303	-	3,851
Translation adjustment	-	-	-	-	-	-	453	-	-	453
Gains/(losses) on remeasurement of defined benefit plans, net of tax effects	-	-	-	-	-	-	-	(128)	-	(128)
IFRS 9 loan/receivable valuation	-	-	-	-	-	-	-	61	-	61
Purchase of treasury shares	-	-	-	-	-	-	-	-	0	0
Sale/(Purchase) of treasury shares	-	5,935	0	0	0	(5,935)	0	7,016	-	7,016
<i>Profit for the year</i>	-	-	-	-	-	-	-	-	113,648	113,648
<i>Other changes in the comprehensive income statement</i>	-	-	-	-	-	-	453	(67)	-	386
Comprehensive profit	-	-	-	-	-	-	453	(67)	113,648	114,034
<b>Shareholders' equity at 12/31/2019</b>	<b>55,948</b>	<b>(81,849)</b>	<b>18,155</b>	<b>11,190</b>	<b>6,150</b>	<b>81,849</b>	<b>(362)</b>	<b>230,629</b>	<b>113,648</b>	<b>435,358</b>
Appropriation of previous year's profit	-	-	-	-	-	-	-	113,648	(113,648)	-
Dividend distribution	-	-	-	-	-	-	-	(52,053)	-	(52,053)
Stock options and other changes	-	-	-	-	3,494	-	-	1,326	-	4,820
Translation adjustment	-	-	-	-	-	-	(496)	-	-	(496)
Gains/(losses) on remeasurement of defined benefit plans, net of tax effects	-	-	-	-	-	-	-	(61)	-	(61)
IFRS 9 loan/receivable valuation	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	(27,697)	-	-	-	27,697	-	(26,093)	-	(26,093)
Sale/(Purchase) of treasury shares	-	-	-	-	-	-	-	-	164,216	164,216
<i>Profit for the year</i>	-	-	-	-	-	-	(496)	(61)	-	(557)
<i>Other changes in the comprehensive income statement</i>	-	-	-	-	-	-	(496)	(61)	164,216	163,659
<b>Shareholders' equity at 12/31/2020</b>	<b>55,948</b>	<b>(109,546)</b>	<b>18,155</b>	<b>11,190</b>	<b>9,644</b>	<b>109,546</b>	<b>(858)</b>	<b>267,396</b>	<b>164,216</b>	<b>525,691</b>

**INCOME STATEMENT**  
**pursuant to Consob Resolution No. 15519 of July 27, 2006**

<i>(€ thousands)</i>	Notes	2020	<i>amount with related parties</i>	2019	<i>amount with related parties</i>
Net Revenues	(1)	471,019	288,976	395,079	234,506
Cost of sales	(2)	(241,931)	(85,427)	(214,235)	(68,930)
<b>Gross profit</b>		<b>229,088</b>		<b>180,844</b>	
Sales and marketing expenses	(3)	(33,101)	145	(36,516)	(792)
Research and development costs	(4)	(27,768)	722	(22,564)	(823)
General and administrative expenses	(5)	(36,769)	(7,690)	(33,706)	(6,938)
Other operating income (expense)	(6)	(1,484)	2,843	(4,280)	2,518
<i>Non-recurring amount</i>		<i>(711)</i>		<i>(2,034)</i>	
<b>Operating result (EBIT)</b>		<b>129,966</b>		<b>83,778</b>	
Net financial income (expense)	(7)	62,533	68,070	44,062	49,176
<b>Result before taxes</b>		<b>192,499</b>		<b>127,840</b>	
Income taxes	(8)	(28,283)		(14,192)	
<b>Net Result</b>		<b>164,216</b>		<b>113,648</b>	



**STATEMENT OF FINANCIAL POSITION**  
**pursuant to Consob Resolution No. 15519 of July 27, 2006**

<i>(€ thousands)</i>	Notes	12/31/2020	<i>amount with related parties</i>	12/31/2019	<i>amount with related parties</i>
<b>ASSETS</b>					
<i>Non-current assets</i>					
Property, plant and equipment	(10)	63,311		62,268	
Goodwill	(11)	39,757		39,756	
Intangible assets	(11)	77,662		76,057	
Equity investments	(12)	113,476		142,172	
Deferred-tax assets	(13)	4,945		3,739	
Other non-current assets	(17)	3,907	-	3,835	-
Other non-current financial assets	(16)	41,826	41,826	49,920	49,920
<i>Total non-current assets</i>		<i>344,884</i>		<i>377,747</i>	
<i>Current assets</i>					
Inventories	(14)	112,565		102,838	
Trade receivables	(15)	135,036	86,937	111,762	68,004
Financial receivables	(16)	6,013	6,013	7,786	7,786
Other current assets	(17)	6,310		14,461	
Other current financial assets	(20)	126		49	
Cash and cash equivalents	(18)	134,304		38,444	
<i>Total current assets</i>		<i>394,354</i>		<i>275,340</i>	
<b>TOTAL ASSETS</b>		<b>739,238</b>		<b>653,087</b>	

**STATEMENT OF FINANCIAL POSITION** *(continued)*  
**pursuant to Consob Resolution No, 15519 of July 27, 2006**

<i>(€ thousands)</i>	Notes	12/31/2020	<i>amount with related parties</i>	12/31/2019	<i>amount with related parties</i>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<i>Shareholders' equity</i>					
Share capital	(19)	55,948		55,948	
Additional paid-in capital	(19)	18,155		18,155	
Statutory reserve	(19)	11,190		11,190	
Other reserves and retained earnings	(19)	385,728		318,266	
Treasury shares	(19)	(109,546)		(81,849)	
Net profit for the year		164,216		113,648	
<b>Total shareholders' equity</b>		<b>525,691</b>		<b>435,358</b>	
<i>Non-current liabilities</i>					
Non-current financial liabilities	(20)	10,312		11,380	
Provisions for employee severance indemnities	(21)	6,198	1,317	4,742	
Other non-current liabilities	(22)	21,213		19,512	
<i>Total non-current liabilities</i>		<i>37,723</i>		<i>35,634</i>	
<i>Current liabilities</i>					
Trade payables	(23)	65,386	24,061	64,880	26,600
Current financial liabilities	(20)	71,771	70,735	91,177	90,012
Other current financial liabilities		-		-	
Other liabilities	(24)	22,479	74	22,957	658
Current tax liabilities	(25)	16,188		3,081	
<i>Total current liabilities</i>		<i>175,824</i>		<i>182,095</i>	
<b>TOTAL LIABILITIES</b>		<b>213,547</b>		<b>217,729</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		<b>739,238</b>		<b>653,087</b>	

**STATEMENT OF CASH FLOWS**  
**pursuant to Consob Resolution No. 15519 of July 27, 2006**

<i>(€ thousands)</i>	2020	<i>amount with related parties</i>	2019	<i>amount with related parties</i>
<b>Cash flow from operating activities</b>				
Net profit for the year	164,216		113,648	
Adjustments for:				
- Income taxes	28,283		14,192	
- Depreciation and amortization	22,796		21,289	
- Financial expense (income)	(62,533)		(44,062)	
- Additions to/Utilizations of provisions for risks	4,064		2,029	
- (Gains)/Losses on sales of non-current assets	(257)		(182)	
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	(30)		(30)	
- Changes in shareholders' equity reserves:				
- Stock options reserve	4,820		3,851	
- Cumulative translation adjustment from operating activities	185		(397)	
- Change in other non-current assets/liabilities	(556)		(592)	
<b>Cash flow from operating activities before changes in working capital</b>	<b>160,988</b>		<b>109,746</b>	
(Increase)/Decrease in current receivables	(24,055)	(18,932)	(3,451)	(2,239)
(Increase)/Decrease in inventories	(11,138)		(6,040)	
Increase/(Decrease) in trade payables	623	(2,539)	6,124	10,012
(Increase)/Decrease in other current items	(1,386)	(2)	7,050	526
<b>Cash from operating activities</b>	<b>125,032</b>		<b>113,429</b>	
Income taxes paid	(8,762)		(7,494)	
Paid/ collected interests	(797)		(2,790)	
<b>Net cash from operating activities</b>	<b>115,473</b>		<b>103,145</b>	
Investments in intangibles	(9,915)		(11,022)	
Investments in property, plant and equipment	(15,779)		(17,858)	
Equity investments	-		-	
Proceeds from divestments of non-current assets	164		610	
<b>Cash used in ordinary investing activities</b>	<b>(25,530)</b>		<b>(28,270)</b>	
Acquisition/setting up of subsidiaries and business operations	-		(6,903)	
<b>Cash used in investing activities</b>	<b>(25,530)</b>		<b>(35,173)</b>	
(Repayment of)/Proceeds from loans and other financial liabilities	(1,878)		(21,419)	
Increase/(Decrease) in financial items due to Group companies	(8,905)	(8,905)	(72,512)	(72,512)
(Purchase)/Sale of treasury shares, stock options exercise	(26,093)		7,016	
Dividend distribution	(52,053)		(49,231)	
Dividend received from Group companies	95,699	95,699	92,433	92,433
<b>Cash from financing activities</b>	<b>6,770</b>		<b>(43,713)</b>	
Foreign exchange translation differences	(853)		(1,014)	
<b>Net change in cash and cash equivalents</b>	<b>95,860</b>		<b>23,245</b>	
<b>Cash and cash equivalents opening balance</b>	<b>38,444</b>		<b>15,199</b>	
<b>Cash and cash equivalents closing balance</b>	<b>134,304</b>		<b>38,444</b>	

## **NOTES TO THE FINANCIAL STATEMENTS OF DIASORIN S.P.A. AT DECEMBER 31, 2020 AND DECEMBER 31, 2019**

### **GENERAL INFORMATION**

#### *Background information*

The DiaSorin Group is specialized in the development, manufacture and distribution of products in the immunodiagnosics and molecular diagnostics. DiaSorin S.p.A., the Group's Parent Company, has its headquarters in Via Crescentino (no building No.), Saluggia (VC).

The Company owns controlling interests in other companies, which it carried at cost in its financial statements and, consequently, also prepared consolidated financial statements, which provide exhaustive additional information about the balance sheet, financial position and income statement of the Company and the Group.

The income statement and the statement of financial position are presented in Euros, while the statement of cash flows, the statements of changes in shareholders' equity and the breakdown of total profit (loss) are presented in thousands of euros. The amounts that appear in the notes to the financial statements are also in thousands of euros.

On March 11, 2021 the Board of Directors authorized the publication of these financial statements.

#### *Principles for the preparation of the statutory financial statements*

The 2020 statutory financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

The financial statements and the accompanying notes include the additional information that accounting schedules and other financial statement disclosures are required to provide pursuant to Consob Resolution No. 15519 of July 27, 2006 and the Consob Communication of July 28, 2006.

The designation IFRSs also includes the International Accounting Standards ("IAS") that are still in effect and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were prepared in accordance with the historical cost and going concern principles.

The preparation of financial statements in accordance with the IFRSs requires the use of estimates for some material amounts. In addition, the Company's management is required to make judgments and assumptions as to how the Company's accounting policies should be applied in certain areas. The areas of the financial statements that require the greatest attention or are especially complex and, consequently, involve the most significant estimated amounts are discussed in a separate Note later in this Report.

The financial statements of the U.K. Branch were consolidated by the line-by-line consolidation method. Under this method, assets, liabilities, expenses and revenues are consolidated using their full amount, irrespective of the percentage interest held, and the minority interest in shareholders' equity and net profit is shown in separate line items of the consolidated financial statements.

#### Financial statement presentation format

The financial statements are presented in accordance with the following formats:

- In the income statement, costs are broken down by function. This income statement format, also known as a “cost of sales” income statement, is more representative of the Group's business than a presentation with expenses broken down by nature because it is consistent with internal reporting and business management methods and is consistent with international practice in the diagnostic sector;
- In the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately;
- The cash flow statement is presented in accordance with the indirect method.

In the income statement, expense and income amounts generated by extraordinary transactions that are not part of standard operations are shown separately in order to permit a better assessment of the Company's operating performance.

#### Business Combinations

At December 31, 2020, no new business combinations occurred.

### **VALUATION CRITERIA AND ACCOUNTING PRINCIPLES**

#### **Property, plant and equipment**

The primary components of property, plant and equipment include:

- a) Land;
- b) Industrial buildings;
- c) General purpose and specialized facilities;
- d) Machinery;
- e) Manufacturing and distribution equipment;
- f) Right-of-use assets (in accordance with IFRS 16 accounting standards)
- g) Other assets.

These assets are recognized at their acquisition or production cost, plus directly attributable incidental expenses. Items of property, plant and equipment are valued at cost. Their cost is reduced by depreciation (with the exception of land, which is not depreciated) and write-downs for impairment. Depreciation is computed on a straight-line basis at rates that reflect an asset's decrease in value and wear and tear. Depreciation is computed from the moment an asset is available for use.

Significant components of property, plant and equipment that have different useful lives are recognized separately and each one is depreciated in accordance with its own useful life.

The useful lives and residual values of these assets are reviewed each year upon the closing of the annual financial statements.

In accordance with the IFRS 16 accounting principles, the Group as lessee recognizes the so-called right-of-use asset at the initial leasing date (i.e., the date on which the underlying asset is available for use). Right-of-use-asset is measured at cost, net of any accumulated depreciation and impairments and adjusted for any remeasurement of the lease liability. The cost of the right-of-use asset includes the amount of the lease liabilities recognized, the initial direct costs incurred and the payment of leases at the commencement date or before, net of any incentives received. The right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the end of the useful life of the right-of-use asset, if earlier, to the lease's term.

If the lease transfers ownership of the asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise the option to purchase the asset, the Group shall depreciate the right-of-use asset from the lease commencement date to the end of the useful life of the underlying asset.

The depreciation rates used are as follows:

Industrial buildings	5.5%
General purpose and specialized facilities	10-12%
Machinery	12%
Manufacturing and distribution equipment	40%
Equipment held by customers	14-25%
Reconditioned equipment held by customers	20-33%
Right-of-use assets	5.5%-33%

Costs incurred for regular maintenance and repairs are charged directly to income the year they are incurred. Costs incurred to recondition equipment are capitalized only to the extent that the reconditioned equipment meets the requirements to be recognized separately as an asset or an asset component in accordance with the component approach. Reconditioning costs and any non-depreciated residual values are depreciated over the asset's residual life, which is estimated at three years.

Leasehold improvements that meet the requirements of IAS 16 "Property, Plant and Equipment" are classified as property, plant and equipment and depreciated over the asset's residual life or the remaining length of the lease, whichever is shorter.

If, irrespective of the amount of depreciation already taken, the recoverable value of an asset, computed in accordance with the method provided in IAS 36, is lower than its carrying value, the latter is written down to the assets' recoverable value and the resulting impairment loss is recognized. If in subsequent years the reasons for the original write-down cease to apply, the asset is restored to its original value (net of any depreciation that would have been taken had the asset not been written down) or its recoverable value, whichever is lower.

Gains and losses on the disposal or retirement of assets, which are computed as the difference between the sales proceeds and the asset's net carrying value, are recognized in the income statement for the year.

In accordance with IFRS 16 accounting standard, if changes to lease contracts result in a change in the accounting for the existing lease, the Group recognizes a remeasurement of the carrying amount of the right-of-use asset and a change, at the same time, in the lease liability; any gains or losses resulting from the remeasurement are recognized in the income statement of the period.

## **Intangible assets**

Intangible assets are recognized in the statement of financial position only if they are identifiable, controllable, there is an expectation that they will produce future economic benefits and their cost can be measured reliably.

Intangible assets with a finite useful life are valued at their acquisition or production cost or at their appraised value, net of accumulated amortization and impairment losses. Amortization is computed on the basis of an asset's estimated useful life and begins when an asset is available for use. Useful lives are reviewed annually and the impact of any changes is reflected prospectively.

Intangible assets with an indefinite useful life are not amortized. They are tested for impairment annually or more frequently, if necessary, even when there are no indications that the value of the assets has been impaired. These tests are carried out for each cash generating unit to which intangible assets have been allocated.

### *Intangible assets with an indefinite useful life*

#### *Goodwill*

Goodwill generated through the acquisition of a subsidiary or another business combination is the portion of the purchase price paid in excess of the Group's interest in the fair value on the date of acquisition of the acquired assets, liabilities and identifiable contingent liabilities. Goodwill is recognized as an intangible asset with an indefinite useful life and is not amortized. However, its carrying amount is tested once a year (or more often if necessary) for impairment, even when there are no indications that its value has been impaired, and to test the indefinite life assumption. Impairment losses are immediately recognized in profit or loss and may not be reversed subsequently. After initial recognition, goodwill is valued at cost, less any accumulated impairment losses. When a subsidiary is sold, the net carrying amount of the goodwill allocated to that subsidiary is included in the computation of the gain or loss generated by the sale.

For impairment test purposes, goodwill is allocated to the cash generating units (CGUs).

### *Intangible assets with a defined life*

#### *Development costs*

Costs incurred internally to develop new products or systems constitute an intangible asset and may be recognized as such only if all the following requirements can be satisfied:

- It is a technically feasible to complete an asset so that it will be available for use or sale and the Group intends to do so.
- The Group is able to sell, exchange or distribute the future economic benefits attributable to an asset without having to relinquish future economic benefits generated by other assets used by the same cash generating unit.
- There is evidence that the costs incurred will generate probable future benefits. Such evidence can consist of the existence of a market for the output of the asset or of the usefulness of the asset, if used internally.

- The Group has access to adequate technical and financial resources to complete the development of the asset and to sell or use internally its output.
- The expenditures attributable to the asset during its development can be measured reliably.

Capitalized development costs include only the expenditures that can be attributed directly to the development process.

In the first year, amortization is computed based on the length of time during which the asset is effectively in use. The useful life of development costs is estimated at 10 years, in accordance with the maximum length of time during which management believes that the asset will generate economic benefits for the Group. The estimated useful life of capitalized development costs incurred to develop the LIAISON XL and LIAISON XS systems is also 10 years.

Research and development costs that do not satisfy the requirements listed above are charged to income immediately and may not be capitalized in subsequent years.

#### *Other intangibles*

Other intangibles are recognized in the statement of financial position only if it is probable that their use will generate future economic benefits and if their cost can be measured reliably. If these conditions are met, these intangible assets are recognized at cost, which is their purchase price plus incidental expenses.

The gross carrying amount of intangible assets with a finite useful life is amortized on a straight-line basis based on the assets' estimated useful lives. Amortization begins when an asset is put into use. In the first year, amortization is computed based on the length of time during which the asset is effectively in use.

The Group uses the following amortization rates:

Asset type	Amortization rate
Concessions, licenses and similar rights	6.67% - 10% or length of contract
Customer relationship	5% - 20%
Trademarks	6.67-10%
Industrial patent and intellectual property rights	Legal duration

The duration of the amortization period, which is based on internal analyses and valuations, development plans and the return flows from their use, is deemed to be consistent with expectations concerning the duration and development of the Group's activities and products and with the likelihood that the positions achieved in the diagnostics market will be retained.

#### Impairment of assets

The Entity tests its property, plant and equipment and its intangible assets once a year to determine whether the value of these assets has been impaired. If evidence of impairment is detected, the recoverable value of the affected assets is determined. Intangibles with a finite useful life, intangibles that are not yet ready for use and goodwill generated through a business combination are tested for



impairment at least once a year, even when there is no indication that the value of the assets has been impaired, or more often if there is an indication that their value may have been impaired, as required.

An asset's recoverable amount is the higher of its fair value, less cost to sell, and its value in use, computed as the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Expected future cash flows reflect assumptions that are consistent with the criteria applied to determine the discount rate. Cash flow projections are based on Company plans and on reasonable and documented assumptions about the Group's future results and macroeconomic conditions.

The discount rate used must reflect the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

When the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Whenever the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the reduction is recognized as an impairment loss in the income statement. Subsequently, if an impairment loss for an asset other than goodwill ceases to exist or is reduced, the carrying amount of the asset (or CGU) is increased to the new estimated recoverable amount (but not more than the asset's net carrying amount had no impairment loss been recognized). This reversal is recognized immediately in earnings. Impairment losses recognized on goodwill or intangibles with indefinite useful life are in no way recoverable.

### **Equity investments in subsidiaries**

As required by IFRS 5, equity investments in subsidiaries, joint ventures and affiliated companies that are not classified as held-for-sale assets (or included in discontinuing operations classified as held-for-sale assets) are recognized in accordance with the historical cost method. Specifically, the Company recognizes income on equity investments only if it receives from the investee company dividends generated subsequent to acquisition and only for the amount of the dividends.

Whenever financial statements are prepared, the Company determines whether there are indications that the value of these investments may have been impaired. If such indications exist, an impairment test is carried out to determine if the carrying amount of the investments corresponds to their fair value. Any impairment loss is recognized only to the extent that the recoverable value is lower than the carrying amount of the asset. If, subsequent to the recognition of the impairment loss, there are indications that the loss no longer exists or has decreased, the value of the investment is reinstated to reflect the loss reduction. Once the carrying amount of an equity investment has been written off, any additional losses suffered by the investee company are recognized as a liability if the Parent Company has a legal or implied obligation to cover such additional losses of the investee company.

The book value of equity investments is increased to take into account stock options awarded to subsidiaries employees and, in accordance with IFRS 2, it is treated as a capital contribution to the subsidiaries in question.

### **Inventories**

Inventories, which consist mainly of raw materials, work-in-progress and finished products, are carried at the lower of cost and net realizable value, determined in accordance with market conditions. Costs include the price paid to suppliers plus the incidental expenses incurred to bring the purchased goods to the warehouse door, net of discounts and rebates. Production costs include the costs directly attributable to individual goods or classes of goods, plus a reasonable allocation of the overall outlays incurred for the activities carried out to produce the goods in question (fixed production overhead). The allocation of fixed production overhead is based on the normal capacity of the production facilities. Cost is determined by the FIFO method.

