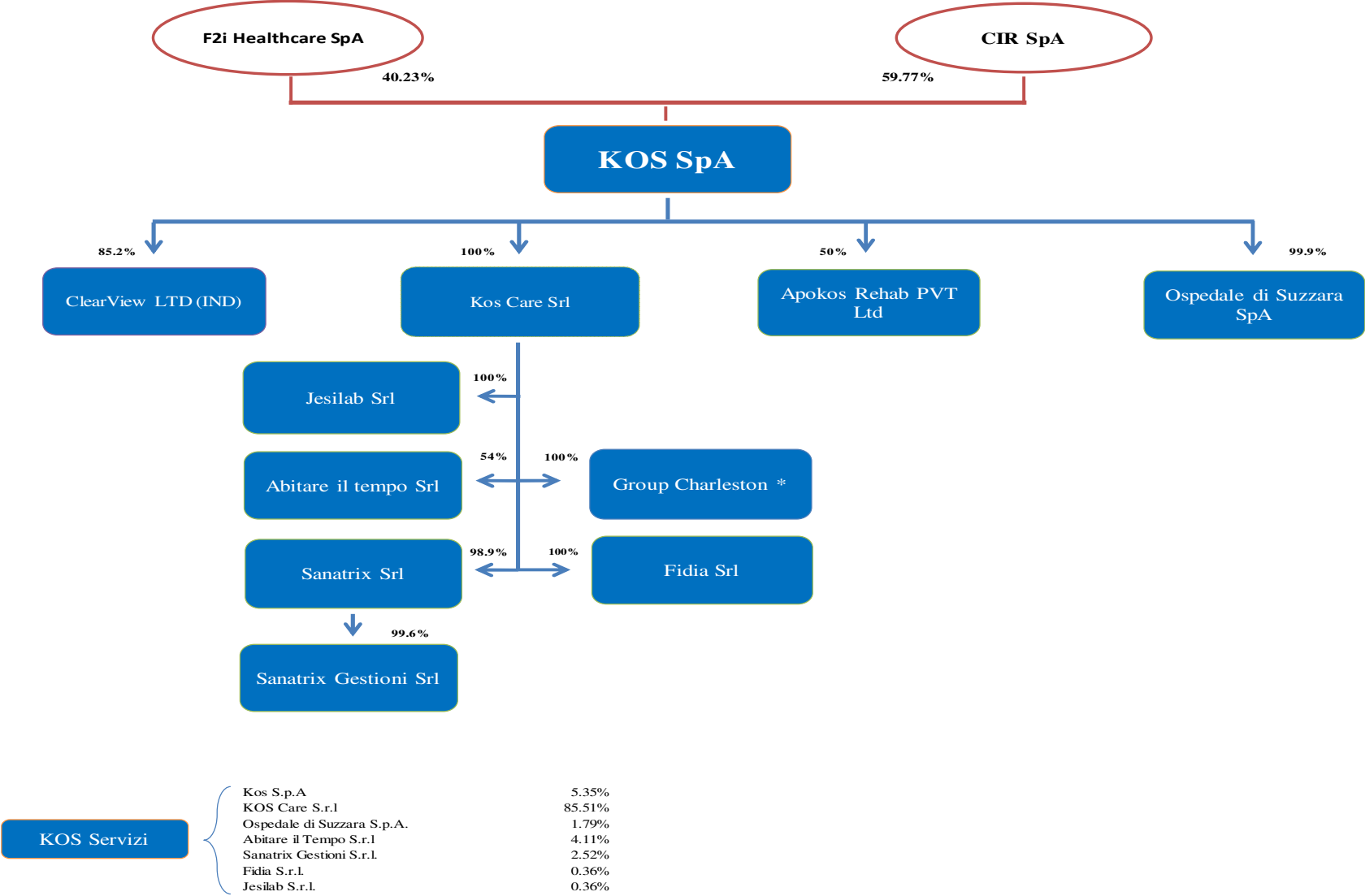




(Translation from the Italian original which remains the definitive version)

CONSOLIDATED
FINANCIAL STATEMENTS
AS AT AND FOR THE
YEAR ENDED
31 DECEMBER 2024

GROUP STRUCTURE



* Refer to paragraph 1 of the notes to the consolidated financial statements for details on Charleston group companies

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Company bodies at 31 December 2024

Board of Directors

Chairman
Deputy Chairman

Mauro Miglio
Michele Cavigioli

Chief Executive Officer
and General Manager

Giuseppe Vailati Venturi

Directors

Monica Mondardini
Rosaria Calabrese
Flavia Torriglia
Claudio Patrian
Cecilia Todarello

Board of Statutory Auditors

Chairman

Luca Aurelio Guarna

Standing Statutory Auditors

Luigi Nani
Gaetano Rebecchini

Alternate Statutory Auditors

Sergio Valter Finulli
Renato Colavolpe

Independent Auditors

KPMG S.p.A.

DIRECTORS' REPORT

General information on the KOS Group

The KOS Group was established in 2002 with the aim of creating a key hub in the private healthcare sector and, more specifically, in the field of care for the elderly and rehabilitation. Since 2003, the KOS Group has grown mainly through the acquisition of existing facilities and companies and, to a lesser extent, through the acquisition of land and the construction of new care homes and rehabilitation facilities.

Until 2022, the organisational structure provided for four operating segments: the Care Homes segment (in turn, divided between business conducted in Italy and business conducted in Germany under the Anni Azzurri and Charleston brands), the Rehabilitation, Psychiatric Care and Non-Residential Care segment, the Acute Care segment and, finally, the Diagnostics and Cancer Care segment. Following the sale of the Medipass Group at the end of 2020, the Diagnostics and Cancer Care operating segment only included the activities of the two Group companies in India. These two Indian investments were reclassified at 31 December 2022 to “Assets/Liabilities held for Sale”. The sale of ClearMedi Healthcare LTD was completed in June 2023 and its shares transferred to NHPEA V (BVI) Limited. This transaction saw the KOS Group exit fully from the “Diagnostics and Cancer Care” sector.

Subsequently, in line with internal management reporting and in compliance with the IFRS, the organisational structure was revised and now provides for the following operating segments:

Operating segment		Activity
Care Homes	Italy	Management in Italy of care homes for the elderly and for people with disabilities, providing high quality services in facilities situated in several regions of Italy. The care homes offer respite care, long-term stay care and day care.
	Germany	Management of care homes for the elderly in Germany under the Charleston brand.
Rehabilitation, Psychiatric Care and Non-Residential Care		Management of functional and psychiatric rehabilitation centres, treatment communities, outpatient centres and innovative services (telemedicine, home care and other personal care services).
Acute Care		Management of Suzzara Hospital (Lombardy) under a concession and direct management of the Villa dei Pini care home (Marche). These facilities offer specialist services regarding diagnosis, treatment and rehabilitation of acute and semi-acute conditions, as well as surgery in various areas.

The Group performs its activities both in Italy - largely in the Central-Northern regions – and abroad. The acquisition of the Charleston Group in Germany in 2019 has greatly increased the presence of the Group business outside Italy. The following table provides details of the Group presence by operating segment:

	Care Homes	Rehabilitation, Psychiatric Care and Non-Residential Care		Acute care	Total
		Rehabilitation	Psychiatric Care		
Region					
Lombardy	18	3	2		23
Piedmont	12	0	1		13
Liguria	8	0	6		14
Marche	8	6	2	1	17
Emilia Romagna	6	2	2		10
Tuscany	3	0	2		5
Veneto	3	1	0		4
Trentino	0	1	0		1
Lazio	1	0	2		3
Campania	0	1	0		1
Umbria	0	1	0		1
Foreign countries	53	0	0		53
Total	112	15	17	1	145

The split between Care Homes, Rehabilitation, Psychiatric Care and Non-Residential Care and Acute Care reflects the Group's current organisational structure in compliance with its internal management reporting. However, we note that some facilities carry out different activities in the Care Homes, Rehabilitation and Acute Care segments as shown in the tables in the following paragraph.

In addition to the operating segments mentioned above, we highlight the Corporate and Shared Services operating segment whose primary objective is the integration and rationalisation of support services (ICT, purchasing, cleaning, logistics, etc) to the group companies.

Care Home Management

In the Care Homes sector, KOS is Italy's leading private operator in terms of turnover and number of beds managed and mainly operates under the "Anni Azzurri" brand. The Group is also one of the leading private operators on the German market where it manages care homes under the "Charleston" brand.

Care Homes represent a basic long-term care solution meeting the specific requirements of elderly persons over 65 years of age who cannot look after themselves. They complement other facilities, such as hospitals, rehabilitation centres and homecare, aimed at ensuring the physical and mental wellbeing of the elderly when care cannot be guaranteed by other facilities and/or their families.

The Group's Care Homes provide a full range of assistance and care services for the elderly, including medical and geriatric services, nursing services, basic physical activities or mobilisation and rehabilitation, support and protection in daily activities, personal care and hygiene, recreation, catering with personalised diets and religious guidance. The Care Homes also offer specific healthcare and rehabilitation programmes. Some residences are specialised in the treatment of specific conditions and provide assistance to senior citizens with acquired disabilities, psychiatric problems, multiple sclerosis and Alzheimer's disease, as well as persons in a persistent vegetative state.

In addition to medical-healthcare and assistance services, the Group's Care Homes also provide the following services, among others:

- accommodation : rooms with en-suite bathroom facilities;
- core services: living room - entertainment area – TV lounge, kitchen, dining room, washrooms with carers available, staff rooms; and
- service centre and community services: reception and administrative offices, communal living room /music and reading, bar, multipurpose room, hobby rooms, worship rooms, hair stylist and beautician, outpatient care, chiropody service, fitness/changing room, general services, kitchen/pantry, laundry.

All Anni Azzurri and Charleston Care Homes are certified in accordance with currently applicable laws, as this is a pre-requisite for them to operate. Furthermore, the Group's Care Homes are partially or entirely accredited with the National Healthcare System. This is also a pre-requisite to providing care services on behalf of the National Healthcare System and to applying for reimbursement of a portion of the fees charged by the Care Homes. The tables below list the Anni

Azzurri and Charleston Care Homes managed by the Group as at the reporting date. They show the number of authorised and accredited beds at each Care Home.