The carrying amount of inventories, determined in the manner described above, is reduced by a provision that reflects the impact of obsolete and slow-moving inventory items.

### **Receivables and payables**

Trade and other receivables are valued at amortized cost using the effective interest rate, less impairment losses, except receivables within a business model whose objective is achieved by either collection of contractual cash flows or sale (hold to collect and sell). These receivables are measured at fair value with changes recognized directly in the comprehensive income statement.

Impairment losses on receivables are recognized through the simplified approach required by IFRS 9 to measure loss allowance through lifetime expected credit loss. Specifically, the Group calculates expected credit loss using a provision matrix, which is estimated on the basis of historical credit loss experience for past due receivables and is adjusted to reflect current conditions and estimates on relevant future economic conditions.

Trade payables and other payables are initially recognized at fair value, net of directly allocated accessory costs and are subsequently measured at amortized cost, applying the effective interest rate criteria.

Receivables and payables denominated in foreign currencies are translated at the exchange rates in force on the date of the financial statements and any resulting gains or losses are recognized in earnings.

### **Factoring of receivables**

DiaSorin engages in the factoring of its receivables.

When all risks and benefits relating to ownership and contractual rights are transferred to cash flows deriving thereof, receivables assigned through such transactions are removed from the statement of financial position. In such event, cumulative changes in fair value - previously recognized in the comprehensive income statement - are transferred to the income statement. Conversely, if requirements for derecognition of assets are not met, receivables are recognized as such in the Group financial statements; a corresponding financial liability is recognized in the consolidated statement of financial position as "financial payables".

### **Cash and cash equivalents**

They consist of cash and cash equivalents, short-term bank deposits, shares in liquidity funds and other money market securities readily converted into cash.

### **Shareholders' equity**

Equity instruments issued by the Group's Parent Company are recognized for the amount of consideration received. Dividends distributed by the Group's Parent Company are recognized as a

liability when the distribution resolution is approved. The purchase cost of treasury shares and the proceeds from their sale are recognized directly in equity, with no impact on the income statement.

#### *Treasury shares*

When the Group's Parent Company and its subsidiaries purchase Company shares, the consideration paid is deducted from the shareholders' equity attributable to the Company's shareholders, until the shares are retired or sold. No gain or loss is recognized in the income statement when treasury shares are bought, sold, issued or retired. When these shares are subsequently reissued, the consideration received, net of taxes, is added to the shareholders' equity attributable to the Company's shareholders.

## **Employee benefits**

#### *Pension plans*

Defined-benefit pension plans, which include the severance benefits payable to employees pursuant to Article 2120 of the Italian Civil Code, are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. The liability that represents the benefits owed to employees under defined-benefit plans is recognized at its actuarial value.

The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Group's obligation. The determination of the present value of the Group's obligation is made by an independent actuary, using the projected unit credit method. This method treats each period of service provided by an employee to a company as an individual accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Moreover, this method requires taking into account future wage increases due for any reason (inflation, career moves, labor contract renewals, etc.) until the end of the employment relationship.

The cost of defined-benefit plans accrued during the year, which is reflected in the income statement as part of labor costs and financial expense, is equal to the sum of the average present value of the accrued benefits of current employees for service provided during the year and their annual vested interest in the present value of the Group's obligations at the beginning of the year, computed by discounting future outlays by the same rate as that used to estimate the Group's liability at the end of the previous year. The annual discount rate used for these computations was the same as the year-end market rate for zero-coupon bonds with a maturity equal to the average residual duration of the liability. Actuarial gains and losses reflecting changes in the actuarial assumptions or experience adjustments are credited or charged to equity in the statement of comprehensive income for the period in which they arise. If the amount is recorded on the balance sheet as an asset, it is limited to the present value of economic benefits available in the form of refunds or reductions in future contributions to the plan.

On January 1, 2007, the Italian Budget Law and the related implementation decrees introduced significant changes in the rules that govern the Provision for employee severance indemnities ("PESI") of companies whose registered office is located in Italy. These changes include the right of employees to decide the destination of future accrued PESI amounts. Specifically, employees can direct new PESI flows to selected pension investments or keep them with the employer company, which will then deposit its PESI contribution in a treasury account at the Italian social security administration (abbreviated as INPS in Italian). In light of these changes, the PESI is now viewed as a defined-benefit plan only insofar as the amounts vested before January 1, 2007 are concerned and as a defined-

contribution plan after January 1, 2007. Accounting effects resulting from the law application are described in the notes of the Report.

#### *Equity-based compensation plans*

Group companies grant to Group executives and middle managers additional benefits through equity-based plans (stock options). In accordance with IFRS 2 “Share-based Payment,” stock options awarded to employees are measured at their fair value on the grant date, in accordance with models that take into account factors and data (option exercise price, duration of the option, current price of the underlying shares, expected share price volatility, expected dividends and interest rate for zero-risk investments over the life of the option) applicable on the grant date.

If the option becomes exercisable after a certain period and/or certain performance requirements are met (vesting period), the total value of the option is prorated over the vesting period and recognized in earnings, with the offsetting entry posted to a specific shareholders’ equity account called Other reserves.

Because stock options are equity instruments, as defined by IFRS 2, the fair value of each option determined on the grant date is not adjusted at the end of each year unless changes occur in the stock options terms and conditions to increase their fair value in favor of beneficiaries. The estimate of the number of options that will reach maturity (and hence the number of employees who will be entitled to exercise their options) is adjusted. The result of any change in estimate is posted as an increase to or a reduction of the abovementioned shareholders’ equity account, with the offsetting entry reflected in the income statement. At the end of the exercise period, the exercised options are reflected in the Company’s share capital by adding an amount obtained by multiplying the number of shares issued by the par value of each share. The portion of “Other reserves” that is attributable to plan costs previously recognized in earnings and the amount obtained by multiplying the number of shares issued by the difference between the exercise price and the par value per share is posted to a shareholders’ equity reserve.

#### **Provisions for risks and charges**

Provisions for risks and charges include amounts set aside to fund current obligations (statutory or implied) that arise from a past event, the performance of which will probably require the use of resources and the amount of which can be reasonably estimated. When the use of financial resources is expected to extend for a period of more than one year, the corresponding obligation should be recognized at its present value by discounting expected future cash flows at a rate that takes into account the cost of money and the risks inherent in the liability.

The provisions are updated on each financial statement date to reflect best current estimates. The impact of any changes in estimates is reflected in the income statement for the period during which the change occurred.

Risks that are merely reasonably possible of producing a liability are disclosed in the Notes to the financial statements, but no amount is recorded in the financial statements.

#### **Income taxes**

Income taxes include both current and deferred taxes.

Current taxes are computed on the basis of the estimated taxable income for the year in accordance with the tax laws in force in the countries in which the Group operates.

Taxable income is different from reported income because it does not include positive and negative components that will be taxable or deductible in subsequent years and those items that will never be taxable or deductible. The liability for current taxes is computed using the tax rates in force on the date of the financial statements or the tax rates that will be in force when the asset is realized or the liability settled, if they are known.

Deferred-tax assets and liabilities are the taxes that the Group expects to pay or recover on temporary differences between the values attributed to assets and liabilities for reporting purposes and the corresponding tax-related values used to compute taxable income, computed in accordance with the balance sheet liability method. As a rule, deferred-tax liabilities are recognized for all taxable temporary differences, while deferred-tax assets are recognized only insofar as the Group deems it probable that, in the future, it will generate sufficient taxable income to use the deductible temporary differences. The tax benefit produced by carrying forward tax losses is recognized if and to the extent that it is probable that, in the future, the Group will have sufficient taxable income to offset these losses. Deferred-tax liabilities or assets are also determined for consolidation adjustments.

The carrying value of deferred-tax assets is updated on each financial statement date and reduced when the existence of future taxable income sufficient to recover all or part of these assets is no longer probable.

Deferred taxes are computed at the tax rate in force on the closing date of the financial statements or at the tax rate that will be in force when the asset is realized or the liability settled. Deferred taxes are charged directly to income, except for those attributable to items recognized directly in equity, in which case the corresponding deferred taxes are also recognized in equity.

### **Financial liabilities**

Financial liabilities consist of loans payable, including advances for the factoring of receivables, and other financial liabilities as derivatives and liabilities that correspond to assets acquired under finance leases.

Initially, financial liabilities other than derivatives are recognized at their fair value less transaction costs. Subsequently, they are valued at their amortized costs, which is their initial amount, less any principal repayments, adjusted upward or downward to reflect the amortization (by the effective interest rate method) of any differences between the initial value and the value at maturity.

Consistently with the IFRS 16 standard, as lessee, recognizes separately from financial liabilities the lease liabilities measuring them at the present value of the payments due for leasing not yet settled at the lease commencement date. The payments due include the fixed payments (including the fixed payments in substance), net of any lease incentives to be received, the variable lease payments which depend on an index or a rate and the amounts expected to be paid as guarantee on the residual value. The lease payments include also the exercise price of a purchase option where it is reasonably certain that this option shall be exercised by the Entity.

### **Financial Derivatives**

Consistent with the provisions of IFRS 9, derivatives qualify for hedge accounting only when (i) there is formal designation and documentation of the hedging relationship, including company's objective

and strategy in risk management at the inception of the hedge and (ii) the hedge is expected to be effective.

When financial instruments qualify for hedge accounting, the following accounting treatments are applied:

- Fair value hedges: if a derivative is designated as hedging the exposure to changes in fair value of a recognized asset or liability attributable to a specific risk that could have an impact on the income statement, the gains or losses derived from subsequent fair value measurements of the hedge are recognized in earnings. Gains or losses on the hedged item that are attributable to the hedged risk change the carrying amount of the hedged items and are also recognized in earnings;
- Cash flow hedges: if a derivative is designated as a hedging of the exposure to variability in the future cash flows attributed to a recognized asset or liability or to a highly probable future transaction that could have an impact on the income statement, the effective portion of the gain or loss stemming from changes in the fair value of the hedge is recognized in equity. The effective portion of any gain or loss is reclassified from shareholders' equity to the income statement in the same period in which the hedged transaction is recognized. Any gains or losses associated with a hedge that has become ineffective are immediately recognized in earnings. If a hedge or a hedging transaction is closed out but the hedged transaction has not yet been executed, all accumulated gains and losses, which until then were recognized in equity, are recognized in the income statement when the corresponding transaction is executed. If the occurrence of the hedged transaction is no longer viewed as probable, unrealized gains and losses suspended in equity are immediately transferred to the income statement.

The hedge effectiveness is determined at the inception of the hedge relationship, through periodic assessments of the prospective hedge effectiveness to ensure the existence of an economic relationship between the hedged item and the hedging instrument.

When hedge accounting cannot be applied, all gains and losses generated by subsequent fair value measurements of derivatives are immediately recognized in earnings.

The fair value of financial instruments that are listed on an active market is based on market prices at the balance sheet date. The fair value of financial instruments that are not listed on an active market is determined using valuation techniques based on a series of methods and assumptions, and market information at the balance sheet date.

The following provides a classification of financial instruments recorded at fair value in a three-level hierarchy:

- Level 1: Fair value is determined on the basis of (unadjusted) quoted prices in active markets for identical assets or liabilities;
- Level 2: Fair value is determined using valuation techniques based on observable inputs on active market;
- Level 3: Fair value is determined using valuation techniques based on market unobservable inputs.

## **Revenue recognition**

Revenues are recognized when control over assets sold to end customers or distributors has been transferred and related contractual obligations have been met. Revenues are measured as the amount

of consideration to which the Company expects to be entitled in exchange for transferring goods or services (net of discounts, allowances and return).

#### *Sales revenues*

Sales to end customers are based on a business model which provides for reagents supply and the provision of a diagnostic instrument along with its technical support (identified as a single performance obligation). Sales revenues are recognized when control over diagnostic kits is transferred to the end customer (“at point in time”).

Sales to distributors, including foreign branches, which provide for separate sale of kits/reagents and/or instruments are identified as separate performance obligation since kits, reagents and instruments will be combined and configured by the distributor and sold to the end customer. The relevant revenues are recognized when control over instruments and/or reagents is transferred to their distributor.

#### *Service revenues*

Service revenues are generated by separate contracts for technical support.

These revenues are recognized in the income statement based on the percentage of completion of each transaction and only when the outcome of the transaction can be estimated reliably.

#### *Royalties*

The Company collects royalties from third parties for the use of patents required to manufacture specific products. Revenues from royalties, which are generally based on the sales revenues generated by patent users, are recognized when underlying sales transactions are concluded.

#### *Interest income*

Interest income is recognized in the income statement at the effective yield rate. It is earned mainly on interests on arrears.

### **Dividends**

Dividends received from investee companies are recognized in the income statement when the right to receive payment is established and only if they are derived from the distribution of earnings generated subsequent to the acquisition of the investee company.

Dividend distributions are recognized when the right of the Company’s shareholders to receive payment is established, which generally occurs when the Shareholders’ Meeting approves the dividend distribution resolution. The dividend distribution is recognized as a liability in the financial statements for the period during which the dividend distribution is approved by the Shareholders’ Meeting.

### **Government grants**

Government grants are recognized when there is a reasonable certainty that they will be collected. This occurs when the distributing public entity approves a formal resolution to that effect.

Grants received in connection with the purchase of property, plant and equipment or the capitalization of development costs are recognized among non-current liabilities and recognized in the income statement in equal instalments computed on the basis of the useful lives of the assets for which the grant was received.

Grants received as an interest subsidy upon the occurrence of specific events are recognized in the income statement at the present value of the benefit, when there is a formal commitment to grant the

benefit by the distributing public entity. The corresponding liabilities are recognized at their fair value on the date the grant was received. Interest on this liability is recognized in the income statement in accordance with the amortized cost method.

### **Cost of sales**

Cost of sales represents the cost incurred to produce or purchase the goods and merchandise sold by the Company. It includes all of the costs incurred to purchase and process materials and the overhead directly attributable to production.

Overhead includes depreciation of the property, plant and equipment and the amortization of the intangible assets used for production purposes, as well as inventory write-downs. Cost of sales also includes freight paid to deliver products to customers.

### **Research and development costs**

This item includes research and development costs that cannot be capitalized and the amortization of capitalized development costs.

### **Interest expense**

Interest expense is recognized in accordance with the accrual principles, based on the financed amount and the applicable effective interest rate.

### **Material extraordinary events and transactions – Atypical and/or unusual transactions**

Consistent with Consob Communication No. DEM/6064293 of July 28, 2006, the notes to the financial statements provide information about the impact of material extraordinary events and transactions and/or atypical and/or unusual transactions on the Company's balance sheet, financial position and operating performance.

### **Related parties**

Consistent with Consob Communication No. DEM/6064293 of July 28, 2006, the notes to the financial statements provide information about the impact of related-party transactions on the Company's balance sheet, financial position and income statement.



## NEW ACCOUNTING STANDARDS

Below are the international accounting standards, interpretations and amendments to existing accounting standards and interpretations or specific provisions contained in the standards and interpretations approved by IASB, which have been endorsed or have not been endorsed for adoption in Europe as of the date on which this document is approved:

Description	Endorsed at the date of this document	Date of effect envisaged by the standard
Amendments to IFRS 3: Definition of a Business	Yes	Financial years as from 1 January 2020
Interest rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	Yes	Financial years as from 1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	Yes	Financial years as from 1 January 2020
Amendments to the Conceptual Framework	Yes	Financial years as from 1 January 2020
Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions	Yes	Financial years as from 1 June 2020
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9	Yes	Financial years as from 1 January 2021
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Yes	Financial years as from 1 January 2021
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	No	Financial years as from 1 January 2022
IFRS 17 Insurance Contracts (including Amendments issued in 2020)	No	Financial years as from 1 January 2023
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	No	Financial years as from 1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies	No	Financial years as from 1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	No	Financial years as from 1 January 2023

The Group's Parent Company will adopt these new standards, amendments and interpretations on the basis of their relevant effective dates and when endorsed by the European Union. An assessment is being carried out to analyze the potential effects of introducing these amendments in the consolidated financial statements.

### *New accounting standards adopted by the Group*

This note presents the impact of the adoption of amendments to the accounting standards - applied from 1 January 2020 - on the consolidated financial statements to the extent that they differ from those applied in the previous periods.

It should be noted that these amendments had not material impact on the Consolidated Financial Statements at December 31, 2020 as they are not applicable or the practice adopted was already in line with these amendments.

### Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform

On September 26, 2019 the IASB issued "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform", which amends IFRS 9 - *Financial Instruments* and IAS 39 - *Financial Instruments: Recognition and Measurement* and IFRS 7 - *Financial Instruments: Disclosures*. Specifically, the amendment modifies some specific hedge accounting requirements, providing for temporary dispensations, to provide relief from potential effects of the uncertainty caused by the IBOR

reform (still in progress) on future cash flows in the period preceding its completion. The amendment also requires companies to provide further information in the financial statements regarding their hedge relationships that are directly affected by the uncertainties generated by the reform to which the aforementioned dispensations apply. The amendments had no material impact on the Group's consolidated financial statements.

#### Amendments to IAS 1 and IAS 8 – Definition of Material

On October 31, 2018, the IASB issued “*Definition of Material (Amendments to IAS 1 and IAS 8)*”. The document modified the definition of “material” in IAS 1 – *Presentation of Financial Statements* and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment aims to provide a more specific definition of “material” and introduce the concept of “obscured information” alongside the concepts of omitted or misstated information previously included in the two amended Standards. The amendment specifies that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendment clarifies that information is obscured if it is described in a way that results in an effect for the primary users of the financial statements similar to that which would have resulted if the information in question had been omitted or misstated. The amendments had no material impact on the Group's consolidated financial statements.

#### Amendments to the Conceptual Framework

On March 29, 2018, the IASB issued the amendment to “*References to the Conceptual Framework in IFRS Standards*”. The Conceptual Framework is not a Standard and its concepts cannot override any Standard or any requirement in a Standard. The purpose of the Conceptual Framework is to assist the IASB in the development of Standards, to assist preparers of financial statements in developing accounting policies for transactions or events not covered by existing standards and to assist all parties to understand and interpret the Standards.

Amendments to the Conceptual Framework will not change the accounting Standards currently in force, but will include new concepts and changes, such as:

- restoring the concept of prudence as part of neutrality;
- revising the definition of assets and liabilities;
- removing the probability threshold for recognition;
- adding guidance on the derecognition.

These amendments, in force from 1 January 2020, had no material impact on the Group's consolidated financial statements.

#### Amendments to IFRS 3 – Definition of business

On October 22, 2018, the IASB issued the document “*Definition of a Business (Amendments to IFRS 3)*”. The document provides clarification regarding the definition of a business for the purposes of the correct application of IFRS 3. More specifically, the amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities/processes and assets to qualify as a business. However, to meet the definition of a business an integrated set of activities/processes and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To this end, the IASB replaced the term "ability to create outputs" with "ability to contribute to the creation of outputs" to clarify that a business can exist without including all of the inputs and processes needed to create outputs. The amendments have also introduced an optional concentration test that can be used to exclude a business if the price paid substantially refers to a single activity or group of activities. The amendments apply to all the business combinations and acquisitions of assets after 1 January 2020, but early application is permitted. Since the amendments apply prospectively to transactions or other events occurring on or after the date of first application, their impact on the Group's consolidated financial statements was not material.

#### Amendments to IFRS 16 –Covid-19-related rent concessions

On May 28, 2020, the IASB issued the amendment “*Covid-19 Related Rent Concessions (Amendment to IFRS 16)*”. The document states that lessees are entitled to record Covid-19-related rent reductions without having to analyze the contracts to assess whether the definition of ‘lease modification’, as stated by the IFRS 16, is respected. Lessees who exercise this right may therefore record the effects of the rent reductions directly in the income statement as at the date when the reduction takes effect. The amendment applies to financial statements starting from 1 June 2020. The adoption of the amendment had not a material impact on the Group’s consolidated financial statements.

#### *Accounting principles issued but not yet adopted by the Group*

The Group is assessing any possible impacts resulting from the introduction of amendments to standards and interpretations that at the date of the Report had already been issued but not yet effective although such amendments are not expected to have a material impact on the consolidated financial statements. The Group intends to adopt these standards and interpretations, if applicable, once they are effective.

Amendments to *IFRS 3, IAS 16, IAS 37 and IAS 1* are as follows:

#### Amendments to IFRS 3, IAS 16 and to IAS 37

On May 14, 2020, the IASB published the following amendments:

- Amendments to IFRS 3 - *Business Combinations*: the amendments update a reference in IFRS 3 to the Conceptual Framework without changing the accounting requirements for business combinations.
- Amendments to IAS 16 - *Property, Plant and Equipment*: the amendment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*: the amendments clarify that in assessing whether a contract is onerous, all costs that relate directly to the contract should be included. Therefore, the assessment of a probable onerous contract includes either incremental cost (for example direct labor material) or all costs the company cannot avoid as they relate directly to fulfilling contract (for example, the share of staff expenditure and depreciation of equipment used in fulfilling the contract).
- *Annual Improvements 2018-2020*: amendments applied to IFRS 1 - *First-time Adoption of International Financial Reporting Standards*, to IFRS 9 - *Financial Instruments*, to IAS 41 - *Agriculture* and to *Illustrative Examples of IFRS 16 - Leases*.

The amendments will come into effect on 1 January 2022. The Management does not expect the adoption of these amendments to have a material effect on DiaSorin financial statement.

#### Amendments to IAS 1 – Classification of liabilities

On January 23, 2020, the IASB issued “*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*”. The document clarifies the criteria for the classification of a liability as either current or non-current. Amendments will come into effect from 1 January 2023, but early application is permitted. The Management does not expect the adoption of these amendments to have a material effect on DiaSorin financial statement.

## **ANALYSIS OF FINANCIAL RISKS**

The table below lists material assets and liabilities by category, in accordance with the requirements of IFRS 7:

	12/31/2020				12/31/2019			
	Notes	Carrying value	Assets at amortized cost	Assets at fair value with changes in Comprehensive Income Statement	Carrying value	Assets at amortized cost	Assets at fair value with changes in Comprehensive Income Statement	Assets at fair value
<i>(€ thousands)</i>								
Other non-current financial assets	(16)	41,826	41,826	-	49,920	49,920	-	-
<b>Total non-current financial assets</b>		<b>41,826</b>	<b>41,826</b>	<b>-</b>	<b>49,920</b>	<b>49,920</b>	<b>-</b>	<b>-</b>
Trade receivables	(15)	48,099	48,099	-	43,758	30,833	12,925	-
Trade receivable from Group companies	(15)	86,937	86,937	-	68,004	68,004	-	-
Other current assets	(17)	2,016	2,016	-	14,461	14,461	-	-
Financial derivatives	(20)	126	-	126	49	-	49	-
Intercompany financial receivables	(16)	6,013	6,013	-	7,786	7,786	-	-
Cash and cash equivalents	(18)	134,304	134,304	-	38,444	38,444	-	-
<b>Total current financial assets</b>		<b>277,495</b>	<b>277,369</b>	<b>126</b>	<b>172,502</b>	<b>159,528</b>	<b>12,974</b>	<b>-</b>
<b>Total financial assets</b>		<b>319,321</b>	<b>319,195</b>	<b>126</b>	<b>222,422</b>	<b>209,448</b>	<b>12,974</b>	<b>-</b>

	12/31/2020				12/31/2019			
	Notes	Carrying value	Liabilities at amortized cost	Liabilities at fair value	Carrying value	Liabilities at amortized cost	Liabilities at fair value	
<i>(€ thousands)</i>								
Financial lease liabilities (IFRS 16)	(20)	10,312	10,312	-	11,380	11,380	-	
Derivative liabilities	(22)	376	-	376	-	-	-	
<b>Total non-current financial liabilities</b>		<b>10,688</b>	<b>10,312</b>	<b>376</b>	<b>11,380</b>	<b>11,380</b>	<b>-</b>	
Trade payables	(23)	41,325	41,325	-	38,280	38,280	-	
Trade payables due to Group companies	(23)	24,061	24,061	-	26,600	26,600	-	
Financial payables due to Group companies	(20)	70,735	70,735	-	90,012	90,012	-	
Financial lease liabilities (IFRS 16)	(20)	1,036	1,036	-	1,165	1,165	-	
<b>Total current financial liabilities</b>		<b>137,157</b>	<b>137,157</b>	<b>-</b>	<b>156,057</b>	<b>156,057</b>	<b>-</b>	
<b>Total financial liabilities</b>		<b>147,845</b>	<b>147,469</b>	<b>376</b>	<b>167,437</b>	<b>167,437</b>	<b>-</b>	

With regard to the above, the classification of financial assets and liabilities measured at fair value in the statement of financial position, according to the fair value hierarchy, concerned derivative financial instruments at December 31, 2020 at level 2 and registered in other current financial assets amounting to € 126 thousand. The change in the fair value of these instruments is recognized in earnings.

The length of financial lease liabilities is provided in Note 20. Financial interests on leases amounted to € 474 thousand as against € 494 thousand at December 31, 2019.

#### Risks related to fluctuations in foreign exchange and interest rate

The Group's Parent Company is exposed to the market risk caused by fluctuations in foreign exchange rates because it operates at the international level and executes transactions involving different foreign exchange and interest rates. A fluctuation of 5 percentage points in foreign currencies other than the euro would have an impact on the income statement equal to about 0.5 million euros.

With regard to the trend in interest rates, a fluctuation of 2% would have no significant impact on the income statement.

### Credit risk

The Parent Company's receivables present a low level of risk since most of these receivables are owed by public institutions for which the risk of non-collection is not significant. An analysis of trade receivables shows that about 70% is not overdue.

Past due receivables are covered by an allowance for doubtful accounts amounting to € 4,209 thousand. In addition, in order to bridge the gap between contractual payment terms and actual collection terms, the Company assigns its receivables to factors without recourse.

Type	Amount not yet due	0 - 90	91 - 180	181 - 360	Due for more than 360	Past-due amount	Total receivables
Trade receivables	36,879	8,619	1,172	1430	4,208	15,429	52,308
Expected loss rate	0%	0%	0%	60%	79%	27%	8%
Allowance for doubtful account	-	(11)	(4)	(859)	(3,335)	(4,209)	(4,209)
<b>Net amount</b>	<b>36,879</b>	<b>8,608</b>	<b>1,168</b>	<b>571</b>	<b>873</b>	<b>11,220</b>	<b>48,099</b>

### Liquidity risk

A prudent cash management strategy includes maintaining sufficient cash or readily available assets and credit lines, to meet immediate liquidity needs. Cash flows, funding requirements and liquidity levels are monitored centrally to ensure promptly and effectively the availability of financial resources and invest appropriately any excess liquidity.

Management believes that the funds and credit lines currently available, when combined with the resources generated by operating and financing activities, will enable the Group's Parent Company to meet the obligations resulting from its capital investment programs, working capital requirements and the need to repay its indebtedness upon maturity.

As at December 31, 2020 there are no bank loans outstanding.

Cash and cash equivalent totaled € 134,304 thousand.

## **ITEMS THAT INVOLVE THE USE OF SIGNIFICANT ASSUMPTIONS AND ESTIMATES**

The preparation of financial statements in accordance with the IFRS requires the use of estimates for some material amounts. In addition, management is required to make judgments and assumptions as to how accounting policies should be applied in certain areas.

The process of drafting financial statements involves the use of estimates and assumptions about future events. These estimates represent the best assessment possible on the date of the financial statements. However, because of their very nature, they could produce material changes in balance sheet amounts in future years.

Estimates are updated on an on-going basis and are based on past experience, all other known factors and the occurrence of future events that are reasonably expected to take place.

The main items affected by estimates are reviewed below.

### *Allowance for doubtful accounts*

The Allowance for doubtful accounts reflects management's estimates about losses that could be incurred in the portfolio of accounts receivable from end customers and from the indirect distribution network (independent distributors). The allowance for doubtful accounts' estimate is based on the expected credit loss 'ECL' model calculated as the difference between the contractual cash flows due and the cash flows the Group expects to receive, determined on the basis of past experience for similar receivables, the current and historical past due percentages, losses and collections, and the careful monitoring of credit quality, considering current conditions and assumptions concerning future economic conditions.

### *Provision for inventory write-downs*

The Provision for inventory write-downs reflects management's estimates of the Company's loss expectations, determined on the basis of past experience and historical and projected trends in the market for in vitro diagnostics.

### *Useful life of development costs*

Development costs that meet the requirements for capitalization are recognized as intangible assets. The Company's management has estimated the average useful life of these projects at 10 years, which corresponds to the average life cycle of LIAISON products and the length of time during which the assets associated with these products are expected to generate a cash inflow for the Company.

### *Impairment of non-current assets*

Non-current assets include property, plant and equipment, intangible assets (including goodwill), equity investments and other financial assets. Management reviews the carrying amounts of non-current assets held and in use and available-for-sale assets on a regular basis and whenever events or circumstances make such review necessary. The recoverable value of property, plant and equipment and intangible assets (including goodwill) is verified using criteria that are consistent with the requirements of IAS 36, which are explained in the section of these Notes entitled "Impairment of assets."

### *Pension plans and other post-employment benefits*

Management uses different statistical assumptions and evaluation factors to project future events and compute the costs, liabilities and assets related to these plans. Assumptions are made with regard to the discount rate, the expected yield of plan assets, the rates of future increases in employee compensation and trends in health care costs. The actuaries who provide the Company with consulting support also use subjective parameters, such as employee mortality and termination rates.

#### *Stock option plans*

The measurement of stock option plans at fair value requires the formulation of specific assumptions, the most significant of which include the following:

- the value of the underlying shares on the valuation date;
- the expected volatility of the price/value of the underlying shares;
- the dividend yield of the underlying shares.

#### *Contingent liabilities*

The Group's Parent Company is a party to legal and tax disputes that are under the jurisdiction of various countries. Given the uncertainty inherent in such situations, it is difficult to predict with certainty any expense that may result from these disputes. In the normal course of business, management relies on the support of its legal counsel and of experts on legal and taxation issues. The Group's Parent Company recognizes a liability in connection with these disputes when it believes that the occurrence of a cash outlay is probable and the amount of the resulting loss can be reasonably estimated. When a cash outlay becomes probable, but the amount cannot be determined, this fact is disclosed in the notes to the financial statements.

## DESCRIPTION AND MAIN CHANGES

### Income statement

In the consolidated income statement, costs are classified by function. This income statement format, also known as “cost of sales” income statement, is more representative of the business than a presentation with expenses classified by nature.

Insofar as a classification of expenses by nature is concerned, depreciation and amortization totaled € 22,796 thousand (€ 21,290 thousand in 2019), broken down as follows:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Depreciation of property, plant and equipment	13,180	12,754
Amortization of intangibles	9,616	8,536
<b>Total</b>	<b>22,796</b>	<b>21,290</b>

Depreciation of property, plant and equipment includes € 4,326 thousand attributable to equipment held by customers (€ 4,028 thousand in 2019), which in the income statement by destination is part of the cost of sales. An additional € 5,859 thousand representing depreciation of plant and machinery and manufacturing and distribution equipment is included among production expenses.

The amortization of intangible assets is recognized mainly as part of sales and marketing expenses (€ 2,854 thousand) and research and development costs (€ 5,166 thousand). Amortization of intangibles was allocated as follows:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Cost of sales	641	597
Sales and marketing expenses	2,854	2,910
Research and development costs	5,166	4,187
General and administrative expenses	955	842
<b>Total</b>	<b>9,616</b>	<b>8,536</b>

Labor costs amounted to € 66,485 thousand (€ 63,137 thousand in 2019).

A breakdown is as follows:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Wages and salaries	46,303	44,617
Social security contributions	13,246	12,297
Severance indemnities paid	3,557	2,708
Cost of stock option plan	2,883	2,451
Other labor costs	496	1,064
<b>Total</b>	<b>66,485</b>	<b>63,137</b>

The table below shows the average number of employees of DiaSorin S.p.A. in each category:

	<b>2020</b>	<b>2019</b>
Factory staff	73	65
Office staff	637	652
Executives	48	43
<b>Total</b>	<b>758</b>	<b>760</b>



## 1. Net revenues

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled € 471,019 thousand, up 19.2% compared with 2019. This item includes € 1,604 thousand for equipment rental fees and technical support (€ 2,121 thousand in 2019). A breakdown of revenues by geographic region is provided below:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>	<b>%Change</b>
<b>Revenues from third customers – Italy</b>	<b>124,194</b>	<b>93,855</b>	<b>32.3%</b>
<b>Revenues from third customers – International</b>	<b>57,849</b>	<b>66,718</b>	<b>-13.3%</b>
Europe and Africa	16,692	18,046	-7.5%
Asia Pacific	32,715	37,506	-12.8%
USA and Canada	-	-	n.a.
Latin America	8,441	11,166	-24.4%
<b>Intercompany revenues</b>	<b>288,976</b>	<b>234,506</b>	<b>23.2%</b>
Europe and Africa	165,979	130,910	26.8%
Asia Pacific	31,540	51,176	-38.4%
USA and Canada	81,194	42,605	90.6%
Latin America	10,263	9,815	4.6%
<b>Total</b>	<b>471,019</b>	<b>395,079</b>	<b>19.2%</b>

Revenues from sales to public institutions and universities amounted to € 104,212 thousand (€ 73,096 thousand in 2019).

## 2. Cost of sales

In 2020, cost of sales amounted to € 241,931 thousand (of which € 85,427 thousand with related parties), as against € 214,235 thousand in 2019. Cost of sales includes € 9,207 thousand for royalties paid for the use of patents applied to manufacture products (€ 16,561 thousand in 2019) and € 3,348 thousand for distributing products to end customers (€ 2,789 thousand in 2019). An amount of € 4,326 thousand is related to depreciation of equipment held by customers (€ 4,028 thousand in 2019).

## 3. Sales and marketing expenses

Sales and marketing expenses amounted to € 33,101 thousand, as against € 36,516 thousand in 2019. This item consists mainly of marketing costs incurred to promote and distribute DiaSorin products, costs attributable to the direct and indirect sales force and the cost of the technical support offered together with the Company-owned equipment provided to customers under gratuitous loan contracts.

## 4. Research and development costs

In 2020, research and development costs were € 27,768 thousand (€ 22,564 thousand in 2019) and include all of the research and development outlays that were not capitalized, including the costs

incurred to register the products offered for sale and meet quality requirements and the amortization of capitalized development costs equal to € 2,959 thousand (€ 1,833 thousand in 2019).

In 2020, the Group's Parent Company capitalized development costs amounting to € 8,362 thousand, as against € 8,496 thousand in 2019

## 5. General and administrative expenses

General and administrative expenses, which include expenses incurred for corporate management activities, Group administration, finance and control, information technology, corporate organization and insurance, amounted to € 36,769 thousand (€ 33,706 thousand in 2019). The total amount includes € 7,690 thousand from related-party transactions (€ 6,938 thousand in 2019). The remuneration of the Board of Directors, excluding the Company's employees, amounted to € 995 thousand (€ 997 thousand in 2019). The remuneration of competence of the Statutory Auditors amounted to € 100 thousand (€ 110 thousand in 2019).

## 6. Other operating income (expenses)

The item includes income and expenses from operations that cannot be allocated to specific functional areas (such as gains and losses on asset sales, insurance settlements, reversals of unused provisions, additions to provisions for risks, incidental taxes and fees).

A breakdown of other operating income and expenses is as follows:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Intra-Group services	2,843	2,598
Trade-related foreign exchange losses and gains	(17)	52
Tax charges	(193)	(68)
Additions to the allowances for doubtful accounts and provisions for risks and charges	(3,104)	(1,423)
Other operating (expense) /income	(302)	(3,405)
Non-recurring charges	(711)	(2,034)
<b>Other operating (expense) /income</b>	<b>(1,484)</b>	<b>(4,280)</b>

Other operating expense and income include increased additions to the allowances for doubtful accounts, amounting to € 710 thousand, as a consequence of a slow-down in payments by third-party distributors.

## 7. Financial income (expenses)

In 2020, the balance of financial income and expense was positive by € 62,533 thousand, as against € 44,062 in 2019, breakdown as follows:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Interest and other financial expenses	(2,675)	(2,976)
- amount with related parties	(11)	(33)
Interest and other financial income	1,220	1,148
- amount with related parties	1,082	975
Dividends received from subsidiaries	85,399	46,910

Write-downs and revaluation of equity investments in subsidiaries	(20,332)	(1,338)
Foreign exchange differences and financial instruments	(1,079)	318
<b>Net financial income (expense)</b>	<b>62,533</b>	<b>44,062</b>

Fees on factoring transactions amounted to € 486 thousand (€ 447 thousand in 2019), as a consequence of increased revenues in the domestic market and a decrease in the collection of interests accrued on past-due position, amounting to € 58 thousand (€ 157 thousand in 2019).

In 2020, net interest income from Group companies equal to € 1,071 thousand (€ 943 thousand in 2019) derived from loans provided to subsidiaries for an amount of € 1,057 thousand.

Dividends received from subsidiaries increased to € 85,399 thousand in 2020, from € 46,910 thousand in 2019, broken down as follows:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Diasorin Inc.(USA)	42,287	-
Diasorin South Africa (PTY) Ltd	1,076	1,104
Diasorin Deutschland GmbH	4,750	4,000
Diasorin S.A/N.V, (Belgium)	2,600	2,600
Diasorin Ltd (Israel)	300	-
Diasorin Ltd (China)	3,831	3,545
Diasorin S.A. (France)	1,800	1,350
Diasorin Austria GmbH (Austria)	450	350
DiaSorin Ireland Ltd	-	8,477
Diasorin Ltd (UK)	1,412	-
Diasorin AB (Sweden)	656	-
DiaSorin Switzerland AG	237	485
DiaSorin Diagnostics Ireland Ltd	26,000	25,000
<b>Total dividends received</b>	<b>85,399</b>	<b>46,910</b>

The item includes the write-down of the investment in DiaSorin Diagnostics Ireland Ltd, for an amount of € 16,700 thousand, in Diasorin Ireland Ltd, for € 299 thousand and in Diasorin South Africa PTY Ltd for € 3,333 thousand, as the subsidiary has been inoperative since 2020 and the underlying shareholders' equity was lower than the value of the interest held.

Foreign exchange differences on other financial balances, which were negative by € 1,079 thousand (positive and amounting to € 318 thousand in 2019), include a negative amount of € 285 thousand for the closure of hedging instruments (negative by € 108 thousand in 2019), whilst exchange differences on intercompany financing facilities and bank accounts were negative by € 794 thousand (positive by € 425 thousand in 2019).

## 8. Income taxes

The income tax expense recognized in the income statement amounted to € 28,282 thousand, as against € 14,192 thousand in 2019.

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Current income taxes:		

- Local taxes (IRAP)	3,714	2,123
- Corporate income taxes (IRES)	24,054	13,009
Other income taxes (non-deductible taxes/ taxes of previous years)	1,572	(1,498)
Deferred taxes	(1,058)	558
<i>Local taxes IRAP amount</i>	<i>(119)</i>	<i>33</i>
<b>Total income taxes</b>	<b>28,282</b>	<b>14,192</b>

The “other income taxes” item includes non-deductible taxes withheld on dividends the Group's Parent Company received from foreign subsidiaries (€ 2,443 thousand in 2020 as against € 422 thousand in 2019).

A reconciliation of the theoretical tax rate to the effective tax rate, without taking into account the IRAP liability and withholding taxes on dividends, is provided below:

<i>(€ thousands)</i>	<b>2020</b>	<b>2019</b>
Profit before taxes	192,498	127,840
Ordinary tax rate	24.0%	24.0%
Theoretical income taxes	46,200	30,682
Tax effect of permanent differences	(23,085)	(17,148)
<b>Total income taxes</b>	<b>23,115</b>	<b>13,534</b>
<b>Effective tax rate</b>	<b>12%</b>	<b>10.6%</b>

In 2020, the effective tax rate was 12% (higher compared to 10.6% in 2019) mainly due to increased permanent differences.

On January 30, 2018, DiaSorin Spa signed a prior agreement with *Direzione Regionale delle Entrate del Piemonte* related to the economic contribution for intangible assets (the so-called Patent Box). The agreement is valid for 5 years from 2015.

## 9. Earnings per share

Information about basic earnings per share and diluted earnings per share is provided in the Notes to the consolidated Financial Statements.

## Consolidated statement of financial position

### 10. Property, plant and equipment

The tables below show the changes that occurred in the original cost of property, plant and equipment in 2020 and 2019:

<i>(€ thousands)</i>	At December 31, 2019	Additions	Disposals	Translation differences	Reclassifications and other changes	At December 31, 2020
Land	659	-	-	-	-	659
Buildings	11,345	495	-	-	1,614	13,453
Plant and machinery	29,719	1,600	765	(122)	(417)	30,014
Manufacturing and distribution equipment	75,040	7,432	2,500	(253)	2,098	81,817
Other assets	12,824	445	15	(446)	888	13,697
Advances and tangible in progress	10,108	5,807	-	(28)	(6,379)	9,508
IFRS 16 rights of use	13,587	639	141	(482)	-	13,604
<b>Total property, plant and equipment</b>	<b>153,282</b>	<b>16,418</b>	<b>3,421</b>	<b>(1,331)</b>	<b>(2,197)</b>	<b>162,752</b>

<i>(€ thousands)</i>	At December 31, 2018	Additions	IFRS 16 first adoption impact	Disposals	Translation differences	Reclassifications and other changes	At December 31, 2019
Land	659	-	-	-	-	-	659
Buildings	8,946	414	-	-	-	1,985	11,345
Plant and machinery	27,927	1,579	-	(154)	134	233	29,719
Manufacturing and distribution equipment	70,581	6,845	-	(2,283)	203	(306)	75,040
Other assets	11,749	483	-	(18)	396	214	12,824
Advances and tangible in progress	5,431	8,537	-	(160)	26	(3,726)	10,108
IFRS 16 rights of use	-	964	12,432	(3)	439	(245)	13,587
<b>Total property, plant and equipment</b>	<b>125,293</b>	<b>18,822</b>	<b>12,432</b>	<b>(2,618)</b>	<b>1,198</b>	<b>(1,845)</b>	<b>153,282</b>

The following changes occurred in the corresponding accumulated depreciation accounts in 2020 and 2019:

<i>(€ thousands)</i>	At December 31, 2019	Depreciation	Disposals	Translation differences	Reclassifications and other changes	At December 31, 2020
Land	-	-	-	-	-	-
Buildings	5,558	440	-	-	-	5,998
Plant and machinery	20,048	2,577	744	(91)	(1,998)	19,791
Manufacturing and distribution equipment	58,599	7,608	1,812	(112)	47	64,330
Other assets	5,367	994	14	(120)	259	6,486
Advances and tangible in progress	-	-	-	-	-	-
IFRS 16 rights of use	1,443	1,561	136	(32)	-	2,837
<b>Total property, plant and equipment</b>	<b>91,015</b>	<b>13,180</b>	<b>2,706</b>	<b>(355)</b>	<b>(1,692)</b>	<b>99,442</b>

<i>(€ thousands)</i>	At December 31, 2018	Depreciation	Disposals	Translation differences	Reclassifications and other changes	At December 31, 2019
Buildings	-	-	-	-	-	-
Plant and machinery	5,302	256	-	-	-	5,558
Manufacturing and distribution equipment	17,327	2,776	(154)	99	-	20,048
Other assets	54,405	7,436	(2,043)	72	(1,271)	58,599
Buildings	4,433	858	(18)	94	-	5,367
IFRS 16 rights of use	-	1,428	-	15	-	1,443

<b>Total property, plant and equipment</b>	<b>81,467</b>	<b>12,754</b>	<b>(2,215)</b>	<b>280</b>	<b>(1,271)</b>	<b>91,015</b>
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A breakdown of the net carrying value of property, plant and equipment at December 31, 2020 and 2019 is provided below:

<i>(€ thousands)</i>	At December 31, 2019	Additions	Depreciation	Disposals	Translation differences	Reclassifications and other changes	At December 31, 2020
Land	659	-	-	-	-	-	659
Buildings	5,787	495	440	-	-	1,614	7,456
Plant and machinery	9,671	1,600	2,577	21	(31)	1,581	10,223
Manufacturing and distribution equipment	16,441	7,432	7,608	688	(139)	2,051	17,489
Other assets	7,457	445	994	1	(326)	629	7,210
Advances and tangible in progress	10,108	5,807	-	-	(28)	(6,379)	9,508
IFRS 16 rights of use	12,144	639	1,561	5	(450)	-	10,767
<b>Total property, plant and equipment</b>	<b>62,267</b>	<b>16,418</b>	<b>13,180</b>	<b>715</b>	<b>(975)</b>	<b>(504)</b>	<b>63,311</b>

<i>(€ thousands)</i>	At December 31, 2018	Additions	IFRS 16 first adoption impact	Depreciation	Disposals	Translation differences	Reclassifications and other changes	At December 31, 2019
Land	659	-	-	-	-	-	-	659
Buildings	3,644	414	-	256	-	-	1,985	5,787
Plant and machinery	10,600	1,579	-	2,776	-	35	233	9,671
Manufacturing and distribution equipment	16,176	6,845	-	7,436	(240)	131	965	16,441
Other assets	7,316	483	-	858	-	302	214	7,457
Advances and tangible in progress	5,431	8,537	-	-	(160)	26	(3,726)	10,108
IFRS 16 rights of use	-	964	12,432	1,428	(3)	424	(245)	12,144
<b>Total property, plant and equipment</b>	<b>43,826</b>	<b>18,822</b>	<b>12,432</b>	<b>12,754</b>	<b>(403)</b>	<b>918</b>	<b>(574)</b>	<b>62,267</b>

The depreciation taken was computed in a manner that reflects fairly the actual wear and tear and economic/technical obsolescence of the assets. Equipment held by customers that requires extraordinary maintenance is depreciated at 33% rate from the moment the maintenance is completed. With regard to the equipment held by customers under gratuitous loan agreements, depreciation expense amounted to € 4,326 thousand (€ 4,028 thousand in 2019).