Region	Municipality	Name	Number of beds authorised		
			For elderly people	For rehabilitation	Total
Lombardy	Milan	S. Faustino	150		150
Lombardy	Milan	S. Luca	91		91
Lombardy	Milan	Navigli	87		87
Lombardy	Milan	Parco Sempione	94		94
Lombardy	Vimercate (MI)	Vimercate	120		120
Lombardy	Cassina de' Pecchi (MI)	San Rocco	150		150
Lombardy	Segrate (MI)	Il Melograno	150		150
Lombardy	Ceremate (CO)	Villa Clarice	100		100
Lombardy	Opera (MI)	Mirasole	204	56	260
Lombardy	Rezzato (BS)	Rezzato	166	38	204
Lombardy	Monza (MB)	Monza	120		120
Lombardy	Bergamo (BG)	San Sisto	120		120
Lombardy	Bergamo (BG)	San Sisto 2	108		108
Lombardy	Villanuova sul Clisi (BS)	S. Francesco	124		124
Lombardy	Milan	Polo Geriatrico Riabilitativo Milano	204		204
Lombardy	Cinisello Balsamo (MI)	Polo Geriatrico Riabilitativo Cinisello	109	83	192
Lombardy	Milan	Sant' Ambrogio	150		150
Lombardy	Bollate (MI)	San Martino	147		147
Total			2,394	177	2,571
Piedmont	Carmagnola (TO)	Carmagnola	122		122
Piedmont	Dormelletto (NO)	Palladio	88		88
Piedmont	Gattinara (VC)	San Lorenzo	78		78
Piedmont	Marene (CN)	La Corte	111		111
Piedmont	Santena (TO)	Santena	81	20	101
Piedmont	Scarnafigi (CN)	Scarnafigi	52		52
Piedmont	Tonengo d'Asti (AT)	Le Colline del Po	120		120
Piedmont	Volpiano (TO)	Volpiano	219	21	240
Piedmont	Dogliani (CN)	Biarella	80		80
Piedmont	Montanaro (TO)	Montanaro	120		120
Piedmont	Borgomanero (NO)	Borgomanero	120		120
Piedmont	Turin	Cit Turin	132		132
Total			1,323	41	1,364
Liguria	Chiavari (GE)	Castagnola	72		72
Liguria	Favale (GE)	Casteldonnino	30		30
Liguria	Genova (GE)	Rivarolo	94		94
Liguria	Riva Ligure (IM)	Le Grange	95		95
Liguria	Sanremo (IM)	B. Franchiolo	80		80
Liguria	Rapallo (GE)	Minerva	67		67
Liguria	Carasco (GE)	Casa Serena	54		54
Liguria	Sestri Ponente (GE)	Sestri Ponente	110		110
Total			602	-	602
Emilia Romagna	Modena (MO)	Ducale 1	90		90
Emilia Romagna	Modena (MO)	Ducale 2/3	114		114
Emilia Romagna	Bagnolo in Piano (RE)	Bagnolo	80		80
Emilia Romagna	Monteveglia (BO)	Villa dei Ciliegi	70		70
Emilia Romagna	Bologna	Casa Olga	33		33
Emilia Romagna	Castenaso (BO)	Idice	100		100
Total			487	-	487
Veneto	Favaro Veneto (VE)	Mestre	150	16	166
Veneto	Quarto d'Altino (VE)	Quarto d'Altino	152		152
Veneto	Villadose (RO)	Villadose	120		120
Total			422	16	438
Tuscany	Borgo S. Lorenzo (FI)	Beato Angelico	58		58
Tuscany	Campi Bisenzio (FI)	Campi Bisenzio	80		80
Tuscany	Grosseto (GR)	Il Poggione	120		120
Total			258	-	258
Marche	Ancona (AN)	Conero	84		84
Marche	Fossombrone (PU)	Casargento	60		60
Marche	Ancona (AN)	Residenza Dorica	129		129
Marche	Montecosaro (MC)	Santa Maria in Chienti	85		85
Marche	San Benedetto del Tronto (AP)	San Giuseppe	95		95
Marche	Loreto (AN)	Abitare il Tempo	50	82	132
Marche	Campofilone (FM)	Campofilone	108		108
Marche	Villalba (MC)	Villalba	80		80
Total			691	82	773
Lazio	Rome	Parco di Veio	118		118
Total			118	-	118
Total			6,295	316	6,611

Region	Municipality	Name	Number of beds authorised		
			For elderly people	For rehabilitation	Total
Baden Württemberg	Bad Schussenried	Regenta	110		110
Baden Württemberg	Ulm	Elisabethenhaus	108		108
Baden Württemberg	Freiburg	Atrium Residenz	88		88
Baden Württemberg	Biberach	Gigelberg	83		83
Baden Württemberg	Warthausen	Schlosspark	121		121
Baden Württemberg	Aulendorf	Schlossplatz	25		25
Baden Württemberg	Zweiflingen	Drendel	91		91
Total			626	-	626
Bayern	Haßfurt	Unteres Tor	65		65
Bayern	Erlangen I	Venzonestift	57		57
Bayern	Forchheim	Jahnpark	54		54
Bayern	Würzburg	Ludwigshof	66		66
Bayern	Aschaffenburg	Bretanostift	80		80
Bayern	Fürth	Stift am Südpark	88		88
Bayern	Regensburg I	Stift am Rosengarten	88		88
Bayern	Nürnberg I	Stift am Ludwigstor	75		75
Bayern	Erlangen II	Röthelheimpark	119		119
Bayern	Unterhaching	Stumpfweise	88		88
Bayern	Regensburg II	Candis	99		99
Bayern	Nürnberg II	Theresias	95		95
Bayern	Stein	Spectrum	77		77
Bayern	München	Neuperlach	80		80
Bayern	Herzogenaurach	Liebfrauenhaus	89		89
Bayern	Coburg	Coburg	84		84
Bayern	Stockstadt	Hübnerwald	88		88
Bayern	Rosenheim	WPZ Lohhöfe	81		81
Bayern	SG Mühldorf	Mühldorf	124		124
Bayern	BH Waldkraiburg	Waldkraiburg	87		87
Total			1,684	-	1,684
Nordrhein-Westfalen	Gütersloh	Wohnpark Dr. Murken (WPM)	133		133
Nordrhein-Westfalen	Welter	Wohnpark Klostergarten (WPK)	154		154
Nordrhein-Westfalen	Paderborn	Wohnpark Schrieweshof (WPS)	87		87
Nordrhein-Westfalen	Gladbeck	Wohnpark Luisenhof (WPL)	138		138
Nordrhein-Westfalen	Brilon	Christophorus Residenz	132		132
Nordrhein-Westfalen	Bestwig	Christophorus Residenz	67		67
Nordrhein-Westfalen	Essen	Essen	168		168
Nordrhein-Westfalen	Mülheim	Mülheim	167		167
Total			1,046	-	1,046
Niedersachsen	Stadland	Friesenhof (Rodenkirchen)	62		62
Niedersachsen	Nordenham	Gut Hansing	85		85
Niedersachsen	Brake	Haus Teichblick	74		74
Niedersachsen	Rotenburg	Pflegezentrum am Bahnhof	67		67
Niedersachsen	Ottersberg	Haus Ottersberg	62		62
Niedersachsen	Schwanewede	Haus Schwanewede	65		65
Niedersachsen	Bakum	St. Johannes	57		57
Niedersachsen	Bremervörde	Haus am Park	69		69
Niedersachsen	Langwedel	Haus am Goldbach	59		59
Niedersachsen	Sittensen	Up'n Kamp	62		62
Total			662	-	662
Hessen	Bad Camberg	Anna-Müller-Haus	120		120
Hessen	Gilsberg	Kikra	61		61
Hessen	Neuenstein	Neuenstein	84		84
Total			265	-	265
Schleswig Holstein	Fehmarn	Burg auf Fehmarn	75		75
Schleswig Holstein	Glückstadt	Landhaus Glückstadt	50		50
Total			125	-	125
Brandenburg	Zeuthen	Haus Zeuthen	50		50
Total			50	-	50
Bremen	Bremen	Lesmona	50		50
Total			50	-	50
Mecklenburg Vorpommern	Seehof	Haus Seehof	67		67
Total			67	-	67
Total			4,575	-	4,575

Rehabilitation, Psychiatric Care and Non-Residential Care

The Group operates in the field of psychiatry and psychiatric rehabilitation and specialist rehabilitation (hospital, out-of-hospital and outpatient) where it is one of the leading private operators on the Italian market; it also provides non-residential care through outpatient services, home services and tele-medicine.

For **psychiatric rehabilitation**, the Group uses a team of professionals in the field of mental health (psychiatrists, psychologists, occupational therapists, psychiatric rehabilitation technicians, and nurses) who work together within specific care teams to prepare each patient's individual therapy programme. The individual therapy programme includes

the patients psychopathological, behavioural, relational, family, social, work, and functional profile and residual resources and sets out a specific treatment and rehabilitation programme aimed at the patient's wellbeing.

Psychiatric Rehabilitation			Number of beds
Lombardy	Milan	Cima	19
Lombardy	Pavia	Casa Maura	20
Piedmont	Sampeyre (CN)	Sampeyre	25
Liguria	Varazze (SV)	Varazze	40
Liguria	Mioglia (SV)	Mioglia	22
Liguria	Varazze (SV)	Redalloggio	15
Liguria	Sanremo (IM)	Red West	25
Liguria	Carcare (SV)	Tuga	15
Liguria	Borzonasca (GE)	Tuga 2	15
Emilia Romagna	Modena	Villa Rosa	82
Emilia Romagna	Riolo Terme (RA)	Casa di cura Villa Azzurra	100
Tuscany	Lucca	Ville di Nozzano	40
Tuscany	Florence	Villa dei Pini	75
Marche	Maiolati Spontini (AN)	Villa Jolanda	74
Marche	Serrapetrona (MC)	Beata Corte	20
Lazio	Rome	S. Alessandro	60
Lazio	Rome	Villa Armonia	104
Totale			751

The **functional rehabilitation** facilities operate mainly in the Marche region where the Group is the first ranking private operator and the leading provider of rehabilitation services (also including public sector facilities). As at the reporting date, the Group was managing a total of 15 functional rehabilitation facilities.

Through its facilities, the Group provides patients with services that meet a wide range of rehabilitation needs, providing assistance to people of all ages and at any stage of their clinical treatment while ensuring that care continues once they have been discharged. In this context, through **Non-Residential Care**, the Group provides multi-discipline and multi-professional outpatient services, primarily to patients of a young age, as well as home care and telemedicine services to make up for the shortcomings of the current Service.

The aim of the rehabilitation services provided by the Group is to enable people to regain functional autonomy and take part in social/family/working life as far as possible, depending on the extent of the damage and impaired faculties that they have suffered after the causal events.