Reclassifications and net other changes amounting to € 504 thousand (€ 574 thousand in 2019) refer to advance payment reclassification from tangible to intangible assets.

Tangible assets include “Right-of-use Assets” for a total amount of € 10,767 thousand at December 31, 2020 (€ 12,144 thousand in 2019) recognized on the basis of IFRS 16 accounting standard. The item includes right-of-use assets relating to rented property and industrial buildings, amounting to € 9,431 thousand at December 31, 2020 (€ 10,774 thousand at December 31, 2019), along with right-of-use assets relating to company vehicles rentals amounting to € 1,336 at December 31, 2020 (€ 1,400 thousand at December 31, 2019).

## 11. Goodwill and other intangible assets

In 2020 and 2019 changes in the gross carrying amount of intangible assets were as follows:

<i>(€ thousands)</i>	At December 31, 2019	Additions	Disposals and other changes	At December 31, 2020
Goodwill	44,966	-	-	44,966
Development costs	35,538	8,362	639	44,539
Concessions, licenses and trademarks	82,253	1,111	626	83,990
Customer relationship	6,741	-	-	6,741
Industrial patents and intellectual property rights	11,643	431	-	12,074
Advances and other intangibles	99	11	(5)	105
<b>Total intangibles</b>	<b>181,241</b>	<b>9,915</b>	<b>1,260</b>	<b>192,416</b>

<i>(€ thousands)</i>	At December 31, 2018	Additions	Business combination	Disposals and other changes	At December 31, 2019
Goodwill	44,961	-	-	5	44,966
Development costs	27,042	8,496	-	-	35,538
Concessions, licenses and trademarks	81,268	737	-	248	82,253
Customer relationship	6,741	-	-	-	6,741
Industrial patents and intellectual property rights	11,174	469	-	0	11,643
Advances and other intangibles	112	6	-	(19)	99
<b>Total intangibles</b>	<b>171,299</b>	<b>9,708</b>	<b>-</b>	<b>234</b>	<b>181,241</b>

The following changes occurred in the corresponding accumulated amortization accounts in 2020 and 2019:

<i>(€ thousands)</i>	At December 31, 2019	Amortization	Disposals and other changes	At December 31, 2020
Goodwill	5,210	-	-	5,210
Development costs	15,036	2,959	-	17,995
Concessions, licenses and trademarks	34,375	5,611	42	39,944
Customer relationship	1,094	449	-	1,543
Industrial patents and intellectual property rights	9,629	591	-	10,220
Advances and other intangibles	84	6	-	86
<b>Total intangibles</b>	<b>65,428</b>	<b>9,616</b>	<b>(42)</b>	<b>74,998</b>

<i>(€ thousands)</i>	At December 31, 2018	Amortization	Disposals and other changes	At December 31, 2019
Goodwill	5,210	-	-	5,210
Development costs	13,203	1,833	0	15,036
Concessions, licenses and trademarks	28,772	5,651	(48)	34,375
Customer relationship	582	512	-	1,094
Industrial patents and intellectual property rights	9,094	535	(0)	9,629
Advances and other intangibles	99	5	(20)	84
<b>Total intangibles</b>	<b>56,960</b>	<b>8,535</b>	<b>(68)</b>	<b>65,428</b>

A breakdown of the net carrying value of intangible assets at December 31, 2020 and 2019 is provided below:

<i>(€ thousands)</i>	At December 31, 2019	Additions	Amortization	Disposals and other changes	At December 31, 2020
Goodwill	39,756	-	-	-	39,756
Development costs	20,502	8,362	2,959	639	26,544
Concessions, licenses and trademarks	47,878	1,111	5,611	668	44,046
Customer relationship	5,647		449		5,198
Industrial patents and intellectual property rights	2,015	431	591	-	1,855
Advances and other intangibles	15	11	6		20
<b>Total intangibles</b>	<b>115,813</b>	<b>9,915</b>	<b>9,616</b>	<b>1,307</b>	<b>117,419</b>

<i>(€ thousands)</i>	At December 31, 2018	Additions	Business combination	Amortization	Disposals and other changes	At December 31, 2019
Goodwill	39,751	-	-	-	5	39,756
Development costs	13,839	8,496	-	1,833	-	20,502
Concessions, licenses and trademarks	52,496	737	-	5,651	296	47,878
Customer relationship	6,159	-	-	512	-	5,647
Industrial patents and intellectual property rights	2,080	469	-	535	0	2,015
Advances and other intangibles	13	6	-	5	1	15
<b>Total intangibles</b>	<b>114,338</b>	<b>9,708</b>	<b>-</b>	<b>8,535</b>	<b>301</b>	<b>115,813</b>

## Goodwill

Goodwill totaled € 39,756 thousand at December 31, 2020. Upon first-time adoption of the IFRSs, the Company chose to avail itself of the option provided in IFRS 1 (Appendix B, Section B2, g (i)). Accordingly, it recognized as goodwill the residual amount shown for this item in the financial statements at January 1, 2005 prepared in accordance with Italian accounting principles, written down to eliminate the capitalization of development costs previously included in the value of goodwill.

As explained in the “Accounting Principles” section of this Report, goodwill is not amortized. Instead, its value is written down when impairment losses occur. The Company assesses the recoverability of goodwill and of other intangibles with indefinite useful lives annually through impairment tests.

The recoverability of the recognized amounts was tested by comparing the net carrying amount with the corresponding recoverable value (value in use). The recoverable amount is the present value of future cash flows that are expected to arise from the continuing use of the assets belonging to each Cash Generating Unit, both for the period of explicit flows, and at the end of the time horizon of the forecast (under so-called method of perpetuity).

The impairment test was completed on the basis of the most recent projections of economic results and cash flows for future years (2021-2023). These projections have been approved by the Board of Directors and developed on the basis of the 2021 budget and according to the latest forecast data available to the Group Management.

In computing the present value of future cash flows, the Company used a discount rate that reflects the weighted average of the cost of capital and debt (WACC). The discount rate used was determined on an after-tax basis in accordance with the determination of cash flows and takes into account the specific risks associated with the countries where the Company operates.



The discount rate applied was 5.12%.

The planning time horizon used was 3 years. For subsequent years, a terminal value (perpetual return) has been applied, using a growth rate (the “g” rate) of 2%, representative of what management believes may represent an average rate of growth projected for the sector.

In addition, the Company performed a sensitivity analysis for changes in the basic assumptions of the impairment test, WACC and the g rate. More specifically the discount rate WACC increased to 1 percentage point and the growth rate “g” decreased to 0.5%. This sensitivity analysis did not reveal impairment of the goodwill.

The Company took into accounts the effects of the current economic situation also due to the prolonged COVID-19 pandemic, assessing the effect of a significant increase in the discount rates for a possible worsening in market conditions, equal to a 2% change versus the discount rate used. The Management found no impairment of assets.

The impairment tests performed showed that there was no need to adjust the carrying value of goodwill and other intangibles in the financial statements of DiaSorin S.p.A.

### **Development costs**

At December 31, 2020, capitalized development costs amounted to € 26,544 thousand (€ 20,502 thousand at December 31, 2019). In 2020, additions totaled € 8,362 thousand and refer to the development of the new molecular analyzer. They are amortized on a straight-line basis over the length of their useful life, which management estimates at 10 years. The recoverability of the net carrying amount of capitalized development projects was tested by determining the recoverable value of the CGUs to which they were allocated and testing the CGUs for impairment. The impairment tests performed showed that no write-down was required.

### **Concessions, licenses and trademarks**

At December 31, 2020, this item totaled € 44,046 thousand (€ 47,878 thousand at December 31, 2019), with a decrease of € 3,832 primarily as a result of amortizations.

At December 31, 2020, customer relationship decreased to € 5,198 thousand, primarily as a result of amortizations.

The recoverability of the net carrying amount of capitalized development projects was tested by determining the recoverable value of the CGUs to which they were allocated and testing the CGUs for impairment. The impairment tests performed showed that no write-down was required.

## **12. Equity investments**

Equity investments were €113,476 thousand at December 31, 2020 (€ 142,172 at December 31, 2019). The table that follows lists the Company’s equity investments and shows the changes that occurred in 2020:

<b>Company</b>	<b>Head office location</b>	<b>12/31/2019</b>	<b>Change</b>	<b>12/31/2020</b>
DiaSorin S.A/N.V.	Bruxelles (Belgium)	1,145	-	1,145
DiaSorin Ltda	Sao Paolo (Brazil)	10,908	-	10,908
DiaSorin S.A.	Antony (France)	2,495	14	2,509
DiaSorin Iberia S.A.	Madrid (Spain)	5,331	-	5,331
DiaSorin Ltd	Blewbury (UK)	572	-	572
DiaSorin Inc.	Stillwater (USA)	34,689	1,773	36,462
DiaSorin Mexico S.A de C.V.	Mexico City (Mexico)	3,296	-	3,296
DiaSorin Deutschland GmbH	Dietzenbach (Germany)	5,331	63	5,394
DiaSorin AB	Solna (Sweden)	4,819	-	4,819
DiaSorin Ltd	Rosh Haayin (Israel)	-	-	-
DiaSorin Austria GmbH	Wien (Austria)	1,035	-	1,035
DiaSorin Poland sp. Z .o.o.	Warsaw (Poland)	2,854	-	2,854
DiaSorin Czech s.r.o.	Prague (Czech Republic)	2,126	-	2,126
DiaSorin Diagnostics Ireland Limited	Dublin (Ireland)	22,641	(16,700)	5,941
DiaSorin South Africa (PTY) Ltd	Johannesburg (South Africa)	3,874	(3,333)	541
DiaSorin Australia (Pty) Ltd	Sydney (Australia)	2,275	-	2,275
DiaSorin Ltd	Shanghai (China)	188	87	275
DiaSorin Switzerland AG	Risch (Switzerland)	243	-	243
DiaSorin INUK Ltd	Dublin (Ireland)	11,662	(3,800)	7,862
DiaSorin Ireland Ltd	Dublin (Ireland)	26,677	(6,799)	19,878
DiaSorin I.N. Limited	Dublin (Ireland))	-	-	-
DiaSorin Healthcare India Private Limited	Mumbai (India)	-	-	-
DiaSorin Apac	Singapore	10	-	10
Consorzio Sobedia	Saluggia (Italy)	1	(1)	-
<b>Total equity investments</b>		<b>142,172</b>	<b>(28,696)</b>	<b>113,476</b>

The change of € 28.696 thousand was due to:

- the increase in stock option costs awarded to employees of DiaSorin Inc., DiaSorin Deutschland GmbH, Diasorin Ltd (China), DiaSorin S.A. (France), for an amount equal to € 1,937 thousand;
- the write-down of the investment in DiaSorin INUK Ltd, for an amount of € 3,800 thousand, in Diasorin Ireland Limited, for an amount € 6,799 thousand, in DiaSorin Diagnostics Ireland Ltd, for an amount of € 16,700 thousand, as a result of dividend distribution, in DiaSorin South Africa PTY for an amount of € 3,333 thousand as the underlying shareholders' equity is lower considering that the subsidiary has been inoperative since 2020.

The carrying amount of the equity investments has been tested for impairment, even in the absence of specific indicators. The impairment test was completed on the basis of the most recent projections of economic results and cash flows for future years (2021-2023). These projections have been developed on the basis of the 2021 budget and according to the latest forecast data available to the Group Management and approved by the Board of Directors.

In computing the present value of future cash flows, the Company used a discount rate that consists of the weighted average of the cost of capital and of debt (WACC – *Weighted Average Cost of Capital*). The discount rate used was determined on an after-tax basis in accordance with the determination of

cash flows and was computed for each single CGU in order to reflect the specific risks associated with the countries where the CGU operates.

The growth rate of the terminal value, equal to 2%, is representative of what the Company believes to be a minimum growth rate for the sector and countries where the equity investment operates.

A list of the equity investments held by the Group's Parent Company is provided below.

Company	Head Office location	Currency	Share capital (*)	Net profit/(loss) for the year (*)	Shareholders' equity in latest approved financial statements (*)	Value per share or partnership interest	% interest held directly	no. of shares held	Equity investment in EUR
<b>Equity investments consolidated line by line</b>									
DiaSorin S.A/N.V.	Bruxelles (Belgium)	EUR	1,674,000	2,877,429	5,569,566	6,696	99.99%	249	1,145,001
DiaSorin Ltda	Sao Paolo (Brazil)	BRL	65,547,409	1,909,619	15,094,392	1	99.99%	65,547,408	10,907,323
DiaSorin S.A.	Antony (France)	EUR	960,000	2,153,033	8,704,092	15	99.99%	62,492	2,494,441
DiaSorin Iberia S.A.	Madrid (Spain)	EUR	1,453,687	1,295,339	5,205,024	6	99.99%	241,877	5,330,802
DiaSorin Ltd	Blewbury (UK)	GBP	500	632,668	1,923,819	1	100.00%	500	572,500
DiaSorin Inc.	Stillwater (USA)	USD	1	84,225,900	475,893,900	0	100.00%	100	34,689,009
DiaSorin Mexico S.A de C.V.	Mexico City (Mexico)	MXP	63,768,473	4,666,530	52,800,159	1	99.99%	49,999	3,295,932
DiaSorin Deutschland GmbH	Dietzenbach (Germany)	EUR	275,000	4,039,172	11,417,422	275,000	100.00%	1	5,331,591
DiaSorin AB	Solna (Sweden)	SEK	5,000,000	6,505,891	28,241,243	100	100.00%	50,000	4,818,667
DiaSorin Ltd	Rosh Haayin (Israel)	ILS	100	1,243,000	17,921,000	1	100.00%	100	18
DiaSorin Austria GmbH	Wien (Austria)	EUR	35,000	480,750	2,635,409	35,000	100.00%	1	1,035,000
DiaSorin Czech s.r.o.	Prague (Czech Republic)	CZK	200,000	11,306,000	70,758,000	200,000	100.00%	1	2,125,931
DiaSorin Diagnostics Ireland Limited	Dublin (Ireland)	EUR	3,923	5,089	32,230,527	0	100.00%	392,282	22,641,452
DiaSorin Ireland Limited	Dublin (Ireland)	EUR	163,202	1,973,722	26,374,842	1	100.00%	136,002	26,677,000
DiaSorin I.N. UK Limited	Dublin (Ireland)	EUR	7,826,072	89,933	11,662,793	0	100.00%	782,607,110	11,662,000
DiaSorin I.N. Limited	Dublin (Ireland)	EUR	1	3,282,463	1,412,220	0	100.00%	100	1
DiaSorin South Africa (PTY) Ltd	Johannesburg (South Africa)	ZAR	101	9,554,221	71,065,118	1	100.00%	101	3,874,053
DiaSorin Australia (Pty) Ltd	Sydney (Australia)	AUD	3,300,000	2,021,850	9,475,521	33,000	100.00%	100	2,274,990
DiaSorin Ltd	Shanghai (China)	RMB	1,211,417	29,393,513	49,882,123	1	80.00%	96,000	188,455
DiaSorin Switzerland AG	Risch (Switzerland)	CHF	100,000	265,889	930,619	100	100.00%	1,000	243,415
DiaSorin Poland sp. z o.o.	Warsaw (Poland)	PLN	550,000	134,012	10,493,406	50	100.00%	11,000	2,853,823
DiaSorin Healthcare India Private Limited	Mumbai (India)	INR	365,552,320	14,795,304	36,860,614	10	0.01%	36,555,232	-
Diasorin APAC Pte Ltd	Singapore(Singapore)	SGD	15,323	46,475	61,798	N/A	100.00%	1	10,000

(\*) Amounts stated in local currencies

### 13. Deferred-tax assets

Deferred-tax assets amounted to € 4,945 thousand (€ 3,739 thousand at December 31, 2019). They are recognized in the financial statements when their future use is deemed probable. The balance reflects the deferred-tax assets computed on the temporary differences between the asset and liabilities amounts used to prepare the consolidated financial statements and the corresponding amounts used by the consolidated companies for tax purposes. A more detailed description of the temporary differences tax effect that generates deferred-tax assets is provided below:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
<b>Positive changes:</b>		
Provisions for risks	4,907	3,920
Actuarial valuation of employee benefits	677	622
Unrealized exchange differences	433	85
Other charges deductible in future years	451	607
<b>Total</b>	<b>6,468</b>	<b>5,234</b>
<b>Negative changes:</b>		
Amortization	(1,523)	(1,495)
<b>Total</b>	<b>(1,523)</b>	<b>(1,495)</b>
<b>Net deferred-tax assets</b>	<b>4,945</b>	<b>3,739</b>

### 14. Inventories

A breakdown of inventories, which totaled € 112,565 thousand, is as follows:

<i>(€ thousands)</i>	<b>12/31/2020</b>			<b>12/31/2019</b>		
	<b>Gross amount</b>	<b>Provisions for write- down</b>	<b>Net amount</b>	<b>Gross amount</b>	<b>Provisions for write- down</b>	<b>Net amount</b>
Raw materials and supplies	33,018	(1,932)	31,303	26,371	(1,436)	24,935
Work in progress	47,157	(1,898)	45,259	44,913	(1,421)	43,492
Finished goods	37,910	(1,690)	36,003	35,730	(1,318)	34,412
<b>Total</b>	<b>118,085</b>	<b>(5,520)</b>	<b>112,565</b>	<b>107,014</b>	<b>(4,175)</b>	<b>102,839</b>

Inventories increased by € 9,726 thousand compared to December 31, 2019, due to the growth in manufacturing volumes to support increased revenues.

The table below shows the changes that occurred in the provisions for inventory write-downs:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
<b>Opening balance</b>	<b>4,175</b>	<b>3,426</b>
Additions for the period	1,498	1,058
Utilizations for the period	(117)	(331)
Translation differences	(36)	22
<b>Ending balance</b>	<b>5,520</b>	<b>4,175</b>

### 15. Trade receivables

Trade receivables of € 135,036 thousand at December 31, 2020, (of which € 86,940 thousand with related parties), up by € 23,278 thousand compared to December 31, 2019 (€ 111,762 thousand), of which € 68,004 thousand in receivables due from Group companies.

Trade receivables owed by public institutions amounted to € 18,587 thousand at December 31, 2020. The allowance for doubtful accounts amounted to € 4,209 thousand. A comparison with December 31, 2019 is provided below:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>
<b>Opening balance</b>	<b>3,537</b>	<b>3,441</b>
Additions for the year	874	164
Utilizations for the year	(202)	(68)
<b>Ending balance</b>	<b>4,209</b>	<b>3,537</b>

In order to bridge the gap between contractual payment terms and actual collection terms, the Group's Parent Company uses factoring transactions to assign its receivables without recourse. In 2020, the receivables assigned by the Group's Parent Company amounted to € 56,239 thousand (€ 45,266 thousand in 2019).