Region	Municipality	Name	Number of beds authorised			
			For rehabilitation	For elderly people	Acute care	Total
Functional rehabilitation						
Rehabilitation centres						
Marche	Porto Potenza Picena (MC)	Porto Potenza Picena	430			430
Marche	Ancona	Villa Adria	80			80
Marche	Cagli (PU)	Cagli	30			30
Marche	Ascoli Piceno	Venerabile Marcucci	76			76
Marche	Macerata Feltria (MC)	Macerata Feltria	40			40
Marche	Pesaro (PU)	Villa Fastigi	80			80
Emilia Romagna	Fontanellato (PR)	Centro Cardinal Ferrari	103			103
Emilia Romagna	Pavullo nel Frignano (MO)	Villa Pineta	121	76		197
Trentino	Arco (TN)	S. Pancrazio	111			111
Lombardy	Anzano al Parco (CO)	Villa S. Giuseppe	88			88
Lombardy	Casorate Primo (PV)	Ospedale di Casorate Primo	38			38
Lombardy	Mede (PV)	Ospedale di Mede	18			18
Veneto	Arcugnano (VI)	Casa di cura Villa Margherita	147			147
Campania	Benevento	Casa di cura Villa Margherita	135			135
Umbria	Foligno (PG)	Foligno	83			83
Outpatient clinics						
Marche	Ascoli Piceno	Centro ambulatoriale				
Marche	Camerino (MC)	Centro ambulatoriale				
Marche	Civitanova Marche (MC)	Centro ambulatoriale				
Marche	Fabiano (AN)	Centro ambulatoriale				
Marche	Filottrano (AN)	Centro ambulatoriale				
Marche	Jesi (AN)	Centro ambulatoriale				
Marche	Macerata	Centro ambulatoriale				
Marche	Matelica (MC)	Centro ambulatoriale				
Marche	San Severino (MC)	Centro ambulatoriale				
Marche	San Benedetto T. (AP)	Centro ambulatoriale				
Marche	Tolentino (MC)	Centro ambulatoriale				
Marche	Porto Potenza Picena (MC)	Centro ambulatoriale				
Marche	Jesi (AN)	Centro ambulatoriale JesiLab				
Marche	Civitanova Marche (MC)	Centro ambulatoriale Fidia				
Marche	Pesaro	Centro ambulatoriale				
Total			1.580	76	0	1.656

Acute Care

The Group operated in this segment through the concession-based management of Suzzara Hospital (Lombardy) and still operates through the direct management of Villa dei Pini Care Home (Marche). The management of Suzzara Hospital – the concession for which expired on 30 June 2024, ending the Group’s involvement - originated under an experimental scheme (pursuant to Art. 9 bis of Italian Legislative Decree no. 502/92) set up following a successful tender for a public concession contract made in November 2004 by Ospedale di Suzzara S.p.A., a 99.9% owned subsidiary of KOS S.p.A.. The concession was for a period of 18 years and regarded full management of the hospital in question as well as its refurbishment and compliance with applicable laws and regulations.

The Hospital in question has a total of 123 beds (30 of them dedicated to functional rehabilitation) and is accredited with the Italian National Health Service for both inpatient care and outpatient care services.

As mentioned above, the experimental management of F.Ili Montecchi Suzzara hospital – carried out by subsidiary Ospedale di Suzzara S.p.A. since 2004 - ended on 30 June 2024 and the KOS Group left the concession agreement upon expiry. Despite the Group’s interest in renewing the concession, in the face of initially favourable prospects, subsidiary Ospedale di Suzzara S.p.A. was informed in May 2023 of new and onerous conditions that would apply to the concession and of the subsequent opening of a call for tenders by the ASST (“Territorial Health Agency”) of Mantua for the new management of the hospital. Faced with this situation, the Company filed an appeal with the competent Regional Administrative Court for the annulment of the call for tenders and with the aim of commencing a constructive dialogue on the hospital’s investment requirements and the resulting management conditions. The appeal was rejected and was followed by litigation at the various levels of judgment; the matter was settled on 15 March 2024 when the Council of State handed down its decision rejecting the second and final appeal filed by Ospedale di Suzzara S.p.A.. With effect from 1 July 2024, NIMA S.r.l., a Mantova Salus Group company, became the new operator of the F.Ili Montecchi Suzzara hospital.

Considering the end of the concession with the Fondazione Presidio Ospedialiero F.Ili Montecchi di Suzzara on 30 June 2024, the Directors of Ospedale di Suzzara S.p.A. have concluded that, in the next 12 months, there is no reasonable alternative to winding up the business, even though, pursuant to Article 2485 of the Italian Civil Code, there are not yet any grounds for dissolution in terms of Article 2484 of the Italian Civil Code. Therefore, the financial statements of

Ospedale di Suzzara have been prepared on a going concern basis, as adapted to take account of the limited remaining time period when applying the relevant accounting principles.

Villa dei Pini Care Home in the Marche Region has been a part of the KOS Group since 2009. Over the years, exponential growth and development - in both quantitative and qualitative terms – of the services delivered have confirmed the Care Home as a centre of excellence in the region. The hospital is accredited with the Italian National Health Service and can call on the services of experienced professionals. It uses innovative equipment and offers appropriate care, services and diagnostic tests to both inpatients and outpatients. The main areas of intervention of Villa dei Pini Care Home regard internal medicine and cardiology, oncology, general surgery, specialist surgery and orthopaedics.

Diagnostics and Cancer Care

In December 2022, NHPEA V (BVI) Limited, a vehicle company controlled by Morgan Stanley Private Equity Asia, submitted a formal proposal to acquire 100% of the shares of ClearMedi HealthCare LTD. The sale of 100% of the shares of ClearMedi HealthCare LTD was completed in June 2023 with a valuation equivalent to an enterprise value of € 21.6 million and an equity value of € 17.3 million. ClearView LTD remains the property of the Group; given the fact that said company is no longer material for the purposes of the consolidation following the sale of the investment in ClearMedi HealthCare LTD, it has been valued at cost with effect from 30 June 2023 and its liquidation will be commenced during 2025. This transaction completes the Group's decision to exit from a sector no longer considered of strategic interest and to concentrate further on core businesses i.e. in the Care Home Management, Rehabilitation, Psychiatric Care and Non-Residential Care and Acute Care sectors.

Overview of the health sector

Once again, in 2024, the main challenge for the health and social care sector was the ability of the Italian National Health Service to satisfy the care needs of a country confirmed as the second oldest in the world, after Japan, with a population of over 65s that has reached 24% of the total population (ISTAT 23 data – published in March 2024) and is rising rapidly towards 30%. The ratio of pensioners to employed people currently stands at 2 to 3 and this phenomenon – also because of one of the world's lowest birth rates (1.2 children per woman) and one of the highest life expectancies (83.3 years) – results in a clear transfer of resources from the State to pensions and social security body INPS (in excess of € 165 billion) which will only increase over the years. The Structural Budget Plan presented in October 2024 by the State General Accounting Office calculates that, in the period 2023-2027, pension expenditure alone will reach a figure of € 366.5 billion, equal to 15.4% of GDP. In this scenario, it is hard to envisage that public health spending – equal to € 136.1 billion and 6.3% of GDP in 2023¹ - will increase significantly in the coming years, despite a significant rise in the needs of citizens because of ageing.

With regard to non-autonomous individuals, it is also worth remembering that the health component of public expenditure on Long Term Care aimed at the elderly and the disabled (thus excluding Care Allowances and other social services provided in kind by Municipalities), which constitutes around 10% of public health spending, is equal to just 0.6% of GDP in Italy and no increase is expected based on the figures published by the DEF 2024. The 2025 Budget Law provides for total healthcare funding of € 136.5 billion, with increases in allowances for doctors and nurses, scholarships for non-medical health specialisation and other measures to enhance the value of health personnel.

Private household health spending – out-of-pocket and brokered – totalled around € 45.9 billion in 2023. For a decade, it has been stable at between 2.2% and 2.4% of GDP while showing nominal growth in absolute terms but remaining in line with the performance of the national economy. Compared to 2022, the brokered component of private health spending has increased by 4% while the direct, out-of-pocket component has remained stable at € 40.6 billion (€ 40 billion in 2022). Analysing the various components in more detail, the weight of outpatient services (which include dental expenses) has

¹ Source: chap. 3 OASI 2023, prepared based on Ministry of Health data, 2024

increased and rose from 49.7% of total private health spending in 2022 to 52.8% in 2023. However, this increase could be linked to an increase in the prices of services rather than to a volume effect.

In any case, private health spending is confirmed as a stable, structural part of the satisfaction of healthcare needs at a national level.²

In this context of scarce resources and growing care needs, it is widely believed that the National Health Service requires a rethink: priorities should be defined, a performance logic should be left behind and attention should be focused on the care pathway, patient care, output measurement and territorial coordination and integration of the activities of the various health, social care, outpatient, residential and semi-residential facilities. A step in this direction was taken on 11 March 2024 when the Government definitively approved Legislative Decree no. 29, the first decree implementing Delegated Law 33/2023 containing the reform of the non-autonomous care segment. This law develops the plan for the future of elderly care envisaged by the Delegated Law. Focusing only on the part dedicated to care for non-autonomous elderly people, the reform introduces a series of measures which, once implemented, should push towards greater integration of care. These measures include, for example, the establishment of the “Interministerial Committee for Policies in Favour of the Elderly” (CIPA) which involves seven ministries and is responsible, *inter alia*, for adopting a “National Plan for the care and treatment of frail and non-autonomous individuals in the population” (Art 21(2)) and harmonising the minimum standards for health care (LEA) and social assistance (LEPS) (Art 21(5)). Despite the progress undoubtedly made in promoting for the first time in our legal system a Framework Law that deals specifically with the elderly, the focus is essentially on social care and less on social health; moreover, although provided for by Delegated Law 33/2023, there is still a lack of clear operational objectives and integration between the information systems of all parties involved in the provision of care services and the adoption of a national monitoring system. It should, however, be noted that Legislative Decree speaks of “Multi-service Residential Centres” (CRMs: CRMs are one of the innovations contained in the Decree which, if implemented, will enable the diversification of the services offered (assistance to autonomous and non-autonomous elderly people, residential care and day centres, intermediate care and open care home), a more dynamic revenue structure and containment of operating costs, by exploiting synergies – including organisational ones – between the various lines of activity.