## **16. Financial receivables and other non-current financial assets**

The balance of € 58,369 thousand includes primarily:

- € 43,241 thousand in loans provided to Group companies (of which € 1,415 thousand for current portion and € 41,826 thousand for non-current portion);
- Positive balance arising from the centralized cash management system managed by the Group's Parent Company (€ 4,598 thousand)

The change in loans provided to Group companies is provided below (amounts stated in € thousands):

<b>Subsidiary</b>	<b>Balance at 12/31/2020</b>	<b>Balance at 12/31/2019</b>
DiaSorin Poland sp. Z.o.o	1,581	2,119
DiaSorin I.N. Limited	37,267	47,714
DiaSorin Slovakia s.r.o	961	1,381
DiaSorin Australia Pty	299	592
DiaSorin Ltda (Brazil)	1,834	2,608
DiaSorin Sa de CV (Mexico)	1,299	623
DiaSorin APAC Pte Ltd	-	23
<b>Total loans</b>	<b>43,241</b>	<b>52,939</b>

In 2020, a new loan was granted to DiaSorin Mexico for an amount of € 1,031 thousand.

As of December 31, 2020, all existing loans have variable or interest rates with a spread in line with market conditions applicable to the lending operation.

In order to mitigate the foreign exchange risk related to the currency fluctuations, the Group's Parent Company executed currency forward sales requiring the recognition of a positive fair value of € 126 thousand at December 31, 2020 (positive by € 49 thousand at December 31, 2019).

## 17. Other current assets

Other current assets amounted to € 6,310 thousand (€ 14,461 thousand at December 31, 2019), a decrease due to tax credit related to research and development investments and accrued income and prepaid expenses, for insurance and rentals and advances to suppliers.

Other non-current assets were € 3,868 thousand (€ 3,835 thousand at December 31, 2019) and include mainly receivables from the U.S. subsidiary for the advances paid in relation to the Beckman agreement.

## 18. Cash and cash equivalents

Cash and cash equivalents amounted to € 134,304 thousand at December 31, 2020 (€ 38,444 thousand at December 31, 2019). They consist of balances in banks accounts. More detailed information is provided in the Statement of Cash Flows.

## 19. Shareholders' equity

### Share capital

At December 31, 2020, the fully paid-in share capital consisted of 55,948,257 common shares, par value of 1 € each. No changes occurred compared with December 31, 2019.

### Treasury shares

At December 31, 2020, the amount of treasury shares was 1,226,112 (2.192% of the share capital) totaling € 109,546 thousand (€ 81,849 thousand at December 31, 2019).

The change equal to € 27,697 thousand compared to 2019 was due to the sale and purchase of treasury shares in connection with the Stock Option Plan for employees.

### Additional paid-in capital

This reserve amounted to € 18,155 thousand at December 31, 2020 and no changes occurred compared with December 31, 2019.

### Other reserves and retained earnings

A breakdown of other reserves and retained earnings is as follows:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>	<b>change</b>
Currency translation reserve of the UK branch	(858)	(362)	(496)
Reserve for treasury shares	109,546	81,849	27,697
Stock option reserve	9,644	6,150	3,494
IFRS 9 reserve	-	-	-
Gains/(losses) on remeasurement of defined benefit plans	(1,331)	(1,270)	(61)
Reserve for equity investments revaluation	5,442	3,505	1,937
Retained earnings	262,279	227,388	34,891
IFRS transition reserve	1,006	1,006	-
<b>Total Other reserves and retained earnings</b>	<b>385,728</b>	<b>318,266</b>	<b>67,462</b>

*Currency translation reserve*

The change of € 496 thousand shown in the currency translation reserve at December 31, 2020 is due to the translation into euros of the U.K. Branch balances and to unrealized foreign exchange differences on the indebtedness denominated in foreign currencies held by the Parent Company to hedge its equity investment in the U.K. Branch, which were negative by € 406 thousand, net of the tax effect (equal to € 128 thousand).

#### *Reserve for treasury shares*

At December 31, 2020, the reserve for treasury shares amounted to € 109,546 thousand (€ 81,849 thousand at December 31, 2019). This reserve was established pursuant to law (Article 2357 ter of the Italian Civil Code). In 2020, the increase in the reserve was due to the purchase of treasury shares, amounting to € 35,417 thousand to serve Stock Option Plans for employees and to the exercise of no. 42,000 options relating to the 2016 Stock Option Plan and no. 82,000 options relating to the 2017 Stock Option Plan, for a total amount of € 7,720 thousand.

#### *Stock option reserve*

At December 31, 2020, the stock option reserve amounted to € 9,644 thousand (€ 6,150 thousand at December 31, 2019) and refers to the stock option plans that were outstanding at December 31, 2020 (described in Note 27). The changes in the reserve that occurred at December 31, 2020 included both an increase due to the recognition of the overall cost of the stock option Plans (€ 2,883 thousand) that was posted and recognized in the income statement as a labor costs included in general and administrative expenses, and a decrease of € 396 thousand following the options exercised. Lastly, this reserve includes costs related to options awarded to subsidiaries employees and recognized as increase in equity investments value (€ 1,937 thousand) and a decrease of € 931 for the options exercised to serve Stock Options plans.

#### *Gains/Losses on remeasurement of defined-benefit plans*

At December 31, 2020 this item, negative by € 1,331 thousand At December 31, 2020, includes net losses of the period related to the actuarial assessment of the Group's defined-benefit plans amounting to € 61 thousand, net of tax effect.

#### *Retained earnings*

Retained earnings amounted to € 262,279 thousand (€ 227,388 thousand at December 31, 2019). The increase compared to December 31, 2019 is due to:

- the appropriation of the net profit earned in 2019 (113,648 thousand);
- the distribution of dividends, equal to € 52,053 thousand, to shareholders approved on June 11, 2020 by the Ordinary Shareholders' Meeting (equal to € 0.95 per share);
- increase of € 1,603 thousand resulting from the exercise of some tranches of the 2014 and 2016 Stock Option Plans (with consequent sale of treasury shares).

#### *IFRS transition reserve*

The IFRS transition reserve was established on January 1, 2006, upon first-time adoption of the IFRSs as an offset to the adjustments recognized to make the financial statements prepared in accordance with

Italian accounting principles consistent with IFRS requirements, net of the applicable tax effect (as required by and in accordance with IFRS 1). This reserve has not changed since it was first established.

The table below shows the components of shareholders' equity on the basis of availability for use and distribution:

<i>(€ thousands)</i>		
Nature and description	Amount	Possible use (*)
Share capital	55,948	
Additional paid-in capital	18,155	A,B
Statutory reserve	11,190	B
Reserve for treasury shares	109,546	
Other reserve	13,903	A,B
Retained earnings	262,279	A,B,C

## 20. Borrowings

Borrowings include negative balances arising from the centralized cash management system managed by the Group's Parent Company (70,735 thousand) and liabilities under IFRS 16 leases (€ 11,349 thousand). A breakdown of borrowings is as follows (amount in thousands):

Lender	Currency	Current portion	Non-current portion	Over 5 years	Total
IFRS 16 lease payables	€	1,036	10,312	7,885	11,348
<b>Total financial liabilities owed to third parties</b>		<b>1,036</b>	<b>10,312</b>	<b>7,885</b>	<b>11,348</b>
Group's centralized cash management system / Intra-group financing facilities	€	70,735	-	-	70,735
<b>TOTAL</b>		<b>71,771</b>	<b>10,312</b>	<b>7,885</b>	<b>82,083</b>

The table below lists the financial liabilities owed to outside lenders that were outstanding at December 31, 2020 and December 31, 2019 (amounts in € thousands):

Lender	At December 31, 2019	Disbursements	Repayments	Translation differences	At fair value	Amortized cost effect	At December 31, 2020
IFRS 16 lease payables	12,545	634	(1,363)	(467)	-	-	11,349
<b>Total financial liabilities</b>	<b>12,545</b>	<b>634</b>	<b>(1,363)</b>	<b>(467)</b>	<b>-</b>	<b>-</b>	<b>11,349</b>

## 21. Provision for employee severance indemnities and other employee benefits

The balance in this account reflects all of the Company's pension plan obligations, other post-employment benefits and benefits payable to employees when certain requirements are met. The Company provides post-employment benefits to its employees through defined-contribution and/or



defined-benefit plans. As a rule, benefits are based on each employee’s level of compensation and years of service. The Company’s obligations refer to the employees currently on its payroll.

### **Defined-contribution plans**

When defined-contribution plans are used, the Company pays contributions to public or private insurance institutions pursuant to a statutory or contractual obligation or on a voluntary basis. With the payment of these contributions, the Company absolves all of its obligations. The liability for contributions payable on the date of the financial statements is included under “Other current liabilities.” The cost attributable to each year, which accrues based on the services provided by employees, is recognized as a labor cost of the relevant organizational unit.

In 2020, this cost amounted to € 3,062 thousand.

### **Defined-benefit plans**

The Company’s pension plan that qualifies as a defined-benefit plan is the plan covered by the provision for employee severance indemnities accrued until December 31, 2006. The liability is recognized at its actuarial value using the projected unit credit method. Any resulting actuarial gains or losses are credited or charged to equity in the statement of comprehensive income in the period in which they arise.

### **Other employee benefits**

The Company also provides its employees with additional long-term benefits, which are paid when employees reach a predetermined length of service. In these cases, the value of the liability recognized in the financial statements reflects the probability that these benefits will be paid and the length of time for which they will be paid. The liability owed under this plan is recognized at its actuarial value using the projected unit credit method. Starting from 2019, a 2019-2022 four-year plan (“LTI Plan”) was implemented in favor of seven key executives of DiaSorin Group, including the Strategic Executives. The LTI Plan was adopted with the aim of their retention, as well as rewarding the achievement of important medium/long-term business targets in accordance with the DiaSorin Group growth strategy. The LTI Plan envisages a stock option plan (the 2018 Plan, as described in Note 27) and a target cash bonus (totaling Euro 7.000.000,00 gross) tied to the achievement of a specific objective. Upon achieving the target objective, the cash bonus shall be paid to each beneficiary by the end of April 2023, following the approval of the 2022 consolidated financial statements by the Board of Directors of the Company. The LTI Plan cash bonus falls into “Other long-term benefits” of IAS 19 and is assessed by using actuarial methods. Please note that any resulting actuarial gains or losses recorded on the basis of these employees’ benefits are recognized in the income statement. Losses recognized in 2020 were € 223 thousand (losses of € 144 thousand in 2019).

The table that follows summarizes the Company’s main employee benefit plans that are currently in effect:

<i>(€ thousands)</i>	<b>12/31/2020</b>	<b>12/31/2019</b>	<b>Change</b>
Employees severance indemnities	3,025	3,042	(17)
Other long-term benefits	3,173	1,701	1,472
<b>Total employee benefits</b>	<b>6,198</b>	<b>4,743</b>	<b>1,455</b>

The “Provision for employee severance indemnities” reflects the Company’s liability under the relevant Italian law (recently amended with the enactment of Law No. 296/06) for employee severance benefits vested up to December 31, 2006, which will be paid to employees at the end of their employment. Under certain specific conditions, advances may be disbursed to employees while still employed. This system constitutes a non-financed defined-benefit plan, since virtually all of the benefits have vested, except for inflation adjustments.

The table below shows a breakdown of the main changes that occurred in the Group’s employee benefit plans in 2020:

(€ thousands)	Defined-benefit plans	Other benefits	Total employee benefits
<b>Balance at 12/31/2019</b>	<b>3,042</b>	<b>1,701</b>	<b>4,743</b>
Financial losses / (gains)	(9)	(6)	(15)
Actuarial losses/(gains) recognized in income statement	-	223	223
Actuarial losses/(Gains) arising from financial assumptions	63	-	63
Actuarial losses/(Gains) arising from demographic adjust.	(3)	-	(3)
Actuarial Losses/(Gains) arising from experience adjust.	21	-	21
Current service cost	-	777	777
Benefits paid	(89)	(104)	(193)
Other changes	-	582	582
<b>Balance at 12/31/2020</b>	<b>3,025</b>	<b>3,173</b>	<b>6,198</b>

The main changes in provisions for employee benefits encompass actuarial losses recognized in the comprehensive income statement (€ 81 thousand) and contribution paid (€ 193 thousand). The net amount recognized in the 2020 income statement for employee benefits was an expense of € 985 thousand (€ 251 thousand in 2019).

Actuarial losses/(gains) relating to other benefits and current service cost are recognized in the income statement as part of Labor costs, allocated to the area to which they correspond. Interest expense is recognized in the income statement as part of net financial income (expense). Actuarial losses/(gains) relating to defined-benefit plan that are credited or charged to equity in the statement of comprehensive income in the period in which they arise.

The table below lists the main assumptions used for actuarial computation purposes for the defined-benefit plans:

	Employee’s severance indemnities	
	12/31/2020	12/31/2019
Discount rate	(0.12%)	0.19%
Projected wage increases	3.50%	3.50%
Inflation rate	1.16%	1.50%
Average employee turnover rate	6.51%	6.28%

A sensitivity analysis on the change of the main assumptions used for actuarial computation purposes is set out below:

<i>(€ thousands)</i>		<b>Employee severance indemnities</b>
Discount rate	0.5% Increase	(113)
	0.5% Decrease	120
Projected wage increases	0.5% Increase	-
	0.5% Decrease	-
Inflation rate	0.5% Increase	73
	0.5% Decrease	(70)
Average employee turnover rate	10% Increase	(9)
	10% Decrease	9

## 22. Other non-current liabilities

Other non-current liabilities amounted to € 21,213 thousand (€ 19,512 at December 31, 2019) and include:

- a) liabilities from customers' contracts (deferred income) as against contributions received from Beckman for strategic partnership, equal to € 9,666 thousand;
- b) provisions for risks and charges, equal to € 10,626 thousand in connection with pending or contingent legal disputes;
- c) severance benefits to sales agents, equal to € 543 thousand;
- d) long-term liabilities for put/call options envisaged by the Joint Venture agreement in China, recognized according to IAS 32 and IFRS 9 accounting standards.

The table below lists the provisions for risks and charges and shows the changes that occurred in 2020:

<i>(€ thousands)</i>	12/31/2020			12/31/2019		
	Provision for risks on legal disputes	Provision for supplemental severance benefits to sales agents	Total	Provision for risks on legal disputes	Provision for supplemental severance benefits to sales agents	Total
<b>Balance at the beginning of the year</b>	<b>8,721</b>	<b>437</b>	<b>9,158</b>	<b>7,587</b>	<b>366</b>	<b>7,953</b>
Additions for the year	2,330	127	<b>2,457</b>	1,270	162	<b>1,432</b>
Utilizations/Reversals for the year	(425)	(21)	<b>(446)</b>	(136)	(91)	<b>(227)</b>
<b>Balance at the end of the year</b>	<b>10,626</b>	<b>543</b>	<b>11,169</b>	<b>8,721</b>	<b>437</b>	<b>9,158</b>

The provision for supplemental severance benefits owed to sales agents was computed in accordance with the provisions of IAS 37, according to which the amount of the provision must be an estimate of the present value of the amounts that will be paid upon termination of the agency relationship to the sales agents entitled to receive these benefits.

## 23. Trade payables

Trade payables, which totaled € 65,386 thousand (€ 64,880 thousand at December 31, 2019) include € 24,061 thousand owed to related parties. There are no amounts due after December 31, 2020.

#### **24. Other current liabilities**

Other current liabilities of € 22,480 thousand at December 31, 2020 (€ 22,957 thousand at December 31, 2019) consist mainly of amounts owed to employees for additional monthly payments to be paid, contributions payable to social security and health benefit institutions for an amount of € 20,008 thousand (€ 18,659 thousand at December 31, 2019);

#### **25. Taxes payable**

The balance of € 16,188 thousand at December 31, 2020 (€ 3,081 thousand at December 31, 2019) represents current tax liabilities.

#### **26. Commitments and contingent liabilities**

##### ***Guarantees provided and received***

At December 31, 2020, the guarantees that the Group's Parent Company provided to third parties totaled € 36,388 thousand and include bank sureties in connection with the submission of bids in response to public calls for tenders, pending tax procedures and outstanding amounts due to financial institutions (€ 28,197 thousand). These guarantees were established to secure lines of credit provided to Group companies (in the amount of € 5,434 thousand), and in connection with defined-contribution pension plans of some subsidiaries (€ 2,758 thousand).

##### **Significant commitments and contractual obligations**

Significant contractual obligations include the agreements executed by DiaSorin S.p.A., the Group's Parent Company, and Stratec in connection with the development and production of LIAISON XL and new LIAISON XS chemiluminescent diagnostic system. The supply contract signed by DiaSorin and Stratec calls for the latter to manufacture and supply exclusively to DiaSorin the analyzers. The Group has agreed to purchase a minimum number of systems. However, the projected commitment is deemed to be significantly lower than the normal level of capital investment that would be required for current or future equipment production. As a result, net invested capital is not expected to undergo significant structural changes in the future as a result of this commitment.

#### **27. Stock option plans**

##### ***2016 Plan***

On April 28, 2016, the Ordinary Shareholders' Meeting approved the new 2016 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.

The Board of Directors approved an initial tranche of beneficiaries with a grant of 130,000 options by a resolution dated May 16, 2016, a second tranche with a grant of 20,000 options by a resolution dated August 4, 2016, a third tranche with a grant of 40,000 options by a resolution dated December 19, 2016, a fourth tranche with a grant of 40,000 options by a resolution dated August 3, 2017, a fifth tranche with a grant of 25,000 options by a resolution dated March 7, 2018, a sixth tranche with a grant

of 20,000 options by a resolution dated November 7, 2018 and a seventh tranche with a grant of 25,000 by a resolution dated March 14, 2019.

Please note that, due some “bad leaver” and “good leaver” events, 104,849 options from the abovementioned grants were automatically cancelled and, pursuant to the Plan Regulations, became null and void for the previous beneficiaries.

These free option grants convey to the beneficiaries the right to acquire up to 250,000 common shares at the exercised price, based on a ratio of 1 share for each option granted and exercised, in accordance with the terms and conditions of the 2016 Plan.

The implementation of the program to purchase treasury shares for use in connection with the Company’s new stock option plan began on May 12, 2016, in accordance with the terms and conditions authorized by the Shareholders’ Meeting of April 28, 2016.

The program was completed on June 9, 2016, resulting in the purchase of 250,000 common shares (equal to 0.44% of the share capital). The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the DiaSorin common shares for the stock market trading session preceding each purchase.

As at December 31, 2020, stock options amounted to 63,933, following 2,000 stock options being exercised on January 20, 2020 at an average exercise price of € 51.83923 and 40,000 stock options being exercised on August 6, 2020 at an average exercise price of € 69.6334.

During the abovementioned period, the average price of the DiaSorin shares was € 144,71.

As detailed:

<b>2016 Plan</b>	<b>Grant date</b>	<b>Number of options</b>	<b>Exercise year</b>
I Tranche	May 16, 2016	46,218	2019
II Tranche	August 4, 2016	20,000	2019
III Tranche	December 19, 2016	23,000	2019
III Tranche	December 19, 2016	2,000	2020
IV Tranche	August 3, 2017	40,000	2020
V Tranche	March 7, 2018	18,933	
VI Tranche	November 7, 2018	20,000	
VII Tranche	March 14, 2019	25,000	
<b>Total</b>		<b>195,151</b>	

### *2017 Plan*

On April 27, 2017, the Ordinary Shareholders’ Meeting approved the new 2017 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.

The Board of Directors approved a first tranche of beneficiaries with a grant of 170,000 options by a resolution dated November 9, 2017, a second tranche with a grant of 10,000 options by a resolution dated March 7, 2018, a third tranche with a grant of 40,000 options by a resolution dated May 8, 2018, a fourth tranche with a grant of 15,000 options by a resolution dated November 7, 2018, a fifth tranche with a grant of 10,000 options by a resolution dated March 14, 2019, a sixth tranche with a grant of 10,000 options by a resolution dated June 10, 2019, a seventh tranche with a grant of 65,000 options by a resolution dated July 31, 2019, an eighth tranche with a grant of 45,000 options by a resolution

dated November 6, 2019, a ninth tranche with a grant of 30,000 options by a resolution dated 19 December, 2019, a tenth tranche with a grant of 5,000 options by a resolution dated March 11, 2020, an eleventh tranche with a grant of 20,000 options by a resolution dated May 13, 2020 and a twelfth tranche with a grant of 56,122 options by a resolution dated July 30, 2020.

Please note that, due some “bad leaver” and “good leaver” events, 31,122 options from the abovementioned grants were automatically cancelled and, pursuant to the Plan Regulations, became null and void for the previous beneficiaries.

These free option grants convey to the beneficiaries the right to acquire up to 450,000 common shares at the exercised price, based on a ratio of 1 share (with a par value of € 1 each) for each option granted and exercised, in accordance with the terms and conditions of the 2017 Plan.

The Shareholders’ Meeting of April 27, 2017 resolved to authorize, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the purchase, in one or more installments and for a period of 18 months from the date of the resolution, the purchase of up to 450,000 common shares to service the new 2017 Stock Option Plan. The program was implemented in April 2018 with the purchase of 100,000 common shares (equal to 0.18% of the share capital) and continued throughout 2020 along with the 2019 Stock Option Plan, ended on October 23, 2020.

The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the DiaSorin common shares for the stock market trading session preceding each purchase.

As at December 31, 2020 stock options amounted to 363,000 (of which 170,000 referred to the Parent Company), following 82,000 stock options (of which 45,000 referred to the Parent Company) being exercised between November 10, 2020 and December 18, 2020 at an average exercise price of € 78.4724. During the abovementioned period, the average price of the DiaSorin shares was € 170.59.

As detailed:

<b>2017 Plan</b>	<b>Grant date</b>	<b>Number of options</b>	<b>Parent Company’s options</b>
I Tranche	November 9, 2017	61,878	33,878
II Tranche	March 7, 2018	10,000	10,000
III Tranche	May 8, 2018	40,000	40,000
IV Tranche	November 7, 2018	15,000	15,000
V Tranche	March 14, 2019	10,000	10,000
VI Tranche	June 10, 2019	10,000	10,000
VII Tranche	July 31, 2019	65,000	15,000
VIII Tranche	November 6, 2019	40,000	-
IX Tranche	December 19, 2019	30,000	-
X Tranche	March 11, 2020	5,000	5,000
XI Tranche	May 13, 2020	20,000	20,000
XII Tranche	July 30, 2020	56,122	11,122
<b>Total</b>		<b>363,000</b>	<b>170,000</b>

#### *2018 Plan*

On April 23, 2018, the Ordinary Shareholders’ Meeting approved the new 2018 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.