Another core feature of the measures envisaged to date by the reform is their push towards a strengthening of support measures that encourage people to grow old in their own homes. Various measures contribute to this e.g. the introduction of the “universal benefit” (Art. 27). However, the implementing decree has wiped out the good premises of Law 33 and has transformed the Universal Benefit from a measure for all to a measure for a very limited group of very poor and very elderly people; it is of a temporary, experimental nature and is not significant in monetary terms for this group. In fact, the system currently provides for a sum of € 850 per month, which is added to the current care allowance, for a trial two-year period (20205-26) covering 25,000 individuals selected based on age (over 80), care needs (with severe disabilities) and financial circumstances (ISEE – Indicator of Equivalent Economic Situation – of less than € 6,000 per year) and must be used to purchase personal services. Other moves in the same direction include the extension of home-based palliative care (Art. 32), the recognition of the role of family caregivers and the encouragement of collaboration between these individuals and the network of formal services.

However, an analysis of the trend of public spending on the non-autonomous shows that it has decreased as a percentage of GDP. It is, therefore, clear that the challenge posed by ageing remains an open problem for both the health and the social health sectors.

Data on the diffusion of ADI (Integrated Health Care) in 2022 (the latest year available) shows a greater increase than for other services but, in this case too, the increase in the number of cases where ADI is provided – in line with NPRR

² Art. 36 Annual Law for the Market and Competition 2023, Law no 193 of 16/12/2024 entitled “Suspension of provisions on accreditation and contractual agreements with the Italian NHS”

objectives – is accompanied by a reduction in the number of hours provided per individual patient; this indicates the occasional nature of the service, generally limited to a single service and far from the goal of taking care needs in hand.

Realisation of the investments envisaged by Mission 6 of the NPRR - and, in particular, the component regarding proximity networks and telemedicine for territorial assistance (Mission 1) which, as is well known, were reshaped at the end of 2022 in favour of telemedicine and ADI – is also fundamental, but not sufficient, in order to implement fully the reform of territorial assistance introduced by Ministerial Decree 77/2022.

At the end of December, the Government also gave its final approval to the draft law on competition providing for the suspension of the provisions on accreditation and contractual agreements with the Italian National Health Service³.

In more detail, specific provisions on institutional accreditation were suspended, with particular reference to requests by new facilities or the start of new activities in pre-existing ones, as were contractual agreements for the delivery of health and social care services on behalf and at the expense of the Italian NHS. The suspension is planned until the results of the activities of the Working Group for the development and application of the national accreditation system which will be subject to a special agreement with the Permanent Conference of the State and Regions; the suspension will end in any case not later than 31 December 2026.

On the employment front, the shortage of health and social care personnel which badly affected 2023 was again a factor in 2024, albeit to a lesser extent.

In more detail, throughout almost all of Italy, there was a severe shortage of nurses which often forced operators to turn to foreign personnel. This required the provision of specific training courses and resulted in an increase in operating costs that was not offset by the tariff increases approved by several Regions (including Piedmont, Lombardy, Liguria, Tuscany and Marche).

The year 2024 also saw the renewal of several Collective Agreements such as the CCNL Social Cooperatives and the CCNL Uneba (renewed at the end of the year with effect from 2025) which led to cost increases of more than 10%. The Confcommercio Health, Welfare and Care Contract also expired on 31 December 2024 and is, therefore, subject to possible renewal in the near future.

The same applies to the CCNL AIOP, renewed in 2020, and the CCNL ARIS, the subject of a bridging agreement on financial matters signed in March 2024 and valid until the next renewal is signed (expected in the near future).

National Recovery and Resilience Plan (NRRP) and Ministerial Decree 77/2022

Implementation of the measures envisaged in the National Recovery and Resilience Plan (NRRP), approved on 31 July 2021, continued in Italy during 2024.

At the end of 2023, Italy obtained the approval of the EU Commission for a remodulation – with the same resources (€ 15.63 billion) – of the measures initially planned by the Health Mission of the NRRP in favour of telemedicine and home care. At the end of November, the European Commission gave the green light for payment of the sixth NRRP instalment of € 8.7 billion. This new instalment will take the total amount received to € 122 billion, i.e. 63% of the total resources allocated.

[Source: OASI Report 2024 Chap.2]

Public and Private Health Expenditure

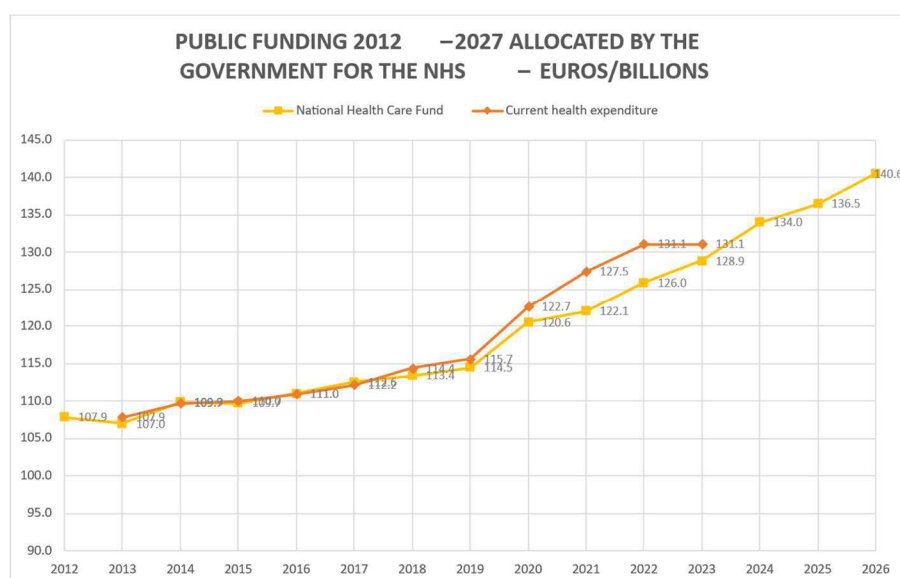
³ Art. 36 Annual Law for the Market and Competition 2023, Law no 193 of 16/12/2024 entitled “Suspension of provisions on accreditation and contractual agreements with the Italian NHS”

According to the latest State Accounting Report on health spending, in 2023, public health expenditure totalled € 131.1 billion plus in excess of € 45.9 billion of out of pocket and brokered spending by households⁴ for an overall total of more than € 177 billion.

Public health spending was around € 3.6 billion lower than in the NADEF 2024 (Update of the Government’s Economic and Financial Plan) but this result was mainly due to the postponement to 2024 of the renewal of the employment contracts of healthcare management personnel 2019-2021.

As already stated, public health spending stood at 6.3% of GDP, lower than both the OECD average of 6.9% and the European average of 6.8%.

As provided by the 2025 National Budget Law, National Health Funding to which the State contributes will reach € 136.5 million in 2025, € 140.6 billion in 2026 and € 141.3 billion in 2027. Over the three years, there will be a further – albeit smaller – decrease in available resources as a percentage of GDP down from 6.3% in 2024 to 5.9% of gross domestic product in 2027. The Court of Auditors also explains that the new funds allocated by the Budget Law, as from 2025, will mainly be absorbed by the renewal of employment contracts.



[Source: OASI Report 2023 Chapters 3 and 6]

The health and social care sector in Germany

The German economy continued to face difficulties in 2024. The economic environment has been characterised by the effects of the Russia-Ukraine war, rising interest rates and weak economic growth. Gross domestic product (GDP) at constant prices fell slightly by 0.3% in 2024. Structural challenges, such as demographic change, decarbonisation and bureaucracy, have had a significant impact on economic growth. Labour market conditions have remained difficult as the supply of skilled workers has become increasingly scarce. High taxes have also slowed the recovery.

The care home sector in Germany continued to face difficulties in 2024, albeit in an improved environment than in 2023, with occupancy rates increasing and the results of operators improving, also thanks to an increase in public tariffs. Demographic change and the ongoing shortage of skilled workers are impacting the market. The number of people in need of care continues to increase, putting more pressure on care facilities and services.

⁴ Health expenditure incurred by the resident population (direct expenditure by households and voluntary schemes) estimated based on the Healthcare Accounting System (“Sistema dei Conti per la Sanità (SHA 2011)”).

Although the number of persons employed in the home care sector has increased, demand has not been fully satisfied because of a shortage of skilled personnel. The sickness rate among nursing staff has remained high and this has further increased the burden on existing personnel.

Regional differences in the need for long-term care and in the use of care services have increased. While in some regions – especially in eastern Germany – there is a large pool of people in need of long-term care, other regions like Bavaria and Baden-Württemberg are more mature, stable markets, with high facility occupancy rates.

A number of important legislative changes that impacted nursing came into force in 2024.

The care allowance was increased by 5% with effect from 1 January 2024. This regarded both allowances for home care provided by family members and benefits for outpatient care.

From 2024, the long-term care insurance fund will pay up to 75% of the co-payment fee relating to care, depending on the length of stay at the facility.

The Law for the Reinforcement of Care also came into force on 1 January 2024. It stipulates that nursing students shall receive appropriate remuneration throughout their training. The recognition process for foreign professionals has also been simplified.

With the introduction of the care support allowance, family members caring for a relative are now entitled to a care support allowance of up to ten working days per calendar year.

The new staff evaluation procedure for residential care facilities under Section 113c of SGB XI has been applicable since 1 July 2013. This procedure establishes the maximum number of personnel in care facilities with qualifications that can be agreed. The aim is to improve working conditions in long-term care and enable a skills-oriented distribution of duties. Staff is measured in three levels of qualification and standardised national staffing levels have been defined for each person in need of assistance.

The Skilled Immigration Development Law will allow people from third countries to enter Germany from March 2024 and go through the entire recognition procedure in Germany. This should facilitate the integration of skilled international workers.

As a healthcare provider, the Charleston Group is faced with the challenge of guaranteeing quality care, while making efficient use of financial resources and personnel.

In order to counter the shortage of skilled workers, Charleston is increasingly focusing on measures to improve working conditions and promote training in the care sector. The introduction of Section 113c of the German Social Code (SGB XI) will lead to a focus on the skills of health workers and nurses and ensure the quality of care. Despite these, guaranteeing comprehensive, high-quality nursing care remains a key challenge for the years ahead.

Competitive Positioning

As already noted in 2023, the M&A market in Europe was again fairly static in 2024 with large players like Emeis (new brand of the French Group Orpea) and Clariane (new brand of the French Group Korian) focused on a restructuring plan and on refinancing maturing debt, respectively. Both groups have announced a program of major disposals of both assets and operations (in excess of € 1 billion in Clariane's case) for 2025.

In Italy, the sector is still highly fragmented with the leading players accounting for around 16% of the total supply in terms of available beds. Some operators (e.g. Gheron and Codess) have focused on a massive development of greenfield projects (more than 1,500 beds under development declared by Codess for 2024-2026 and more than 500 beds between 2023 and 2024 for Gheron) mostly intended for the private sector. In general, operators have enjoyed increases in revenues and occupancy rates, confirming the now consolidated recovery in demand after the pandemic period.

Against this backdrop, KOS has continued with its strategy of organisational efficiency and rationalisation of the various areas of activity. It has placed more importance on the organic development of territorial and non-residential services (open care homes, home care, remote psychiatry and remote rehabilitation) and has continued its strategy of consolidating its network of care facilities on the Italian and German markets: in particular, a new care home has been opened in Lombardy, a greenfield development project has been launched in Tuscany and a third project is under assessment in the Marche. Development activities have continued with the analysis of numerous dossiers, some of which are still being evaluated. In Germany, the Charleston Group plans to continue to sign leases for new facilities in the coming years. In the first quarter of 2024, Charleston successfully opened a new, 81-bed facility in Rosenheim. In the ranking of the 30

largest care home operators, Charleston Holding GmbH, lies in 15th place (16th in prior year), including planned future projects.

Consolidation scope of the KOS Group

As a result of several changes to the consolidation scope (new openings, disposals and change of corporate structure) in 2024 and 2023, the figures at 31 December 2024 are not immediately comparable with those for prior year. In order to provide a more accurate reading of the 2024 financial statements and facilitate comparison with the 2023 figures, we have described below the main transactions that have taken place in the last two reporting periods in each operating segment:

Care Homes:

2023

Three new care homes were opened in 2023 in the municipalities of Borgomanero and Campi Bisenzio in Italy and in Stockstadt am Main in Germany; the facilities have 120, 80 and 88 beds, respectively. These are greenfield projects whose specifications have resulted in facilities of the highest architectural standard built to meet the latest eco-friendly criteria while providing hotel quality and excellent healthcare. The Italian facilities were built by the Group then sold to the InvestIRE SGR fund upon completion before being leased back.

Care Home Borgomanero



Care Home Hübnerwald



Care Home Campi Bisenzio

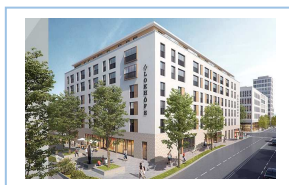


It should also be noted that, with effect from 1 June 2023, the Group has opted to apply to its care home employees the National Collective Labour Agreement for employees in the welfare, social care and post-intensive care sectors, as signed in 2022 by employers' association Confcommercio Salute e Cura with assistance from Confcommercio Imprese per l'Italia and Trade Unions FISASCAT CISL and UILTuCS UIL. In this way, the Group has demonstrated its intention to invest in its personnel, abandoning the old ANASTE contract in favour of a contract drafted specifically for our sector, signed by the most important unions (CISL and UIL) and which now represents a key tool supporting the recruitment activities of our organisation.

2024

We highlight the following in 2024:

- Opening of a new care home in the municipality of Rosenheim, Germany. The facility has 81 beds and is located in a newly built residential complex in the Upper Bavaria district;
- Start of construction work on a new 150-bed home for Non-Autonomous Elderly People in the city of Modena. With a view to environmental sustainability and energy saving, the residence will be equipped with the latest generation heating systems and a photovoltaic system for the production of clean energy. The construction works at the site should be completed in the first half of 2026 and the facility is also expected to open by then;
- Opening of the Anni Azzurri San Sisto 2 Care Home in Bergamo, a 108-bed facility that combines residential services and medical/nursing care and assistance. The facility also has seven assisted-living apartments, residential solution that offer a perfect combination of autonomy and tranquillity.

Care Home San Sisto 2**Care Home Lohhöfe****Care Home “Modena” – under construction**

It should also be noted that, on 24 January 2024 with effect from 1 March 2024, KOS signed the bridging agreement for the 2012 ARIS Care home and Rehabilitation Centres CCNL / Collective agreement which, as well as determining pay increases for workers subject to the agreement, brought training on occupational health and safety into line with the national agreement for the private healthcare sector and updated the circumstances in which personnel can be hired on fixed-term contracts.

Rehabilitation, Psychiatric Care and Non-Residential Care:**2023**

The direct merger of Gescas Villa Nuova Armonia S.r.l. into KOS Care S.r.l. took effect from 1 January 2023.

Two preliminary agreements for the acquisition of non-controlling interests in Sanatrix S.r.l. were signed in September. The final version of one of the preliminary agreements was signed in December and the direct investment in Sanatrix S.r.l. increased from 91.274% to 94.075%. Upon signature of the final acquisition agreement, the Group paid € 940 thousand to the non-controlling investor.

The second preliminary agreement is expected to become final by the end of January 2024. As a result of this second agreement, the direct investment in Sanatrix S.r.l. will increase from 94.075% to 98.926%.

2024

The final agreement for the acquisition of a non-controlling interest in Sanatrix S.r.l. was signed in January. The deal regarded 4.851% of the company's quota capital. The Group thus increased its investment in the company from 94.075% to 98.926%. The consideration agreed for this acquisition was € 1,970 thousand.

In March, the Group acquired a non-controlling interest of 40% in Fidia S.r.l. and said company thus became a 100%-owned subsidiary. The consideration paid for the deal was € 300 thousand.

Acute Care**Developments regarding the Ospedale di Suzzara concession**

The experimental management of F.lli Montecchi Suzzara hospital – carried out by subsidiary Ospedale di Suzzara S.p.A. since 2004 - ended on 30 June 2024 and the KOS Group left the concession agreement upon expiry. Despite the Group's interest in renewing the concession, in the face of initially favourable prospects, subsidiary Ospedale di Suzzara S.p.A. was informed in May 2023 of new and onerous conditions that would apply to the concession and of the subsequent opening of a call for tenders by the ASST (“Territorial Health Agency”) of Mantua for the new management of the hospital. Faced with this situation, the Company filed an appeal with the competent Regional Administrative Court for the annulment of the call for tenders and with the aim of commencing a constructive dialogue on the hospital's investment requirements and the resulting management conditions. The appeal was rejected and was followed by litigation at the

various levels of judgment; the matter was settled on 15 March 2024 when the Council of State handed down its decision rejecting the second and final appeal filed by Ospedale di Suzzara S.p.A.

With effect from 1 July 2024, NIMA S.r.l., a Mantova Salus Group company, became the new operator of the F.lli Montecchi Suzzara hospital.

Considering the end of the concession with the Fondazione Presidio Ospedaliero F.lli Montecchi di Suzzara on 30 June 2024, the Directors of Ospedale di Suzzara S.p.A. have concluded that, in the next 12 months, there is no reasonable alternative to winding up the business, even though, pursuant to Article 2485 of the Italian Civil Code, there are not yet any grounds for dissolution in terms of Article 2484 of the Italian Civil Code. Therefore, the financial statements of Ospedale di Suzzara have been prepared on a going concern basis, as adapted to take account of the limited remaining time period when applying the relevant accounting principles.

Diagnostics and Cancer Care

In December 2022, NHPEA V (BVI) Limited, a vehicle company controlled by Morgan Stanley Private Equity Asia, submitted a formal proposal to acquire 100% of the shares of ClearMedi HealthCare LTD. The sale of 100% of the shares of ClearMedi HealthCare LTD was completed in June 2023 with a valuation equivalent to an enterprise value of € 21.6 million and an equity value of € 17.3 million. ClearView LTD remained the property of the Group; given the fact that said company is no longer material for the purposes of the consolidation, it has been valued at cost from 30 June 2023. The company will be liquidated during 2025. The transaction completed the Group's decision to exit from a sector no longer considered of strategic interest and to concentrate further on core businesses i.e. in the Care Home Management, Rehabilitation, Psychiatric Care and Non-Residential Care and Acute Care sectors.

Corporate Area and shared services

2023 and 2024

KOS Servizi S.c.a r.l. has continued with the integration and rationalisation of support services (ICT, procurement, cleaning, logistics, etc) provided to Group companies. In 2023 and 2024, it launched new catering services at a number of operating facilities.

The Group's Operating Performance

The following tables set out the Group's statement of financial position and statement of profit or loss highlights at 31 December 2024:

KOS GROUP STATEMENT OF FINANCIAL POSITION

<i>(eur/000)</i>	31/12/2024	31/12/2023
NON CURRENT ASSETS	1,378,276	1,397,534
CURRENT ASSETS	220,062	271,513
ASSETS HELD FOR SALE	-	-
TOTAL ASSETS	1,598,338	1,669,047
EQUITY	362,758	356,067
- NON-CONTROLLING INTERESTS	5,647	7,445
- OWNERS OF THE PARENT	357,111	348,622
NON CURRENT LIABILITIES	903,915	976,742
CURRENT LIABILITIES	331,665	336,238
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE	-	-
TOTAL LIABILITIES AND EQUITY	1,598,338	1,669,047
NET FINANCIAL POSITION	(902,189)	(920,678)

KOS GROUP STATEMENT OF PROFIT OR LOSS

<i>(eur/000)</i>	2024	2023
REVENUE	798,807	751,956
GROSS OPERATING PROFIT (EBITDA)	164,595	143,990
OPERATING PROFIT (EBIT)	67,399	53,026
PRE-TAX PROFIT (LOSS)	32,511	19,701
PROFIT (LOSS) FROM CONTINUING OPERATIONS	21,273	11,780
PROFIT FROM DISCONTINUED OPERATIONS	-	939
PROFIT FOR THE YEAR INCLUDING NON-CONTROLLING INTERESTS	21,273	12,719
- PROFIT FOR THE YEAR ATTR. TO NON-CONTROLLING INTERESTS	801	1,066
- PROFIT FOR THE YEAR ATTR. TO OWNERS OF THE PARENT	20,472	11,653

In 2024, Group revenue totalled € 798,807 thousand, a 6.2% increase compared to prior year (€ 751,956 thousand).

The table below shows the revenue contributed by each operating segment:

<i>(eur/000)</i>	2024	%	2023	%	Var.
Care Homes	529,980	66%	473,350	63%	56,630
<i>of which:</i>					
<i>Italy</i>	278,410	35%	252,499	34%	25,911
<i>Germany</i>	251,570	31%	220,851	29%	30,719
Rehabilitation, Psychiatric Care and Non-Residential Care	209,772	26%	202,850	27%	6,922
Acute care	58,976	7%	75,733	10%	(16,757)
Other	79	0%	23	0%	56
Total	798,807	100 %	751,956	100 %	46,851

In the **Care Home** segment, the volume of care home activity in Italy was higher than in prior year thanks to a recovery in the number of residents in 2024 with an average occupancy rate of 93.8% (90.9% in 2023); total revenue in this segment increased by € 25,911 thousand thanks to the aforementioned improvement in the occupancy rate, to higher tariffs and to the full year contribution of facilities opened in 2023 and 2024, especially the Borgomanero, Campi Bisenzio and San Sisto 2 care homes (impact of € 5,507 thousand). In Germany, care home activities recorded an increase in revenue (+€ 30,719 thousand) thanks to new facilities opened during 2023 and 2024 (Hübnerwald and Lokhöfe situated in Stockstadt and Rosenheim, respectively) which contributed revenue of € 3,268 thousand, tariff increases and an improvement in the average occupancy rate from 89.2% in 2023 to 91.4% in 2024.