The Board of Directors approved an initial tranche of beneficiaries with a grant of 675,000 options by a resolution dated May 8, 2018.

The Shareholders' Meeting of April 23, 2018 resolved to authorize, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the purchase, in one or more installments and for a period of 18 months from the date of the resolution, the purchase of up to 675,000 common shares to serve the new 2018 Stock Option Plan.

The program was completed on July 4, 2018, resulting in the purchase of 675,000 common shares (equal to 1.21% of the share capital). The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the DiaSorin common shares for the stock market trading session preceding each purchase.

At December 31, 2020, stock options amounted to 675,000 (of which 560,000 stock options referred to the Parent Company), all related to the grant date of May 8, 2018.

#### *2019 Plan*

On April 24, 2019, the Ordinary Shareholders' Meeting approved the new 2019 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.

The Board of Directors approved a first tranche of beneficiaries with a grant of 8,878 options by a resolution dated July 30, 2020 and a second tranche with a grant of 91,122 options by a resolution dated November 11, 2020.

These free option grants convey to the beneficiaries the right to acquire up to 100,000 common shares at the exercised price, based on a ratio of 1 share (with a par value of € 1 each) for each option granted and exercised, in accordance with the terms and conditions of the 2019 Plan.

The Shareholders' Meeting of April 24, 2019 resolved to authorize, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the purchase, in one or more installments and for a period of 18 months from the date of the resolution, the purchase of up to 200,000 common shares (equal to 0.357% of the share capital) to serve the new 2019 Stock Option Plan. The program was completed on October 23, 2020, resulting in the purchase of 192,511 common shares (equal to 0.3441% of the share capital), partly to serve the 2017 Stock Option Plan. The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the DiaSorin common shares for the stock market trading session preceding each purchase.

At December 31, 2020 stock options amounted to 100,000 (of which 75,000 stock options referred to the Parent Company).

As detailed:

<b>2019 Plan</b>	<b>Grant date</b>	<b>Number of options</b>	<b>Parent Company's options</b>
I Tranche	July 30, 2020	8,878	8,878
II Tranche	November 11, 2020	91,122	66,122
<b>Total</b>		<b>100,000</b>	<b>75,000</b>

#### *2020 Plan*

On June 10, 2020, the Ordinary Shareholders' Meeting approved the new 2020 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.

The Board of Directors approved an initial tranche of beneficiaries with a grant of 18,878 options by a resolution dated November 11, 2020, and a second grant of 15,000 options by a resolution dated December 21, 2020.

These free option grants convey to the beneficiaries the right to acquire up to 150,000 common shares at the exercised price, based on a ratio of 1 share (with a par value of € 1 each) for each option granted and exercised, in accordance with the terms and conditions of the 2020 Plan.

The Shareholders' Meeting of June 10, 2020 resolved to authorize, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the purchase, in one or more installments and for a period of 18 months from the date of the resolution, the purchase of up to 100,000 common shares (equal to 0.178% of the share capital) to serve the new 2020 Stock Option Plan.

At December 31, 2020 stock options amounted to 33,878 (of which 23,878 stock options referred to the Parent Company).

As detailed:

<b>2020 Plan</b>	<b>Grant date</b>	<b>Number of options</b>	<b>Parent Company's options</b>
I Tranche	November 11, 2020	18,878	8,878
II Tranche	December 21, 2020	15,000	15,000
<b>Total</b>		<b>33,878</b>	<b>23,878</b>

### **Valuation of stock options**

The stock options granted to Directors and employees are measured at their fair value on the grant date in accordance with the method provided in IFRS 2 and the total cost of the plan thus determined is allocated over the vesting period.

The fair value computation method uses a binomial model and is based on the following assumptions:

#### A – Exercise price

The exercise price was determined in accordance with Article 6.2 of the Plan's Regulations.

#### B – Stock price

The value assigned to the underlying instrument for stock option valuation purposes is the daily closing price for DiaSorin shares on the grant date.

#### C – Expected volatility

The expected volatility of the underlying instrument measures the expected fluctuations in price/value over a given period of time. The measure of volatility used in the option pricing model used is the annualized standard deviation of the continuously compounded rates of return on an equity security over a period of time.

#### D – Employee exit rate



This rate, which reflects the probability that Directors or employees who are the recipients of stock option grants will leave the Company before the vesting date, was deemed to be 0%.

#### E – Risk-free interest rate

IFRS 2 requires the use of a risk-free interest rate that will be valid over the expected life of the options, with the term expected life meaning the length of time between the grant date and the expected option exercise date.

#### F – Dividend yield

The value of stock options is also affected by assumptions about the dividend yield, which is the annual dividend paid per share stated as a percentage of the share price.

The table below lists the input data used for stock option valuation purposes:

2016 Plan	Vesting period (in years)	Exercise Price	Stock Price	Per value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock Price reference date	Vesting date
I Tranche	3.000000000	€ 52.54	€ 52.25	€ 1.00	30.00%	0.00%	0.46%	1.70%	16/05/2016	16/05/2019
II Tranche	3.000000000	€ 56.31	€ 57.80	€ 1.00	30.00%	0.00%	0.14%	1.70%	04/08/2016	05/08/2019
III Tranche	3.000000000	€ 51.84	€ 53.65	€ 1.00	30.00%	0.00%	0.38%	1.70%	19/12/2016	20/12/2019
IV Tranche	3.005479452	€ 69.63	€ 73.05	€ 1.00	23.00%	0.00%	0.14%	1.50%	03/08/2017	04/08/2020
VI Tranche	3.005500000	€ 70.05	€ 70.60	€ 1.00	23.00%	0.00%	0.33%	1.50%	07/03/2018	08/03/2021
VI Tranche	3.00547945	€ 82.42	€ 81.60	€ 1.00	25.00%	0.00%	0.44%	1.50%	07/11/2018	08/11/2021
VII Tranche	3.005479452	€ 86.04	€ 85.80	€ 1.00	25.00%	0.00%	0.25%	1.50%	14/03/2019	15/03/2022

2017 Plan	Vesting period (in years)	Exercise Price	Stock Price	Per value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock Price reference date	Vesting date
I Tranche	3.005479452	€ 78.47	€ 72.05	€ 1.00	23.00%	0.00%	-0.07%	1.50%	09/11/2017	10/11/2020
II Tranche	3.005479452	€ 70.05	€ 70.60	€ 1.00	23.00%	0.00%	0.14%	1.50%	07/03/2018	08/03/2021
III Tranche	3.008219178	€ 76.24	€ 78.30	€ 1.00	23.00%	0.00%	0.18%	1.50%	08/05/2018	10/05/2021
IV Tranche	3.005479452	€ 82.42	€ 81.60	€ 1.00	25.00%	0.00%	0.24%	1.50%	07/11/2018	08/11/2021
V Tranche	3.005479452	€ 86.04	€ 85.80	€ 1.00	25.00%	0.00%	0.12%	1.50%	14/03/2019	15/03/2022
VI Tranche	3.010958904	€ 95.35	€ 102.00	€ 1.00	25.00%	0.00%	-0.02%	1.50%	10/06/2019	13/06/2022
VII Tranche	3.005479452	€ 102.62	€ 105.00	€ 1.00	25.00%	0.00%	-0.24%	1.50%	31/07/2019	01/08/2022
VIII Tranche	3.005479452	€ 99.60	€ 104.30	€ 1.00	25.00%	0.00%	-0.08%	1.50%	06/11/2019	07/11/2022
IX Tranche	3.005479452	€ 119.28	€ 117.60	€ 1.00	25.00%	0.00%	-0.06%	1.50%	19/12/2019	20/12/2022
X Tranche	3.005479452	€ 110.44	€ 113.00	€ 1.00	25.00%	0.00%	-0.01%	1.50%	11/03/2020	13/03/2023
XI Tranche	3.005479452	€ 156.44	€ 172.50	€ 1.00	28.00%	0.00%	0.32%	1.50%	13/05/2020	15/05/2023
XII Tranche	3.002739726	€ 173.28	€ 167.50	€ 1.00	30.00%	0.00%	-0.17%	1.00%	30/07/2020	31/07/2023

2018 Plan	Vesting period (in years)	Exercise Price	Stock Price	Per value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock Price reference date	Vesting date
I Tranche	4.657534247	€ 76.24	€ 78.30	€ 1.00	23.00%	0.00%	0.49%	1.50%	08/05/2018	02/01/2023

2019 Plan	Vesting period (in anni)	Exercise Price	Stock Price	Per value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock Price reference date	Vesting date
I Tranche	3.002739726	€ 173.28	€ 167.50	€ 1.00	30.00%	0.00%	-0.17%	1.00%	30/07/2020	31/07/2023
II Tranche	3.005479452	€ 189.05	€ 172.40	€ 1.00	30.00%	0.00%	-0.29%	1.00%	11/11/2020	13/11/2023
2020 Plan	Vesting period (in years)	Exercise Price	Stock Price	Per value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock Price reference date	Vesting date
I Tranche	3.005479452	€ 189.05	€ 172.40	€ 1.00	30.00%	0.00%	-0.29%	1.00%	11/11/2020	13/11/2023
II Tranche	3.002739726	€ 169.95	€ 171.70	€ 1.00	30.00%	0.00%	-0.30%	1.00%	21/12/2020	22/12/2023

Based on the assumptions described above, the fair value of the 2016 Plan is equal to €2,504 thousand, with a vesting period that goes from May 16, 2016 to March 15, 2022. The fair value per option is as follows (amounts in €):

2016 Plan	Number of options on the vesting date	Parent Company's options	Fair Value
V Tranche	18,933	-	13.30140
VI Tranche	20,000	-	16.34540
VII Tranche	25,000	-	17.16720

Based on the assumptions described above, the fair value of the 2017 Plan is equal to 7,840 thousand, with a vesting period that goes from November 9, 2017 to July 31, 2023. The fair value per option is as follows (amounts in €):

2017 Plan	Number of options on the vesting date	Parent Company's options	Fair Value
I Tranche	61,878	33,878	8.7998
II Tranche	10,000	10,000	11.12670
III Tranche	40,000	40,000	12.94260
IV Tranche	15,000	15,000	14.27840
V Tranche	10,000	10,000	14.45860
VI Tranche	10,000	10,000	19.70320
VII Tranche	65,000	15,000	18.19750
VIII Tranche	40,000	-	19.21230
IX Tranche	30,000	-	19.05680
X Tranche	5,000	5,000	19.91630
XI Tranche	20,000	20,000	39.85342
XII Tranche	56,122	11,122	33.54930

Based on the assumptions described above, the fair value of the 2018 Plan is equal to € 10,105 thousand, with a vesting period that goes from May 8, 2018 to January 2, 2023. The fair value per option is as follows (amounts in €):

2018 Plan	Number of options on the vesting date	Parent Company's options	Fair Value
I Tranche	675,000	560,000	14.97060

Based on the assumptions described above, the fair value of the 2019 Plan is equal to € 3,111 thousand, with a vesting period that goes from July 30, 2020 to November 13, 2023. The fair value per option is as follows (amounts in €):

<b>2019 Plan</b>	<b>Number of options on the vesting date</b>	<b>Parent Company's options</b>	<b>Fair Value</b>
I Tranche	8,878	8,878	33.54930
II Tranche	91,122	66,122	30.86690

Based on the assumptions described above, the fair value of the 2020 Plan is equal to € 1,135 thousand, with a vesting period that goes from November 11, 2020 to December 22, 2023. The fair value per option is as follows (amounts in €):

<b>2020 Plan</b>	<b>Number of options on the vesting date</b>	<b>Parent Company's options</b>	<b>Fair Value</b>
I Tranche	18,878	8,878	30.86690
II Tranche	15,000	15,000	36.82752

The cost attributable to 2020, which amounted to €2,883 thousand was recognized in the income statement as part of labor costs and general and administrative expenses, with the offsetting entries posted to shareholder's equity.

The 2020 expense for stock options awarded to subsidiaries employees, equal to €1,933 thousand, is recognized as increase in equity investments value with the offsetting entries posted to shareholder's equity.

## **28. Related-party transactions**

In the normal course of business, DiaSorin S.p.A. engages on a regular basis in commercial and financial transactions with its subsidiaries, which are also Group companies. These transactions, which are executed on standard market terms, consist of the supply of goods and services, including administrative, information technology, personnel management, technical support and consulting services, which produce receivables and payables at the end of the year, and financing and cash management transactions, which produce income and expenses.

The impact of these transactions on the individual components of financial statements, which was already disclosed in separate income statement and statement of financial position schedules provided for this purpose, is summarized in the tables that follow.

<i>(€ thousands)</i>	Net revenues		Cost of sales		General & Administrative		Sales & marketing		Research & Development and Quality		Other operating income (expense)		Financial income (expense)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Counterparty</b>														
DiaSorin S.A. - France	21,635	18,607	609	524	12	-	(225)	(224)	(2)	-	(841)	(609)	1,800	1,350
Diasorin Iberia S.A.	26,871	13,739	773	562	(137)	(150)	110	62	(1)	(14)	688	532	10	11
DiaSorin S.A./N.V - Benelux	19,376	16,298	196	287	26	-	31	51	-	(4)	490	497	2,599	2,600
DiaSorin Ltd - UK	10,414	8,535	194	190	4	34	23	19	-	-	261	252	1,415	2
DiaSorin Ireland Limited	-	-	(6)	(1,168)	-	(82)	-	0	(122)	-	(9)	(89)	(2)	9,795
DiaSorin Diagnostics Ireland Limited	-	-	-	-	-	-	-	-	-	-	-	-	9,297	24,995
DiaSorin I.N. Limited	-	-	(10,396)	(9,229)	-	-	-	-	-	-	-	-	830	555
DiaSorin IN.UK Limited	-	(20)	-	(18)	-	-	-	-	-	-	-	-	1	1
DiaSorin Deutschland GmbH	45,157	42,413	(11,285)	(13,919)	12	22	235	15	(291)	(33)	(2,263)	(3,246)	4,749	4,000
DiaSorin Austria GmbH	10,239	6,839	255	200	12	-	19	12	-	-	263	222	450	350
DiaSorin Switzerland AG	7,768	4,563	264	200	12	-	20	4	-	-	207	154	237	485
DiaSorin Poland sp. Z .o.o.	3,798	3,020	190	148	4	-	13	27	-	-	214	219	40	59
DiaSorin AB - Sweden	10,534	7,885	264	573	4	-	14	10	-	-	262	271	659	(0)
DiaSorin Czech s.r.o.	4,947	4,824	166	159	12	-	30	8	(0)	-	167	250	(0)	(2)
DiaSorin Slovakia sro	1,585	2,009	104	118	12	-	-	4	-	-	77	-	9	9
DiaSorin Inc. - USA	71,705	41,866	(45,125)	(43,771)	5	12	188	303	170	(964)	2,598	2,611	42,289	(1)
DiaSorin Canada Inc	-	-	-	-	-	-	(6)	-	-	-	(90)	(211)	-	-
DiaSorin Ltda - Brazil	6,005	5,408	(21)	-	(1)	-	-	(211)	-	-	71	16	(498)	208
DiaSorin Mexico S.A de C.V.	4,258	4,407	-	-	4	-	(429)	(577)	-	-	206	198	41	73
DiaSorin Ltd - Israel	3,649	1,904	(2)	(3)	4	-	35	21	-	-	232	187	300	-
DiaSorin Ltd - China	24,558	42,580	(23)	(85)	-	-	(72)	(137)	(44)	-	(455)	(549)	3,830	3,545
DiaSorin Trivitron Healthcare Private Limited	1,667	2,307	(17)	-	-	-	-	(88)	-	-	25	11	-	-
DiaSorin South Africa (PTY) Ltd	-	294	(185)	117	-	-	-	(1)	-	-	242	749	-	1,104
DiaSorin APAC Pte Ltd	-	-	-	-	-	-	-	-	-	-	(803)	(489)	-	-
DiaSorin Australia (Pty) Ltd	5,318	6,290	(31)	(1)	4	(0)	162	33	-	-	241	332	14	39
DiaSorin Molecular LLC	9,491	738	(21,351)	(3,815)	32	8	(2)	(126)	1,011	193	1,060	1,209	-	-
<b>Total Group companies</b>	<b>288,976</b>	<b>234,506</b>	<b>(85,427)</b>	<b>(68,930)</b>	<b>20</b>	<b>(156)</b>	<b>145</b>	<b>(792)</b>	<b>722</b>	<b>(823)</b>	<b>2,843</b>	<b>2,518</b>	<b>68,070</b>	<b>49,175</b>
Executives with strategic responsibilities	-	-	-	-	(6,715)	(5,786)	-	-	-	-	-	-	-	-
Directors	-	-	-	-	(995)	(997)	-	-	-	-	-	-	-	-
<b>Other related parties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,710)</b>	<b>(6,783)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Group companies and other related parties</b>	<b>288,976</b>	<b>234,506</b>	<b>(85,427)</b>	<b>(68,930)</b>	<b>(7,690)</b>	<b>(6,938)</b>	<b>145</b>	<b>(792)</b>	<b>722</b>	<b>(823)</b>	<b>2,843</b>	<b>2,518</b>	<b>68,070</b>	<b>49,175</b>
<b>As a percentage on line items</b>	<b>61.4%</b>	<b>59.4%</b>	<b>35.3%</b>	<b>32.2%</b>	<b>20.9%</b>	<b>20.6%</b>	<b>-0.4%</b>	<b>2.2%</b>	<b>2.6%</b>	<b>-3.6%</b>	<b>191.6%</b>	<b>58.8%</b>	<b>-108.9%</b>	<b>111.6%</b>

<i>(€ thousands)</i>	Trade receivables		Current financial receivables		Non-current financial receivables		Trade payables		Current financial liabilities		Other current liabilities		Other non-current liabilities	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Counterparty														
DiaSorin S.A. - France	4,389	2,734	-	-	-	-	(564)	(325)	(2,541)	(1,427)	-	-	-	-
Diasorin Iberia S.A.	10,707	3,956	2,239	2,432	-	-	(153)	(172)	(2,699)	-	-	-	-	-
DiaSorin S.A./N.V - Benelux	4,881	3,650	-	-	-	-	-	(115)	(7,811)	(5,080)	-	-	-	-
DiaSorin Ltd - UK	3,987	2,349	776	-	-	-	-	(1)	(3,338)	(2,194)	-	-	-	-
DiaSorin Ireland Limited	-	(0)	-	-	-	-	(96)	(32)	(19,835)	(27,640)	-	-	-	-
DiaSorin I.N. Limited	-	2	-	447	37,267	47,267	(3,145)	(4,679)	(2,067)	(2,807)	-	-	-	-
DiaSorin Diagnostics Ireland Limited	-	-	28	-	-	-	-	-	(6,233)	(32,231)	-	-	-	-
DiaSorin IN.UK Limited	-	(0)	298	-	-	-	-	-	(8,287)	(11,971)	-	-	-	-
DiaSorin Deutschland GmbH	7,172	5,922	-	-	-	-	(4,794)	(5,648)	(5,189)	(188)	-	-	-	-
DiaSorin Austria GmbH	2,582	1,222	-	-	-	-	(8)	-	(2,973)	(1,345)	-	-	-	-
DiaSorin Switzerland AG	2,679	881	-	-	-	-	-	(13)	(2,219)	(375)	-	-	-	-
DiaSorin Poland sp. Z .o.o.	1,675	480	397	554	1,184	1,691	-	-	(481)	-	-	-	-	-
DiaSorin AB - Sweden	3,274	1,750	1,256	-	-	-	-	-	(6,615)	(4,503)	-	-	-	-
DiaSorin Czech s.r.o.	1,187	829	(0)	87	-	-	-	-	(391)	-	-	-	-	-
DiaSorin Slovakia sro	319	550	275	420	686	961	(1)	-	(55)	(252)	-	-	-	-
DiaSorin Inc. - USA	10,786	10,916	-	-	3,009	3,092	(11,205)	(8,727)	-	-	-	-	-	-
DiaSorin Canada Inc	-	-	-	-	-	-	(45)	(211)	-	-	-	-	-	-
DiaSorin Ltda - Brazil	3,146	4,435	59	2,608	1,775	-	(1)	(287)	-	-	-	-	-	-
DiaSorin Mexico S.A de C.V.	2,424	2,002	386	624	912	(0)	(67)	(102)	-	-	-	-	-	-
DiaSorin Ltd - Israel	2,011	278	-	-	-	-	-	-	-	-	-	-	-	-
DiaSorin Ltd - China	7,593	15,208	-	-	-	-	(281)	(708)	-	-	-	-	-	-
DiaSorin Trivitron Healthcare Private Limited	2,932	2,537	-	-	-	-	(46)	(65)	-	-	-	-	-	-
DiaSorin South Africa (PTY) Ltd	-	424	-	-	-	-	(5)	(384)	-	-	-	-	-	-
DiaSorin APAC Pte Ltd	-	-	-	23	-	-	(110)	(128)	-	-	-	-	-	-
DiaSorin Australia (Pty) Ltd	1,018	1,981	299	592	0	(0)	(32)	-	-	-	-	-	-	-
DiaSorin Molecular LLC	14,174	5,899	-	-	-	-	(3,508)	(5,003)	-	-	-	-	-	-
<b>Total Group companies</b>	<b>86,937</b>	<b>68,004</b>	<b>6,013</b>	<b>7,786</b>	<b>44,835</b>	<b>53,012</b>	<b>(24,061)</b>	<b>(26,600)</b>	<b>(70,735)</b>	<b>(90,012)</b>	-	-	-	-
Executives with strategic responsibilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Directors	-	-	-	-	-	-	-	-	-	-	(74)	(76)	(1,317)	(582)
<b>Other related parties</b>	-	-	-	-	-	-	-	-	-	-	(74)	(76)	(1,317)	(582)
<b>Total Group companies and other related parties</b>	<b>86,937</b>	<b>68,004</b>	<b>6,013</b>	<b>7,786</b>	<b>44,835</b>	<b>53,012</b>	<b>(24,061)</b>	<b>(26,600)</b>	<b>(70,735)</b>	<b>(90,012)</b>	<b>(74)</b>	<b>(76)</b>	<b>(1,317)</b>	<b>(582)</b>
<b>As a percentage on line items</b>	<b>64.4%</b>	<b>54.9%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>107.2%</b>	<b>100.0%</b>	<b>36.8%</b>	<b>30.1%</b>	<b>98.6%</b>	<b>84.7%</b>	<b>0.3%</b>	<b>0.5%</b>	<b>6.2%</b>	<b>n/a</b>

## **29. Significant non-recurring events and transactions**

According to the ESMA Communication n. 32-63-972 of 20 May 2020, the Group assessed the recommendations of the Authority on the implications of the COVID-19 outbreak and found no significant adverse effect on the business performance.