In the **Rehabilitation, Psychiatric Care and Non-Residential Care** segment, revenue from rehabilitation activities – both psychiatric and functional and both carried out in Italy – increased by € 6,922 thousand compared to 2023. The increase was mainly due to the higher average occupancy rate, especially for Rehabilitation where the average occupancy rate rose from 81.2% in 2023 to 83.5% in 2024.

In the **Acute Care** segment, revenue fell compared to prior year. It should be recalled that the concession agreement with the *Fondazione Presidio Ospedaliero F.lli Montecchi di Suzzara* expired on 30 June 2024. The end of the concession had a negative impact of € 17,953 thousand on revenue.

“Other” refers to certain chargebacks to personnel for canteen services by KOS Servizi S.c.a.r.l., the company involved in the integration and rationalisation of support services to the group companies.

Gross operating profit (EBITDA) for 2024 amounts to € 164,595 thousand compared to € 143,990 thousand in 2023. As a percentage of revenue, EBITDA has grown from 19.2% in 2023 to 20.6% in 2024. The impact of acquisitions made and new facilities opened in 2023 and 2024 was positive by € 2,352 thousand. It should be noted that the comparative period included COVID subsidies of € 8,424 thousand and subsidies of around € 3,990 thousand awarded by government decrees to help cope with gas and electricity increases. Despite the subsidiaries recorded in 2023, the Group reports a € 20,605 thousand increase in EBITDA in 2024 thanks to higher occupancy, tariff increases and a reduction in energy costs after the peak levels seen in 2023.

The Group recorded depreciation, amortisation and impairment losses of around € 97,196 thousand in 2024 compared to € 90,964 thousand in 2023. The increase is mainly due to higher depreciation of right-of-use assets as a result of new contracts entered into during the reporting period and adjustments to existing ones to bring them into line with ISTAT parameters. It should also be noted that the previous reporting period included the release of around € 1,500 from the loss allowance following the recovery of an old asset due from the ASL of Reggio Calabria. The impact of the full contribution of acquisitions and new facilities opened during 2023 and 2024 was € 1,242 thousand.

The results of ClearMedi HealthCare Ltd for 2023 are presented in accordance with IFRS 5 which requires that historical results for 2023, as well as disposal-related expenses, should no longer be consolidated line-by-line but should be reported under a single caption “Profit from discontinued operations”.

Results by operating segment are shown below:

(eur/000)

	Care Homes				Rehabilitation, Psychiatric Care and Non-Residential Care		Acute care		Corporate, other services and IC		Total	
	Italy		Germany		31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	31/12/2024	31/12/2023	31/12/2024	31/12/2023								
Total revenue*	278,481	252,519	251,570	220,851	210,027	203,164	60,439	77,125	(1,710)	(1,703)	798,807	751,956
GROSS OPERATING PROFIT (LOSS) (EBITDA)	76,014	65,016	41,745	29,956	41,644	42,350	8,320	9,907	(3,128)	(3,239)	164,595	143,990
OPERATING PROFIT (LOSS) (EBIT)	35,541	26,680	9,846	933	23,517	25,581	3,234	4,343	(4,739)	(4,511)	67,399	53,026
NET FINANCIAL EXPENSE											(34,888)	(33,325)
INCOME TAXES											(11,238)	(7,921)
PROFIT (LOSS) FROM CONTINUING OPERATIONS											21,273	11,780
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS											-	939
PROFIT FOR THE YEAR ATTR. TO NON-CONTROLLING INTERESTS											801	1,066
PROFIT FOR THE YEAR ATTR. TO OWNERS OF THE PARENT											20,472	11,653

* The figure includes intercompany balances between operating segments.

	Care Homes				Rehabilitation, Psychiatric Care and Non-Residential Care		Acute care		Corporate, altri servizi comuni e IC		Total	
	Italy		Germany		31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	31/12/2024	31/12/2023	31/12/2024	31/12/2023								
FINANCIAL POSITION												
Property, plant and equipment*	81,554	81,789	12,604	12,577	114,206	112,823	29,035	26,963	1,422	1,799	238,821	235,951
Intangible assets	145,506	145,288	93,401	93,406	112,485	112,718	17,544	17,590	2,446	1,828	371,382	370,830
Right of use assets	277,219	302,226	388,553	378,032	71,694	79,893	407	604	1,973	1,451	739,846	762,206
Other non current assets	1,428	1,428	15	15	871	871	76	76	25,837	26,157	28,227	28,547
Assets held for sale											0	0
Current assets	19,223	21,822	12,596	12,450	57,658	49,884	11,875	14,321	118,710	173,036	220,062	271,513
Total assets	524,930	552,553	507,169	496,480	356,914	356,189	58,937	59,554	150,388	204,271	1,598,338	1,669,047
Equity									362,758	356,067	362,758	356,067
Non current liabilities	2,410	2,252	0	198	12,471	13,555	519	662	888,515	960,075	903,915	976,742
Liabilities held for sale											0	0
Current liabilities	86,365	86,230	32,414	32,730	59,355	58,447	24,029	27,377	129,502	131,454	331,665	336,238
Total liabilities	88,775	88,482	32,414	32,928	71,826	72,002	24,548	28,039	1,380,775	1,447,596	1,598,338	1,669,047

* Including investment property

In the **Care Homes** segment, EBITDA amounts to € 117,759 thousand compared to € 94,972 thousand in 2023. EBITDA increased from 20% of revenue in 2023 to 22.2% in 2024. The impact of the full contribution of developments that took place in 2024 and 2023 was € 8,775 thousand in terms of revenue and € 2,452 thousand – positive – on EBITDA. In Italy, EBITDA increased by € 10,988, despite the lower level of subsidies and energy contributions received compared to prior year (down by € 3,410 thousand); the increase was mainly thanks to much higher occupancy rates than in 2023 and to tariff increases obtained. It should also be recalled that, in Germany, in prior year, subsidies and contributions under government decrees to help cope with increases in gas and electricity costs totalled around € 3.2 million.

In the **Rehabilitation, Psychiatric Care and Non-Residential Care** segment, EBITDA amounts to € 41,644 thousand, slightly down on the figure of € 42,350 thousand for 2023. It should be noted that the comparative period included subsidies and contributions of around € 3.8 million under government decrees to help cope with increases in gas and electricity utilities. As a percentage of revenue, EBITDA decreased from 20.8% in 2023 to 19.8% in 2024.

In the **Acute Care** segment, EBITDA amounts to € 8,320 thousand compared to € 9,907 thousand in 2023. As mentioned above, the concession agreement with the *P.O. F.lli Montecchi di Suzzara* expired on 30 June 2024 and profitability in this segment has been affected by the exit costs recorded during the period (impact related to the ending of the concession - € 1,850 thousand). As a percentage of revenue, EBITDA has increased from 12.3% in 2023 to 13.8% in 2024.

In accordance with IFRS 5, the 2023 results of the **Diagnostics and Cancer Care** segment have been reclassified to “Profit from discontinued operations”. As the sale was completed during 2023, there were no assets/liabilities held for sale as at 31 December 2023.

Consolidated operating profit (EBIT) amounts to € 67,399 thousand and has increased compared to € 53,026 thousand in 2023. The effect of acquisitions made in 2023 and 2024 was positive by € 1,109 thousand.

In 2024, net financial expense totalled € 34,888 thousand, slightly higher than the € 33,325 thousand reported for 2023. The negative impact of interest rate rises on financial expense was only partially countered by the positive effects resulting from the time deposit agreements stipulated by the Group in 2023 and still in place in 2024. We also highlight the increase in interest for right-of-use assets in relation to new agreements entered into during the period and inflation-linked adjustments to instalments under existing agreements.

It should be recalled that in order to optimise current cash flows between Group companies, the KOS Group decided to implement a centralised cash pooling system for all Group companies. This decision was aimed at offsetting respective

cash and debt balances with clear benefits for the Group and the individual companies in terms of increased and more flexible available credit.

There was a net tax expense of € 11,238 thousand compared to € 7,921 thousand in 2023. The incidence of taxation on pre-tax profit is affected by the negative results reported for the period by the German subsidiary.

It should also be remembered that the non-deductibility of certain personnel expense means that IRAP significantly increases the effective consolidated tax rate compared to the theoretical rate of 27.9% (24% IRES and 3.9% IRAP).

The reporting period ended with a net profit attributable to the owners of the parent of € 20,472 thousand and a profit attributable to non-controlling interests of € 801 thousand for a total net profit for the year of € 21,273 thousand.

The statement of cash flows is set out below, as prepared in an “operational” format which shows changes in the net financial position without considering the effects of application of IFRS 16.

<i>(eur/000)</i>	31/12/2024	31/12/2023
PROFIT (LOSS) FROM CONTINUING OPERATIONS	21,273	11,780
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES & OTHER NON-MONETARY CHANGES	26,256	26,588
SELF-FINANCING	47,529	38,368
CHANGE IN WORKING CAPITAL AND OTHER NON-CURRENT ASSETS AND LIABILITIES	(1,692)	(23)
CASH FLOWS GENERATED BY OPERATIONS	45,837	38,345
CAPITAL INCREASES AND OTHER CHANGES IN EQUITY	-	(1,817)
TOTAL SOURCES OF FUNDS	45,837	36,528
NET INVESTMENT IN NON-CURRENT ASSETS	(28,960)	(8,171)
CONSIDERATION PAID FOR BUSINESS COMBINATIONS	(2,276)	-
PAYMENT OF DIVIDENDS AND OTHER RESERVES	(12,351)	(505)
OTHER CHANGES	16	(16)
TOTAL APPLICATION OF FUNDS	(43,571)	(8,692)
CASH FLOWS FROM (USED IN) CONTINUING OPERATIONS	2,266	27,836
CASH FLOWS FROM DISCONTINUED OPERATIONS		18,570
CASH FLOWS FOR THE YEAR	2,266	46,406
OPENING NET FINANCIAL INDEBTEDNESS BEFORE IFRS 16	(131,853)	(178,259)
CLOSING NET FINANCIAL INDEBTEDNESS BEFORE IFRS 16	(129,587)	(131,853)
RESIDUAL LIABILITY FOR IFRS 16	(772,602)	(788,825)
CLOSING NET FINANCIAL INDEBTEDNESS	(902,189)	(920,678)

Net cash flows of € 2.3 million were recorded in 2024. Changes in NWC, capex, the acquisition of non-controlling interests in Sanatrix S.r.l. and Fidia S.r.l. and the payment of dividends totalling € 12.3 million were the main reasons for cash flow movements during the reporting period.

At 31 December 2024, the Group had 11,714 employees, including 7,145 in Italy and 4,569 in Germany (11,831 employees at 31 December 2023). The decrease is related to the ending of the concession agreement with *P.O. F.lli Montecchi Suzzara* on 30 June 2024. Personnel management must now be considered structurally marked by a shortage of health professionals on the labour market; this is partly due to a sociological phenomenon whereby the “care professions” are less attractive to the younger generations.

This situation has arisen in a period of contractual conflict, heightened by dumping phenomena and the widespread use of agreements whose regulatory and economic terms are largely outdated.

In response to the unfavourable circumstances described above and their indirect effects (staff turnover, absenteeism, internal and external conflict, organisational overload), the company continues to invest in engagement initiatives, reward policies with extensive use of welfare elements and MBO, active monitoring of social channels, foreign recruitment, digitisation and restructuring of organisational, clinical, care and non-core processes and a focus on talent management policies (performance assessment and analysis of working climate).

In order to promote the right contractual positioning, KOS has undertaken an accreditation process within the main trade associations for proper monitoring of renewal dynamics.

Finally, in 2024, the Group consolidated its restructuring of the “KOS Academy” which launched an extensive training plan (reaching more than 7,000 workers for a total of 165,652 hours of training delivered). This was carried out based on guidelines provided by the medical and scientific committee – also with a view to increasing loyalty and appeal – while spreading best practices in support of uniform service quality: training is continuous and forms part of a cyclical qualitative circuit to disseminate procedures and fill the gaps detected during monitoring of their effectiveness

With regard to the Group’s statement of financial position, capex for the year included ordinary capex and capex to comply with laws and regulations totalling € 25 million plus capex on business development/expansion of € 3.1 million. Details of the main business development capex in 2024 are provided below:

- € 0.8 million refers to the new 108-bed care home in Bergamo which was completed during the year;
- € 2.4 million was invested on the refurbishment of several departments at the Villa dei Pini care home hospital facility;
- € 0.3 million refers to the development of facilities that are already operational.

Trade working capital was positive by € 28,359 thousand at 31 December 2024 compared to a positive figure of € 25,138 thousand at 31 December 2023. The increase is due to a slight increase in receivables from the public administration and a decrease in trade payables, thanks to completion of several major development projects.

The Group’s net financial indebtedness of € 902.2 million at 31 December 2024 compared to € 921 million at 31 December 2023. The € 18.8 million reduction is mainly due to the change in working capital, the distribution of dividends and the acquisition of non-controlling interests in Sanatrix S.r.l. and Fidia S.r.l.

The Group’s financial indebtedness includes: (i) cash and cash equivalents of € 39.6 million; (ii) current financial assets (factoring) of € 8.8 million; (iii) Time Deposits of € 58 million (iv) current financial indebtedness (advances on invoices and bank overdraft) of zero while total available short-term credit facilities amount to € 33 million; (v) non-current financial indebtedness of € 1,008.6 million which totals € 236 million if lease liabilities are excluded. The Group also has the possibility of using additional medium/long term lines of credit totalling € 55 million.

The following table shows the main lines of credit with details of their availability at 31 December 2024:

(eur/million)	31/12/2024			31/12/2023		
	Total	Used	Available	Total	Used	Available
Short-term Lines ("Uncommitted"/at sight)	33.0	0.0	33.0	33.0	0.0	33.0
Long-term ("Committed"/contractualised)	291.0	236.0	55.0	338.1	289.1	49.0
Total	324.0	236.0	88.0	371.1	289.1	82.0

Details of the net financial indebtedness at 31 December 2024 are shown below:

(eur/000)	31/12/2024	31/12/2023
(A) Cash and cash equivalents	39,632	40,893
(B) Other cash equivalents	-	-
(C) Liquidity (A) + (B)	39,632	40,893
(D) Securities, derivatives and other financial assets	66,817	116,329
(E) Total current financial assets (C) + (D)	106,449	157,222
(F) Account overdrafts	-	-
(G) Collateral loans	9,999	3,025
(H) Bank loans	36,504	14,134
(I) Bonds	35,252	64,666
(J) Finance leases	1,482	1,483
(K) Lease liabilities	60,301	58,014
(L) Loans and borrowings with other financial backers	-	191
(M) Derivatives	-	-
(N) Current financial indebtedness (F) + (G) + (H) + (I) + (J) + (K) + (L) + (M)	143,538	141,513
(O) Net current financial position (N) - (E)	37,089	(15,709)
(P) Collateral loans	64,312	74,117
(Q) Bank loans	79,669	86,158
(R) Bonds	-	35,000
(S) Finance leases	8,818	10,301
(T) Right of use loans	712,301	730,811
(U) Loans and borrowings with other financial backers	-	-
(V) Non-current financial indebtedness (P)+(Q)+(R)+(S)+(T)+(U)	865,100	936,387
(W) Net financial indebtedness (O)+(V)	902,189	920,678

At 31 December 2024, the net financial indebtedness of the parent KOS S.p.A.'s is € 53 million, excluding net amounts due from subsidiaries of € 91.2 million.

Use of financial instruments

The Group was party to a derivative contract to hedge the interest rate risk and its residual nominal value at 31 December 2023 was around € 4 million; the mark-to-market value of the contract was positive by around € 53 thousand and was included in the consolidated net financial indebtedness. The contract expired during 2024 so there is no balance at 31 December 2024.

More detailed information is provided in the Notes to the consolidated financial statements. We provide below a summary of the key features of the hedging contract in place at 31 December 2023 which was closed during 2024.

Company	Signature date	Time	Pay	Cap	Floor	Receive/Index	Notional		Fair Value	
							31/12/24	31/12/23	31/12/24	31/12/23
Kos SpA	2019	Quarterly			0.50%	Euribor 3 M	-	4,375	-	53
Total Interest Rate Cap							-	4,375	-	53
Total effective portion of derivatives							-	4,375	-	53
Total							-	4,375	-	53

The derivative contract was an Interest Rate Cap that provided for payment of a fixed rate of interest against collection of a floating rate but it ceased to be effective during 2022. In accordance with IFRS 9, changes in fair value are recognised through profit or loss.

If the derivative hedging instrument fully meets the conditions of IFRS 9 for the application of hedge accounting (formal designation of the hedging relationship; documented hedging relationship, measurable and highly effective), it is treated under the cash flow hedge method which, specifically, envisages that the intrinsic value of gains or losses be allocated to reserves at the date of signature of the contract. Any subsequent changes in fair value due to interest rate fluctuation – still within the limits of the effective portion hedged – are also recorded under equity.

For those derivative contracts that failed to constitute effective hedges in terms of the IFRS, the transactions in question had to be discontinued with the reserve accumulated up to the date of effectiveness released gradually to profit or loss and changes in fair value after the date the hedge was no longer effective allocated to profit or loss.

Business outlook and main risks and uncertainties

In all of the sectors where the Group operates, the trend of recovery seen in 2023 continued in 2024, especially in terms of occupancy rates. This was despite operating in an economic environment characterised by limits on public financing. With regard to care homes in Italy, the Group aims to consolidate the improvements recorded in 2023 in all geographical areas. Meanwhile, for care homes in Germany, occupancy rates returned close on pre-pandemic levels towards the end of 2023. The Group is now operating with the objective of improving its bed occupancy rates and obtaining public tariff increases in line with inflation. In the face of growing volumes and demand, the main uncertainty in Italy remains the public health system's ability to support spending and, therefore, tariff increases, as well as the balance between public and private spending. In this context, the "Rehabilitation, Psychiatric Care and Non-Residential Care sector" – which also recovered in 2024 – is reorganising pending the implementation of the new tariff system.

Going concern

These consolidated financial statements have been prepared on a going concern basis.

In January 2025, the Group drew up a Plan that shows how the profitability that was enjoyed before the pandemic broke out has been restored and how it will be consolidated in the years ahead (healthy net profit already reported for 2023 albeit still down on pre-Covid levels).

With regard to the available finances, taking account of forecast results and cash flows and considering existing loan maturity dates, the Group has the finances necessary to meet its requirements in the next twelve months. More specifically, in 2024, the Company invested in low-risk, short-term financial instruments the cash needed to cover debt repayments falling due in 2024 and 2025, especially the two bonds issued in 2017 and 2018. It also entered into a new medium/long-term financing agreement for € 40 million that will help extend the average maturity of debt.

Loan covenants were comfortably complied with as at 31 December 2024. The recovery in operating profitability, together with liquidity currently available and new finance obtained in 2022 and 2024 will guarantee sufficient cash for the Group to finance its operating activities and planned capex.

Given all of the above, there is no reason to doubt the Group's ability to operate as a going concern. This is also taking account of:

- the scenario used for impairment test purposes which shows the prospect of recovery to the pre-Covid situation already in 2023 and in the next few years and the sustainability of debt envisaged in the Plan;
- the fact that the Group has the finances necessary to meet its requirements in the next twelve months;

- the fact that loan conditions have been complied with – especially the covenants measured at interim and annual reporting dates - and the actions identified by management to ensure they will also be complied with at the next measurement dates;

Risk management

The main risks and uncertainties that affect the parent and the Group are outlined below in accordance with Art. 2428 of the Italian Civil Code.

Risks regarding the general state of the economy

The Group's financial position, financial performance and cash flows are affected by the trend of gross domestic product and tax revenue, the credit crunch and volatility of the major economic indicators. The downturn in Italy's major manufacturing and service sectors and the need to direct public spending towards measures that will sustain employment and the flow of credit – including increased funds for welfare and greater resources for the credit sector – together with the possibility that tax revenue might decrease could reduce the resources that the State is able to provide to the regions and, in general, to the healthcare budget, one of the main areas of public expenditure and one of the areas where the most immediate action can be taken in relation to public finances.

Risk regarding reliance on the public sector

The results of the KOS Group rely significantly on its commercial relations with public sector bodies like Municipal and Regional Authorities. In fact, around 59% of KOS Group consolidated revenue in the year ended 31 December 2024 was generated by such commercial relations.

Any reduction in the spending power of the Italian government and other public sector bodies and any inability on the part of the KOS Group to find valid alternatives to its current relations with public sector bodies could, therefore, prejudice the business of the KOS Group as well as its financial position, financial performance and cash flows.