Specifically, with respect to the Group's economic and financial position, no significant adverse effect was found in the geographic areas where the Group operates.

On April 18, 2020, a competitor lodged an appeal with the Lombardy Regional Administrative Court of Law against the IRCCS Policlinico San Matteo in Pavia ("San Matteo Foundation") and against DiaSorin to request the cancellation of the Determination of the General Manager of San Matteo Foundation about a collaboration with DiaSorin for the validation of SARS-Cov-2 serological and molecular tests and resulting in an agreement between the San Matteo Foundation and DiaSorin ("Agreement").

On 21 April 2020, the Lombardy Regional Administrative Court of Law rejected the application for precautionary suspension, referring the case to the hearing to be held on May 13, 2020.

On 23 April 2020, the competitor filed an appeal with the Council of State against the rejection of the precautionary suspension. The appeal was rejected on the same date.

Previously, on April 16, 2020, the competitor had submitted a series of complaints, for all the reasons described above, addressed to the San Matteo Foundation, the National Anti-Corruption Authority, the Antitrust Authority, the Regional Prosecutor's Office attached to the State Auditors' Court of Lombardy, CONSOB, the Ministry of Health and the Office of the Public Prosecutor at the Court of Pavia, so that said authorities, having carried out their assessments on the facts presented, would adopt any measures within their competence.

On 8 June 2020, the Lombardy Regional Administrative Court of Law ruled on the appeal filed by the competitor and cancelled the determination of the Policlinico San Matteo and the related Agreement.

Subsequently, DiaSorin and the San Matteo Foundation appealed before the Council of State to overturn the ruling of the Lombardy Regional Administrative Court of Law.

By judgment no. 8126/2020 of 17 December 2020, the Council of State set aside the judgement under appeal and dismissed the action brought by the competitor, thus confirming the total legitimacy of the Agreement.

Competent authorities are still investigating on the pending proceeding at the Office of the Public Prosecutor of the Court of Pavia, initiated as a consequence of one of the abovementioned complaints submitted by the competitor and concerning the Agreement. At the moment it is not yet possible to predict the conclusion of said investigations.

## **30. Transactions resulting from atypical and/or unusual activities**

In 2020, there were no transactions resulting from atypical and/or unusual activities, as defined in the Consob Communication dated July 28, 2006 (see the definition provided in the Financial Statement Presentation Format section of this Report).

## **31. Other information**

Law no. 124 of 4 August 2017 (the Annual Market and Competition Law) defined that, as from 2019, companies receiving grants, financial support, remunerated duties and any kind of economic benefits from Public Administrations and similar bodies are required to publish such amounts in the Note to the financial statements and consolidated financial statements.

In 2020, the Company did not receive financial support or economic benefits from Public Administration in accordance with the aforementioned Law; for additional details that may apply, reference is made to documentation submitted by lending entities at the National Registry of State Aids.

**ANNEX III: DISCLOSURE REQUIRED PURSUANT TO ARTICLE 149-  
DUODECIIES OF THE CONSOB'S ISSUERS' REGULATIONS**

<i>(€ thousands)</i>	<b>Party providing the service</b>	<b>Recipient</b>	<b>Fee attributable to 2020</b>
<b>Independent Auditing</b>	PricewaterhouseCoopers S.p.A.	Group's Parent company- Diasorin S.p.A.	293
<b>Other services</b>	PricewaterhouseCoopers S.p.A.	Group's Parent company- Diasorin S.p.A.	12
<b>Total</b>			<b>305</b>



**CERTIFICATION OF THE STATUTORY FINANCIAL STATEMENTS**  
**pursuant to article 81-ter of Consob Regulation no. 11971 of May 14, 1999, as**  
**amended**

1. We, the undersigned, Carlo Rosa, in my capacity as Chief Executive Officer, and Piergiorgio Pedron, in my capacity as Corporate Accounting Documents Officer, of the issuer DiaSorin S.p.A.,

attest that,

insofar as the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998 are concerned, the administrative and accounting procedures applied to prepare the 2020 statutory financial statements are:

- a) adequate in light of the Company's characteristics; and
- b) were applied effectively.

2. Moreover, we attest that:

2.1 the statutory financial statements at December 31, 2020:

- a) were prepared in accordance with the applicable international accounting principles recognized by the European Union, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002;
- b) are consistent with the data in the supporting documents and accounting records;
- c) are suitable for the purpose of providing a truthful and fair representation of the balance sheet, operating performance and financial position of the issuer;

2.2 the Report on Operations provides a reliable analysis of the Group's performance and result from operations and of the status of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

Saluggia, March 11, 2021

Signed:

Carlo Rosa

Chief Executive Officer

Piergiorgio Pedron

Corporate Accounting  
Documents Officer

# **BOARD OF THE STATUTORY AUDITORS' REPORT**

## **2020 REPORT OF THE BOARD OF STATUTORY AUDITORS**

**TO THE SHAREHOLDERS' MEETING, PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE NO.  
58/1998 AND ARTICLE 2429, SECTION 2, OF THE ITALIAN CIVIL CODE**

Dear Shareholders,

By way of introduction, the Board of Statutory Auditors which was appointed on April 24, 2019 by the Shareholders' Meeting of DiaSorin S.p.A (hereinafter, the Company) for the term 2019-2021, i.e., until the date of the Shareholders' Meeting called to approve the Financial Statements at December 31, 2021, is composed of:

- Statutory Auditors: Monica Mannino (Chairman), Ottavia Alfano, Matteo Sutera;
- Alternate Auditors: Cristian Tundo, Romina Guglielmetti.

Pursuant to Article 144-quinquiesdecies of the Issuers' Regulations, approved by the Consob with Resolution No. 11971/99, as amended, a list of the posts held by members of the Board of Statutory Auditors at companies such as those listed in Volume V, Title V, Chapters V, VI and VII, of the Italian Civil Code, has been published by the Consob on its website ([www.consob.it](http://www.consob.it)).

Art. 144-quaterdecies of the Issuers' Regulations (disclosure obligations to Consob) provides that whoever holds the position of member of the control body of a single issuer is not subject to the disclosure requirements laid down in said article and, therefore, is excluded from the lists published by the Consob.

The Company reports in the Report on Corporate Governance and Ownership Structure the main offices held by the members of the Board of Statutory Auditors.

The Board here acknowledges that all its members comply with the aforementioned Consob regulatory provisions concerning the "limits to the cumulation of offices".

In the year ended December 31, 2020, consistently with the requirements of Article 149 of Legislative Decree no. 58/98 (TUF) and pursuant to Article 2403 of the Italian Civil Code, the Board of Statutory Auditors of DiaSorin S.p.A. carried out its oversight activities, performing its work in accordance with the principles of conduct recommended by the National Board of Certified Public Accountants and Accounting Experts and consistent with the Consob communications concerning corporate controls and the activities of the Board of Statutory Auditors (specifically communication no. DAC/RM 97001574 of February 20, 1997 and communication no. DEM 1025564 of April 6, 2001, subsequently integrated with communication no. DEM/3021582 of April 4, 2003 and communication no. DEM/6031329 of April 7, 2006), taking into account the recommendations set

forth in the Code of Conduct and in the Corporate Governance Code, approved January 2020 and promoted by the Corporate Governance Committee.

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In 2020, in carrying out the activities under its jurisdiction, the current Board of Statutory Auditors declares that:

- it attended the Shareholders' Meeting on June 10, 2020, and all the meetings of the Board of Directors and obtained from Directors adequate information, at least on a quarterly basis, about the Company's operating performance and business outlook, as well as about any transactions that qualified as particularly significant in terms of size or characteristics carried out by the Company and its subsidiaries;
- it obtained the information necessary to perform the activities required to monitor compliance with the law, the Bylaws, the principles of sound management, the adequacy and effectiveness of the Company's organization through documents and information obtained from relevant Company departments, and with the support of PricewaterhouseCoopers S.p.A. (hereinafter the "Independent Auditors") with whom the Board of Statutory Auditors exchanged data and information on an ongoing basis;
- it attended, through its Chairman or another member of the Board of Statutory Auditors, the meetings of the Control, Risks and Sustainability Committee, the Compensation and Nominating Committee, and the Committee for Related-Party Transactions;
- it monitored the functioning and effectiveness of the Company's internal control system and the adequacy of the administrative and accounting system, specifically its reliability in presenting fairly the results from operations;
- it promptly exchanged significant data and information with the Independent Auditors in charge of statutory audit, pursuant to Legislative Decree no. 58/1998 and Legislative Decree no. 39/2010, to discharge their respective duties, as required by Article 150 of the TUF, also by examining the results of work performed and receiving the reports as envisaged by Article 14 of Legislative Decree 39/2010 and Article 11 of EU Regulation 537/2014;
- it examined the contents of the additional Report pursuant to Article 11 of EU Regulation 537/2014, and no aspects emerged that should be reported therein;

- it monitored the operational effectiveness of the control system for Group companies and the adequacy of instructions the Group companies shall follow, pursuant to Article 144, paragraph 2 of the TUF;
- it verified the drawing up of the Report on the remuneration policy and fees paid, as required pursuant to Article 123-ter of the TUF and Article 84-ter of the Issuers' Regulations, and has no comment to submit in this regard;
- it monitored the specific procedures to implement the corporate governance rules adopted by the Company in compliance with the Code of Conduct and, where indicated by the Company, with the Corporate Governance Code;
- it verified, for all aspects falling within its competence, the correct application of the criteria and procedures used to assess compliance with the independence requirements of Directors pursuant to applicable laws, the Code of Conduct and the Corporate Governance Code;
- it ensured that the internal procedure concerning Transactions with Related Parties was consistent with the principles envisaged by the Consob Regulation adopted by means of Resolution no. 17221 dated March 12, 2010 and subsequent amendments and that the abovementioned procedure was being complied with Article 4, Paragraph 6 of the Regulation;
- it verified that the Company acted in compliance with the requirements of the European Regulation concerning Market Abuse (referred to as MAR) and treatment of inside information and the procedure adopted by the Company on this matter;
- it monitored the corporate disclosure and verified that directors act in compliance with the procedural rules governing the drawing up, approval and publication of the separate and consolidated financial statements;
- it assessed the methodological adequacy of the impairment tests to determine whether the Company's goodwill and/or assets recorded on the balance sheet were impaired;
- it verified that the Report of the Board of Directors on Operations complied with current regulations and was consistent with the resolutions approved by the Board of Directors and the facts presented in the separate and consolidated financial statements;
- it examined the content of the consolidated Semi-annual Report at June 30, 2020 - without any comment to be submitted - and verified that the Report was publicly disclosed in the manner required pursuant to law;

- as regards additional information to be published on a regular basis in accordance with Article 82-ter of the Issuers' Regulations it was informed that the Company continued to publish, on a voluntary basis and through press releases, the main consolidated economic-financial statements and updates on operations on a quarterly basis;
- it also acted as Internal Control and Audit Committee, pursuant to Article 19, paragraph 1 of Legislative Decree 39/10 as amended by Legislative Decree 135/16, and in this capacity performed the specific information, monitoring, control and review activities specified therein, discharging all the duties and tasks laid out in the abovementioned regulation;
- it supervised compliance with the provisions laid out in Legislative Decree 254/2016 examining, among others, the Consolidated Non-Financial Statement included in the Annual Financial Report ascertaining compliance with the provisions regulating its drawing up, pursuant to the abovementioned Decree.

Furthermore, as specified by the Board of Directors in the Financial Report (paragraph "Focus on the Group's Industrial Production"), the analyzes carried out within the DiaSorin Group did not reveal any significant uncertainties and risks connected to Covid-19 such as to jeopardize business continuity. In 2020, industrial production management played a critical role in ensuring business continuity despite the global COVID-19 pandemic, which caused a sudden and unprecedented macroeconomic shock.

The sector in which DiaSorin operates was not affected by any of the restrictive measures implemented by governmental authorities to address this serious crisis. Therefore, all the Group's industrial sites continued their manufacturing and distribution activities without disruptions, in full compliance with the provisions aimed at ensuring the safety of its employees. In this regard, to the extent of our competence, also for the current year the supervisory activity will be carried out to ascertain the adequacy of the governance actions that the Board of Directors deems appropriate to adopt in support and protection of the corporate assets and business continuity and regarding the safety of workplaces and employees.

In the course of its oversight activities, which the Board of Statutory Auditors carried out in the manner described above, no irregularities were found indicating failure to comply with the law and the Company's Bylaws or otherwise requiring disclosure to the Oversight Board or mention in this Report.

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The additional disclosures required by Consob Communication no. DEM/1025564 of 6 April 2001 and subsequent amendments are provided hereinafter.

- I. Information on the main economic, financial and assets transactions carried out by the Company and its subsidiary were adequate. The main operations carried out in 2020 were analyzed in detail in the Report on Operations, to which reference is made, and disclosed to the market, pursuant to the law.

On the basis of the information supplied by the Company and data provided regarding the transactions described above, the Board of Statutory Auditors assessed the compliance of the foregoing transactions with the law, the Company's Articles of Incorporation and the principles of sound management, making sure that these were not manifestly imprudent or reckless, potentially entailing conflicts of interest and in violation with the Shareholders' Meetings' resolutions or such as to compromise the integrity of the Company's assets. With reference to the information related to "Significant non-recurring events and transactions" which occurred during the year, they are fully dealt with in the Report on Operations, mainly in note 30 of the financial statements, to which reference is made.

- II. In the course of its oversight activities, the Board of Statutory Auditors did not identify any atypical and/or unusual operation carried out with third parties, Group companies or related parties. Information disclosed in the Annual Report concerning significant events and transactions and any atypical and/or unusual transactions, including infra-group and related - party transactions, is adequate and complies with current law and regulation.
- III. The characteristics of infra-group and related-party transactions carried out by the Company and its subsidiaries in 2020, the parties involved and their financial effects are explained in the Note 28 of the Consolidated Financial Statements and in the Note 28 of the Statutory Financial Statements, to which reference is made. The Company engages on a regular basis in commercial and financial transactions with its subsidiaries. These transactions, which are carried out within the framework of normal company activities, are executed on standard market terms. The Board of Statutory Auditors believes that the information provided concerning the aforementioned transactions is overall adequate and, based on data thus acquired, deemed said transactions to be fair and in the Company's interests.

Related-Party transactions, which are identified on the basis of the international accounting standards and the directives issued by the Consob, are governed by an internal procedure (hereinafter the "Procedure"), which was amended by the Board of Directors on March 14, 2019, following the favorable opinion of the Committee for Related-Party Transactions on February 27, 2019.

The Board has decided to assess the significance of the transactions carried out from time to time and therefore has not established general criteria for identifying the relevant transactions.

The Board of Statutory Auditors reviewed the Procedure ascertaining its compliance with Consob Regulation no. 17221 of March 12, 2010 and subsequent amendments, additions and interpretations.

For the abovementioned transactions the Board of Statutory Auditors verified that the Procedure was being correctly applied.

IV. On March 31, 2021, the Independent Auditors issued the reports required by Articles 14 and 16 of Legislative Decree no. 39/2010 and by Article 10 of the EU Regulation no. 537/2014, certifying that:

- the separate financial statements of the Company and the consolidated financial statements of the Group at December 31, 2020 provide a true and fair view of the balance sheet, the income and cash flows for the year ending at that date, in compliance with IAS/IFRS international accounting standards
- the Report on Operations and information referred to in Article 123-*bis* of the TUF included in the Report on Corporate Governance and the Company's Ownership Structure are consistent with the Company's financial statements and the Group's consolidated financial statements and prepared in compliance with the law;
- the opinion on the separate and consolidated financial statements expressed in the aforementioned Reports is in line with what specified in the additional Report prepared pursuant to Article 11 of EU Regulation no. 537/2014.

In the Independent Auditors' Report on the Consolidated Financial Statements, the Independent Auditors verified, for all aspects falling within its competence, the 2020 Non-Financial Statement. The Independent Auditors also issued a Report confirming the compliance, with regard to all significant aspects, with the provisions of Legislative Decree no. 254/2016 and of Article 5 of the Consob Regulation no. 20267/2018, and of principles and methods specified by



the GRI Standards adopted by the Company. In this Report, the Independent Auditors declared that no elements had come to their attention that would suggest that the Consolidated Non-Financial Statement was not drafted in compliance with the law.

The aforementioned Independent Auditors' Reports contained no qualifications or requests for additional disclosures pursuant to Article 14, paragraph 2, letter d) nor statements made pursuant to Article 14, paragraph 2, letter e) and f) of Legislative Decree no. 39/10.

On that date the Independent Auditors sent the additional Report to the Board of Statutory Auditors, in its role as Internal Control and Audit Committee, presenting the results of the statutory audit, the elements used in planning and implementing the auditing process, the methodological choices and the observance of ethical principles, pursuant to Article 11 of EU Regulation no. 537/2014. As stated in the opinion on the Financial Statements, this report addresses certain matters, without contradicting the opinions in question. It should be mentioned here that, in addition to the significant matters identified as "key aspects of the audit" in the aforementioned reports on the Separate and Consolidated Financial Statements, there are no significant deficiencies in the internal control system in relation to the financial reporting process worthy of being brought to the attention of the managers responsible for "governance" activities.

During the meetings held with the Independent Auditors, the Board of Statutory Auditors did not receive disclosures from the Independent Auditors on facts deemed objectionable identified in the performance of their auditing activities on the financial statements and the consolidated financial statements.

During the year, on the basis of the information provided by the independent Auditors, the Company and some of its subsidiaries assigned duties to the Independent Auditors and the parties belonging to its network (PWC network) for services other than auditing provided to the Company and to some of the Group companies.

During the year, an audit assignment was also conferred, for the Mexican subsidiary, to parties outside the PWC network.

Compensation and fees for the services provided - including duties assigned in 2020, - by the Independent Auditors or by parties belonging to its network in favor of DiaSorin and the Group subsidiaries are reported in the Company consolidated financial statements as required by Article 149- duodecies of the Issuers' Regulations, in the Annex II of the Report on the

consolidated financial statements and Annex III of the Report on the separate financial statements.

Fees include the activities related to the auditing of the Non-Financial Statement.

Services other than auditing refer to activities required in the liquidation of some foreign companies, to non-recurring audit activities in countries outside the European Union and to revenue attestation activities, in Germany and Belgium.

For the Parent Company, the Independent Auditors also certified the Research and Development costs statement for the purposes of the tax credit.

The Board of Statutory Auditors, in its role as Internal Control and Audit Committee, fulfilled the obligations laid out in Article 19, paragraph 1, letter e) of Legislative Decree 39/2010 ( as amended by Legislative Decree 135/2016) and in Article 5, paragraph 4 of EU Regulation 537/2014 on the prior approval of the aforementioned tasks, verifying their compatibility with current regulations and, specifically, with the provisions of article 17 of Legislative Decree no. 39/2010 and subsequent amendments - and with the prohibitions pursuant to Article 5 of the Regulation referred to therein.

The Board of Statutory Auditors reports that the assessment process for services to be assigned to Independent Auditors and its Network by the Company and its subsidiaries is governed by an "Internal procedure for the approval of services to be assigned to the Independent Auditors and to its network "which has the objective of ensuring that the independence requirement of the Independent Auditors is met and of regulating the aforementioned assessment process.

In addition, the Board of Statutory Auditors:

- a) verified and monitored the independence of the Independent Auditors, pursuant to Articles 10, 10-bis, 10-ter, 10-quater and 17 of Legislative Decree no. 39/2010 and Article 6 of EU Regulation 537/2014, ascertaining compliance with the regulations in force on the matter and that the services other than auditing assigned to that company did not generate potential risks for the auditor's independence and for the safeguards, pursuant to Article 22-ter of Directive 2006/43/EC;
- b) examined the transparency report and the additional Report prepared by the Independent Auditors in compliance with the criteria set out in the EU Regulation

537/2014, pointing out that, on the basis of the information obtained, no critical aspects emerged regarding the independence of the Independent Auditors;

- c) received the written confirmation, pursuant to Article 6, paragraph 2, letter a) of EU Regulation 537/2014 pursuant to which, from January 1, 2020 until the moment the statement was issued, the Independent Auditors did not find evidence that could affect its independence, pursuant to Articles 10 and 17 of Legislative Decree no. 39/2010 and Articles 4 and 5 of EU Regulation 537/2014;
- d) discussed with the Independent Auditors about risks for its independence and the measures it adopted to mitigate such risks, pursuant to Article 6, paragraph 2, letter b) of EU Regulation no. 537/2014.

- V. In 2020, the Board of Statutory Auditors was not informed of any complaints or negative remarks by shareholders or third parties, pursuant to Article 2408 of the Italian Civil Code.
- VI. In the course of 2020, the Board of Statutory Auditors issued its opinions in all those cases it has been called for by the Board of Directors, in accordance with the provisions requiring the prior consultation of the Board of Statutory Auditors.

The Board of Statutory Auditors, insofar as issues under its jurisdiction are concerned, reviewed the proposals made - based on the input of the Compensation and Nominating Committee - with regard to the remuneration policy and its implementation.

The compensation system which was set in accordance with the recommendations of the Compensation and Nominating Committee, is based on the award of compensation that includes a fixed component and a variable component tied to the economic results achieved at the Group level in connection with the attainment of specific targets, in addition to the Company's Stock Options plans and Long Term Incentive plans granted to key directors, including Strategic Executives, as illustrated in the Report on the remuneration policy and fees paid available on the Company's website, pursuant to article 123-ter of the TUF.

The Compensation and Nominating Committee verified that the remuneration is in line with market value.

The Board of Statutory Auditors held 13 meetings in 2020, in order to obtain the information needed to carry out its oversight activity. The activities performed on those occasions were documented in the minutes of the meetings. Furthermore, the Board of Statutory Auditors attended all 5 meetings held by the Company's Board of Directors, 5 meetings held by the

Control, Risks and Sustainability Committee, 4 meetings held by the Compensation and Nominating Committee and 1 meeting held by the Committee for Related-party Transactions and 1 meeting held by the Shareholders' Meeting.

VIII. The Board of Statutory Auditors monitored compliance with the law, the Company's Articles of Incorporation and with the principles of sound management, ensuring that all transactions approved and executed by the Board of Directors complied with the aforementioned rules and principles, were financially sound, were not manifestly imprudent or reckless, did not give rise to potential conflicts of interest, were not in conflict with resolutions approved by the Shareholders' Meeting and did not compromise the integrity of the Company's assets. The Board of Statutory Auditors believes that tools and governance systems adopted by the Company provide adequate assurance that the principles of sound management are being followed in operating practice.

IX. The Board of Statutory Auditors monitored the adequacy of the organizational structure of the Company and the Group by examining the Company's administrative structure and exchanging data and information with the managers of the various Company's functions, the Internal Auditing function and the Independent Auditors.

The organizational structure of the Company and of the Group is defined by the Chief Executive Officer and implemented through a system of internal communications, by which the managers of the various departments and business units were appointed and to whom powers were delegated, consistent with the assigned responsibilities.

Based on the supervisory activities carried out and no critical aspects having been identified, the Company's organizational structure is adequate in relation to the Company's purpose, characteristics and size.

X. In monitoring the adequacy and effectiveness of the internal control system, pursuant to Article 19 of Legislative Decree no. 39/2010, the Board of Statutory Auditors met regularly with the Internal Auditing function and other Company functions and with the Control, Risks and Sustainability Committee and the Oversight Board, pursuant to the organizational model envisaged by the Legislative Decree no. 231/2001 adopted by the Company (the "231 Model"). The Board of Statutory Auditors found that the Company's Internal Control and Risk Management System is based on a structured and organic set of rules, procedures and organizational structures designed to prevent or minimize the impact of unexpected results and

allow the achievement of the Company's strategic and operating objectives (i.e. consistency of its activities with the desired objectives, effectiveness and efficiency in conducting its operations and protecting corporate assets), compliance with applicable laws and regulations, and accurate and transparent internal and market reporting.

The guidelines of this system have been defined by the Board of Directors, with the support of the Control, Risks and Sustainability Committee. The Board of Directors assesses its adequacy and correct functioning, at least on an annual basis, with the support of the Internal Auditing function and the Control, Risks and Sustainability Committee.

In relation to the effectiveness of the Internal Control and Risk Management System - in charge of safeguarding corporate assets, and ensuring the efficiency and efficacy of corporate processes, the reliability of information provided and compliance with laws, the company Bylaws and with the internal procedures - we have assessed the appropriateness of the Management Control System, finding that the related planning process is supported by adequate information systems and procedures that make it possible to reliably reconcile the main economic and financial information with the results of the information systems used within the individual subsidiaries.

The process ensures the accuracy and integrity of the information itself.

The Company, as well as the Group's companies, uses additional tools to monitor progress toward the achievement of operational and compliance objectives, including a structured and periodic planning, management control and reporting system, a system to manage Company risks in accordance with the Enterprise Risk Management (ERM) principles (in 2020 the Enterprise Risk Assessment carried out in February 2018 was updated), and the accounting control Model required by Law No. 262/2005 in the area of financial disclosures.

The Company adopted the 231 Model that, together with the Group Code of Conduct, aimed at preventing the illicit behaviors referred to in the Decree and, consequently, protect the Company from administrative liability.

The Oversight Board supervised the functioning and observance of the 231 Model assessing its adequacy pursuant to legislative Decree no. 231/2001 - monitoring the evolution of the relevant regulations, the implementation of staff training initiatives and compliance with the Protocols

by their Recipients, also through audits conducted with the support of the Internal Auditing function.

In the area of internal dealing, in addition to the obligations that already exist pursuant to the regulations concerning market abuse, the Procedure was updated on March 14, 2019 to comply with the amendments made by Consob to the Issuers' Regulations with Resolution no. 19925 of 22 March 2017 and to take into account the amendments to the TUF by Legislative Decree 107/2018: the Company has regulated the obligation to abstain from carrying out transactions on financial instruments issued by the Company and listed on regulated markets as required by law currently in force.

The Procedure for the internal management of Relevant Information and Inside Information and the public disclosure of Inside Information was amended by the Board of Directors on December 21, 2020 in order to establish, in accordance with the recommendations contained in the CONSOB Guidelines, a register referring to the relevant information, the so-called "Relevant Information List", with the aim of tracing the stages leading up to the disclosure of inside information, identifying and monitoring that type of information that the issuer deems to be relevant, as it relates to data, events, projects or circumstances that may, in a second moment, take on an inside nature.

In relation to the 2020 financial year, in compliance with the provisions of criterion 7.C.1 of the Code and art. 6, Recommendation 33, of the Corporate Governance Code and on the basis of the available information and evidence collected with the support of the preparatory work of the Control, Risks and Sustainability Committee, the Board of Directors carried out an overall assessment on the Internal Control and Risks Management System, including procedures for coordination among the parties involved in the System, concluding that it was adequate for the purpose of providing a reasonable certainty that the mapped risks are properly managed.

In the opinion of the Board of Statutory Auditors, based on the information obtained, the Internal Control and Risks Management System is adequate, effective and effectively implemented.

- XIII. The Board of Statutory Auditors monitored the effectiveness and functioning of the administrative and accounting system and its reliability in presenting fairly the results from operations, by obtaining information from the managers of the relevant departments, examining company documents and analyzing the results of the work carried out by the

Independent Auditors. The Corporate Accounting Documents Officer was assigned jointly the functions required by law and was provided with sufficient authority and resources to discharge his duties. Furthermore, the Chief Executive Officer, acting through the Corporate Accounting Documents Officer, is responsible for implementing "the accounting control Model required by Law No. 262/2005", the purpose of which is to establish the guidelines that must be applied within the DiaSorin Group to satisfy the obligations set forth in Article 154-bis of the TUF with regard to the preparation of corporate accounting documents and comply with the resulting certification requirements. The preparation of accounting disclosures and of statutory and consolidated financial statements is governed by the Group Accounting Manual and by the other administrative and accounting procedures that are part of the Model adopted pursuant to Law No. 262/2005.

The Model as referred to in Law No. 262/2005 formalizes the procedures regulating the impairment test in compliance with the IAS 36 accounting standard.

The analysis of recoverable values of assets and goodwill was carried out by the Company's Financial Department and shared with the Board of Directors on March 11, 2021. For a more complete description of the methods and assumptions applied, reference should be made to the relevant note of the Consolidated Financial Statements.

The impairment test and its results were presented to the Board of Directors for approval and were examined by the Board of Statutory Auditors through meetings with the Independent Auditors and through the participation at the meeting held with the Control, Risks and Sustainability Committee which had previously assessed the methods applied.

The Board of Statutory Auditors having monitored the financial information reporting process by obtaining information from the Company managers found that, overall, the Company's administrative and accounting system is adequate and reliable in presenting fairly the results from operations.

- XIV. The Board of Statutory Auditors monitored the adequacy of the instructions provided by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of the TUF determining, based on the information provided by the Company, that these instructions were suitable for providing the information needed to comply with statutory disclosure requirements, without any exception.

XV. The Board of Statutory Auditors monitored the process adopted to ensure the concrete implementation of the Corporate Governance rules set forth in the current Code of Conduct with the support of the Corporate Legal Affairs Department, taking also into account the inclusion in the FTSE MIB Index.

The Report on Corporate Governance and the Company's Ownership Structure expresses clearly the recommendations that have not been adopted by the Board of Directors, explaining the reason for that choice and describing any alternative behavior that may have been adopted.

XVI. The Company's Board of Directors consists of 15 directors, 8 of whom are independent directors. Its composition complies with the rules on gender balance.

In 2021, the Board of Directors performed a process of self-assessment with regard to the size, composition and functions of the Board itself and its Committees, the results of which were presented at the meeting of the Board of Directors held on March 11, 2021 and described in the Report on Corporate Governance and the Company's Ownership Structure. The Board of Statutory Auditors was informed of the assessment outcomes shared with the Lead Independent Director and the Independent Directors regarding the recommendations set forth in the VIII Annual Report of the Corporate Governance Committee on the application of the Corporate Governance Code of Borsa Italiana (see point 4.3 of the 2020 Report on Corporate Governance and Ownership Structure). Pursuant to Article 4, Principle XIV., Recommendations 21 and 22 of the Corporate Governance Code the Board, on the basis of a specific questionnaire divided into different areas of investigation and with the possibility of expressing comments and proposals, carried out a self-assessment process on the size, composition (including number and role of independent directors) and on the functioning of the Board itself and its committees with reference to the 2020 financial year, although DiaSorin is a company with concentrated ownership. The results were presented during the meeting held in date 11 March 2021.

Under the procedure adopted by the Board of Directors to verify the independence of its Directors, the Board of Statutory Auditors carried out a review of the issues over which it has jurisdiction, determining that the criteria and procedures used to assess compliance with the independence requirements pursuant to applicable laws and the Corporate Governance Code, were being correctly implemented and that the requirements applicable to the composition of the Board of Directors as a whole were being complied with.



Finally, the Board of Statutory Auditors assessed the suitability of the members of the Board of Statutory Auditors and the adequate composition of the body, with reference to the requirements of professionalism, competence, integrity and independence required by law, preparing the Report on the self-assessment of the related Board of Statutory Auditors for 2020. The self-assessment outcome was positive. The self-assessment Report was presented to the Board of Directors during the Shareholders' Meeting of March 11, 2021 and was disclosed in the Report on Corporate Governance and Ownership Structure.

The Board of Statutory Auditors adopted the Corporate Governance Code's recommendation requiring that its members disclose any direct or third-party interest they may have in specific transactions that have been submitted to the Board of Directors for approval. No situations requiring the members of the Board of Statutory Auditors to report a personal or third-party interest in a transaction involving the Company occurred in 2020.

The Board of Directors includes the following Committees:

- The Control, Risks and Sustainability Committee performs advisory and propositional functions and reports to the Board of Directors at least every six months on the activities carried out and on the adequacy of the Internal Control and Risk Management System. The Committee is also responsible for supervising sustainability issues connected to the exercise of the business activity and to its interaction dynamics with all stakeholders; this Committee is composed of three non-executive directors, the majority of whom are independent, including the Chairman, and held 5 meetings in 2020;
- The Compensation and Nominating Committee is composed of three non-executive Directors - two of whom are independent - and held 4 meetings in 2020. During the meetings held the Committee formulated its recommendations regarding the methodology for accounting variable remuneration, made proposals relating to the stock options plans and their beneficiaries, approved the draft of the 2020 Report on the Remuneration policy and fees paid, formulated proposals for changes in remuneration and grant of cash bonuses, as well as examined the results of benchmark remuneration, with reference to Executives with Strategic Responsibilities.
- The Committee for Related-Party Transactions is composed of three independent directors; in 2020, it held 1 meeting to verify the update of the List of Related Parties to DiaSorin S.p.A.

Additional information about the Company's corporate governance is provided in the Report on Corporate Governance and the Company's Ownership Structure, with regard to which the Board of Statutory Auditors has no observations to make.

- XVII. The Board of Statutory Auditors examined the Report on the Remuneration Policy and fees paid approved by the Board of Directors on March 11, 2021 upon the recommendation of the Compensation Committee and verified its compliance with the legal and regulatory provisions and the transparency and completeness of the information provided with regard to the remuneration policy adopted by the Company.
- XVIII. The Board of Statutory Auditors also examined the motions that the Board of Directors resolved to submit to the Shareholders' Meeting called on March 11, 2021 and stated it has no further comments to make also in relation to the dividend distribution proposal.
- XIX. Lastly, the Board of Statutory Auditors verified the compliance with the provisions governing the preparation of the separate Financial Statements and the Consolidated Financial Statements of the Group as at December 31, 2020, the explanatory notes provided as attachments to the consolidated report and to the Report on Operations, either directly or with the support of the managers of the Company functions and through the information obtained by the Independent Auditors. Based on the controls performed and the information supplied by the Company, the Board of Statutory Auditors, limited to the issues under its jurisdiction and according to Article 149 of the TUF, acknowledged that the separate and consolidated financial statements as at December 31, 2020 were drawn up in accordance with the laws governing their drawing up and presentation and in compliance with the International Financial Reporting Standards, issued by the International Accounting Standards Board, as published in the Official Journal of the European Union.

The separate and consolidated financial statements were integrated with the required conformity declarations signed by the Chief Executive Officer and the Corporate Accounting Documents Officer.

Furthermore, the Board of Statutory Auditors verified that the Company complied with the requirements established in the Legislative Decree no. 254/2016 and that it prepared the Consolidated Non-Financial Statement as required by Articles 3 and 4 of said Decree.

On this point the Board of Statutory Auditors acknowledged that the Company relied on the exemption from the obligation to prepare the separate Non-Financial Statement pursuant to

Article 6, paragraph 1 of Legislative Decree 254/2016, having the company drawn up the Consolidated Non-financial Statement pursuant to Article 4. The Statement contained the certifications of the Independent Auditors on the compliance of the information provided pursuant to the aforementioned Legislative Decree concerning principles, methodologies and procedures used in its drawing up, pursuant to the Consob Regulation with Resolution no. 20267 of January 18, 2018.

Based on the considerations set forth above, which provide an overview of its activities in 2020 and taking also into account findings of the audits activities contained in the Report annexed to the annual Financial Statements, the Board of Statutory Auditors did not encounter any specific critical issues, omissions, objectionable actions or serious irregularities and does not have further observations nor proposals to be submitted to the Shareholders' Meeting pursuant to Article 153 of Legislative Decree 58/1998, with regard to issues under its jurisdiction, having no objection to the resolution proposals formulated by the Board of Directors to the Shareholders' Meeting.

Milan, March 31, 2021

The Board of Statutory Auditors

Monica Mannino	Chairman
Ottavia Alfano	Statutory Auditor
Matteo Sutura	Statutory Auditor

# **INDEPENDENT AUDITORS' REPORT**



## **Independent auditor's report**

*in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014*

To the shareholders of DiaSorin SpA

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### **Report on the Audit of the Financial Statements**

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#### **Opinion**

We have audited the financial statements of DiaSorin SpA (the Company), which comprise the statement of financial position as of 31 December 2020, the income statement, the comprehensive income statement, the statement of changes in shareholders' equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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#### **PricewaterhouseCoopers SpA**

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311



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**Key Audit Matters**

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**Auditing procedures performed in response to key audit matters**

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**Valuation of goodwill and other intangible assets**

*Note 11 to the financial statements as of 31 December 2020 “goodwill and other intangible assets”*

Carrying amount of goodwill reported in financial statement is Euro 39,757 thousand and represents the 12% on total non-current assets. Carrying amount of other intangible assets reported in financial statements, which mainly relate to development costs, concessions, licenses and trademarks, customer relationship and industrial patents and intellectual property rights, is Euro 77,662 thousand and represents the 23% of total non-current assets.

Goodwill and other intangible assets are considered significant given their magnitude in the financial statements as well as the underlying estimation elements included in the assumptions developed by Directors on future forecasts, such as discount rates and cash flows growth rate.

International financial reporting standards as adopted by European Union (“IFRS”) state that an impairment test exercise shall be performed on a yearly basis for goodwill and, in case of impairment indicators for intangible assets with a definite life, through the estimation of recoverable amounts.

Recoverable amount, determined as the value in use, is equal to the present value of the future cash flows belonging to the Cash Generating Unit “DiaSorin Italy”.

We analysed the estimated cash flow projections, prepared and used for the impairment test of goodwill and other intangible assets, also through meetings with Directors who described the process to prepare the above projections.

We compared the 2020 actual results with the expected figures included in the previous year impairment test and analysed main variances to assess the reliability of forecasts prepared by Directors.

We have verified the reasonableness of the process for identifying the “DiaSorin Italy” Cash Generating Unit.

We analysed and understood the main assumptions underlying forecasted revenue and costs for the Cash Generating Unit as well as verified their reasonableness based on actual results, future strategic developments and expected market evolutions.

We verified, through the involvement of valuation experts belonging to PwC network, the impairment test methodology, the mathematical accuracy of the model used and the reasonableness of assumptions included, also in connection with the determination of the terminal value and the discount rate.

We verified the sensitivity analysis in relation to the recoverability of goodwill and other intangible assets considering possible future cash flows or discount rate changes.

We verified the accuracy of assets and liabilities related to the Cash Generating Units “DiaSorin Italy”, including the goodwill and other intangible assets allocated, which are compared to recoverable amount.

We finally assessed the appropriateness and

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***Key Audit Matters***

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***Auditing procedures performed in response to key audit matters***

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completeness of the financial statements  
disclosure focusing on assumptions and  
sensitivity analysis reported.

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***Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements***

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher



than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

#### ***Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014***

On 28 April 2016, the shareholders of DiaSorin SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.





We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

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### ***Report on Compliance with other Laws and Regulations***

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#### ***Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98***

The directors of DiaSorin SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of DiaSorin SpA as of 31 December 2020, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of DiaSorin SpA as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of DiaSorin SpA as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 31 March 2021

PricewaterhouseCoopers SpA

*Signed by*

Stefano Pavesi  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*



## **Independent auditor's report**

*in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014*

To the shareholders of DiaSorin SpA

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### **Report on the Audit of the Consolidated Financial Statements**

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#### **Opinion**

We have audited the consolidated financial statements of DiaSorin Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2020, the consolidated income statement, the consolidated comprehensive income statement, the statement of changes in consolidated shareholders' equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of DiaSorin SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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#### **PricewaterhouseCoopers SpA**

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311



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**Key Audit Matters**

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**Auditing procedures performed in response to key audit matters**

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**Valuation of goodwill and other intangible assets**

*Note 11 to the consolidated financial statements as of 31 December 2020 “goodwill and other intangible assets”*

Carrying amount of goodwill reported in financial statement is Euro 154,774 thousand and represents the 29% on total non-current assets. Carrying amount of other intangible assets reported in financial statements, which mainly relate to development costs, concessions, licenses and trademarks, customer relationship and industrial patents and intellectual property rights, is Euro 201,963 thousand and represents the 38% of total non-current assets.

Goodwill and other intangible assets are considered significant given their magnitude in the financial statements as well as the underlying estimation elements included in the assumptions developed by Directors on future forecasts, such as discount rates and cash flows growth rate.

International financial reporting standards as adopted by European Union (“IFRS”) state that an impairment test exercise shall be performed on a yearly basis for Goodwill and, in case of impairment indicators for intangible assets with a definite life, through the estimation of recoverable amounts. Recoverable amount, determined as the value in use, is equal to the present value of the future cash flows belonging to each Cash Generating Unit.

Cash Generating Units identified by Group correspond to stand-alone subsidiaries or aggregations of them.

We analysed the estimated cash flow projections, prepared and used for the impairment test of goodwill and other intangible assets, also through meetings with Directors who described the process to prepare the above projections.

We compared the 2020 actual results with the expected figures included in the previous year impairment test and analysed main variances to assess the reliability of forecasts prepared by Directors.

We have verified the reasonableness of the process for identifying the Cash Generating Units.

We analysed and understood the main assumptions underlying forecasted revenue and costs for Cash Generating Units as well as verified their reasonableness based on actual results, future strategic developments and expected market evolutions.

We verified, through the involvement of valuation experts belonging to PwC network, the impairment test methodology, the mathematical accuracy of the model used and the reasonableness of assumptions included, also in connection with the determination of the terminal value and the discount rate.

We verified the sensitivity analysis in relation to the recoverability of goodwill and other intangible assets considering possible future cash flows or discount rate changes.

We verified the accuracy of assets and liabilities related to the Cash Generating Units, including the goodwill and other intangible assets allocated, which are compared to recoverable amount.



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***Key Audit Matters***

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***Auditing procedures performed in response to key audit matters***

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We finally assessed the appropriateness and completeness of the financial statements disclosure focusing on assumptions and sensitivity analysis reported.

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***Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements***

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate DiaSorin SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting



from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

#### ***Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014***

On 28 April 2016, the shareholders of DiaSorin SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.



We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

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### ***Report on Compliance with other Laws and Regulations***

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#### ***Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98***

The directors of DiaSorin SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the DiaSorin Group as of 31 December 2020, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the DiaSorin Group as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of DiaSorin SpA as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

#### ***Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016***

The directors of DiaSorin SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.



Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 31 March 2021

PricewaterhouseCoopers SpA

*Signed by*

Stefano Pavesi  
(Partner)

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