Operational risks of healthcare equipment and facilities

The healthcare facilities in which KOS subsidiaries operate are exposed to operational risks such as equipment breakdown, failure to comply with applicable laws and regulations, revocation of permits and licences, lack of personnel or industrial action, circumstances involving higher energy or fuel costs, natural disasters, acts of sabotage, acts of terrorism or significant problems with the supply of healthcare materials.

Any discontinuance of operations at healthcare facilities due to events described above or any other events could have an adverse effect on the Group's operations and its financial position, financial performance and cash flows.

The operational risks regarding of healthcare equipment and facilities are adequately insured.

Risks regarding patient management

The Group operates in the health and social care sector, offering a wide range of services that meet the needs of a diversified population, often vulnerable by nature (the elderly, people with physical or cognitive disabilities and minors in paediatric rehabilitation services or with mental health disorders).

The patient-related risks identified as material for the Group are as follows:

- **Risks of violence against and harassment of patients:** potential incidences of violence and harassment involving patients and affecting their rights which could lead to legal disputes and reputational damage;
- **Risks regarding patient health and safety management:** possible weaknesses or non-compliance in looking after and caring for patients during hospitalisation or stay in a care home or rehabilitation facility. Also possible failures in the multi-professional approach to care.

Users of the Group's services require special safeguards to minimise negative impacts on health, well-being and privacy, as well as ethical, inclusive communications and marketing strategies. For this reason, the Group has a team dedicated to managing and coordinating communications activities so that they are clear, transparent and effective. The Group has also adopted risk management tools such as the *Service Charter* (a document containing detailed information to enable users to find out about the services offered, how to access them and the company's commitment to continuous quality improvement) and a Quality Management Manual (a system of mandatory standards to ensure the quality of care and safety for users of Group facilities, including outpatient services).

Risks regarding litigation and disputes

Some Group companies are involved in judicial, civil and administrative proceedings that could require them to pay damages. The Group companies have measured the contingent liabilities that could arise from these pending legal disputes and have made provision for the cost of losing said proceedings. The amount of the provisions allocated was determined based on the prudence concept.

We cannot exclude the possibility that the Group companies may have to face liabilities which are not covered by the provisions and are subject to the outcome of legal proceedings. Such liabilities could have an adverse effect on the Group business and on its financial position, financial performance and cash flows.

Risks regarding the applicable legislative and regulatory framework

Some Group companies carry out their activities in sectors regulated by European, Italian National and Regional legislation and regulations.

In particular, Group companies are subject to Italian National laws on: (i) access to performance of the activities in which the Group operates; (ii) environmental protection (storage of special waste, use and management of hazardous substances); (iii) construction; (iv) fire prevention; (v) safety in the workplace.

It is impossible to exclude the possibility that legislative measures issued, periodically, by the European Union, the Italian government and the regions in which the Group companies operate, may have a significant impact on the Group's profitability, cash flows and financial position.

Currently, we cannot exclude the possibility of changes or trend reversals not expected by the market. With regard to such changes, it is not possible to exclude the possibility of new waves of contagion due to epidemics and pandemics that could produce negative effects on the Group's activities and for its profitability, cash flows and financial position. See the "*Business outlook and main risks and uncertainties*" section.

Risks regarding climate change

The Group performed a materiality assessment and identified the following climate change risks:

- **Physical risks:** arising from the direct impact of climate change on the business. Failure to adapt the business model to climate change may lead to increased costs related to physical damage caused by extreme weather events such as heatwaves or extreme cold, water stress, subsidence and rising sea levels;
- **Transition risks:** these regard adapting to emerging environmental sustainability regulations and policies. The evolution towards the energy transition and increasing environmental regulation may lead to the risk of non-compliance with laws and regulations and an increase in costs for energy consumption.. Fluctuating energy process and pressure for the energy transition could lead to cost increases.

The 2024 risk assessment identified the most significant risks considering the sector, the business and the sustainability issues for which regular assessment and mitigation measures are required.

During 2024, the Group performed a climate change resilience assessment, evaluating the impact of climate change for all Group sites. For each risk indicator (e.g. sea level rise, temperature change), site-specific data were considered in order to assess the impacts of climate phenomena on the organisation's activities in 2030 and 2050. The analysis covered the "short-term" 2030 time horizon and the "long-term" 2050 time horizon. Each indicator, with reference to the two scenarios considered, was assessed in order to assign the level of exposure to risk.

Based on the climate change resilience assessment, no significant impact on the amounts reported in the financial statements is expected. Moreover, no significant risk of material adjustments to the carrying amount of assets and liabilities in the following year's financial statements was identified either.

Aware of its strategic role in the sustainable development of the territory, the Group operates with the aim of minimising the impact of its services on the environment, with a view to constantly improving its environmental performance. In particular, the Group has implemented policies to reduce environmental impacts that include the introduction of new technologies at its facilities; these include:

- Continuous improvement of energy performance by promoting new measures to make its real estate assets more energy efficient;
- Use of low energy lighting systems through the deployment of LED technology and low-energy hardware/IT equipment;
- Raise staff awareness of the need to reduce excessive use of energy resources;
- Installation of photovoltaic systems on the roofs of residential facilities;
- Purchase as much electricity as possible from renewable sources;

Risks regarding the workforce

The Group is committed to providing a healthy, safe work environment that guarantees the well-being of its employees. This is one of the Group's core commitments and is also key in creating an attracting working environment that can succeed in retaining talented individuals. The analysis carried out identified several potential risks that are listed below:

- **Risk of reliance on key individuals:** reliance on key individuals within the Organisation, in relation to their possible dismissal/resignation or prolonged absence;
- **Health and safety risk for the workforce:** failure to comply with legislative requirements on workplace Health and Safety, not ensuring appropriate safety levels for workers;
- **Risks resulting from handling of employment relations:** risks related to employee relations and private and collective bargaining with trade unions and employer organisations, with possibility of industrial action by employees;
- **Risks related to cyber-attacks:** risk of service interruption and/or loss of sensitive patient data due to cyber-attacks;
- **Retention risk:** possibility that the Group may be unattractive and thus unable to hold onto trained personnel.

In order to manage these risks, the Group has developed two main policies to identify, assess, manage and/or remedy the material impacts on its workforce, as well as to regulate the significant impacts, risks and opportunities related to its workforce. These are the Human Rights Policy and the Safety Policy, as described below.

- **Human Rights Policy:** In 2024, the Group drew up a human rights policy compliance with which is required of all employees, collaborators, suppliers and business partners of all Group companies. The document has been published on institutional websites and on the company intranet and any issues can be reported using special, protected whistleblowing channels.
- **Safety Policy:** The Occupational Safety Management System is a management tool, i.e. a set of rules and procedures that the Group has chosen to adopt to ensure that the services provided are carried out while respecting workers and in line with criteria for the safeguarding of conditions of workplace health and safety. Company management undertakes – while making human, economic and practical resources available – to

pursue and disseminate the goals of improving worker health and safety, as an integral part of its activities and as a strategic commitment with the more general objectives of the business.

Military conflict

The Group does not operate directly in the countries involved in the Russia-Ukraine and Israel-Palestine conflicts. However, it is important to highlight a number of risks regarding the following:

- macroeconomic and financial factors such as energy commodity price volatility, raw materials price volatility, expected volatility on global financial markets, exchange rate and interest rate volatility;
- Cyber Crime e.g. attacks on the assets of companies operating in the countries in question or in neighbouring countries or intensification of cyber-attacks with potential interruption of services and problems for key infrastructures;
- continued threats by Houthi rebels to the flow of global trade in the Red Sea with danger to merchant ships and human life. These attacks could force shipping companies to use longer routes, lead to higher insurance costs and push shipping prices up.

The Group has processes and procedures designed to detect, manage and monitor events with a potentially significant impact on its resources and business activities. These processes are intended to make the action taken as timely and as effective as possible.

Other risks

Other potential risks could regard the Group companies' exposure to accidental events that might occur in the course of its activities, resulting in claims for damages for civil liability (e.g. medical errors, falls/injuries for patients, etc.).

The Group determines its insurance policy on a central level to ensure it is compatible with the risk profile of the individual companies and the Group as a whole. This has led to the arrangement of insurance policies with customised levels of cover and the establishment of the Claims Assessment Committee to monitor them. It should be noted that the maximum pay-out of around € 5 million and € 10 million per claim under the third party liability and employee liability policies, respectively, has always proven easily sufficient to cover claims for compensation received while the insurance market has always been ready and willing to cover the Group's risks.

Claims for damages made by patients are handled together with the insurance companies that cover the Group companies' third party liability. Based on the reserves created by the insurers, the Group determines its exposure and specific provision is made in the consolidated financial statements. The Group's third party liability policies also include cover against Covid-19 related damages. This is considered a success as the insurance market has shown a degree of reluctance in light of claims and disputes triggered by the healthcare emergency in relation to the pandemic.

Management of financial risks

The KOS Group is exposed to various financial risks and, specifically, the credit risk, the liquidity risk and the market risk (currency risk, interest rate risk and other price risks).

Risks regarding indebtedness of KOS Group companies

The repayment of debt will depend on the ability of the Group companies to generate sufficient cash flow. If the Group companies are unable to repay debt or fail to comply with covenants, they would be required to make early or repayment of these loans or to renegotiate them and this could have an adverse effect on the business and on the Group's financial position and performance.

Credit risk

The credit risk is the risk of incurring a financial loss due to failure by third parties to fulfil a payment obligation.

The Group has several groupings of trade receivables depending on the nature of the activities carried out by each operating company and on their customer base. The risk is mitigated by the fact that credit exposure is spread across a large number of counterparties. For instance, trade receivables are less concentrated in the Care Home sector where more than half of revenues come from the persons resident in the Care Homes and the trade receivables from public sector bodies (mainly ASLs and municipalities) are due from many different entities. In contrast, trade receivables are more highly concentrated in the hospital management/services segment as revenue is generated by a smaller number of counterparties.

Credit risk monitoring activities involve grouping trade receivables by type of counterparty, age, history of previous financial difficulties or disputes and considering whether there are any ongoing legal or insolvency proceedings.

The Group normally allocates a loss allowance that reflects an estimate of expected credit losses based on a review and assessment of each individual balance.

Liquidity risk

The liquidity risk, or financing risk, is the risk that the Group may encounter difficulty in raising, on acceptable terms and conditions, the funds needed to honour commitments under financial instruments.

The liquidity risk to which the Group is exposed may arise in relation to its obtaining loans to fund operating activities in a timely manner or as a result of its failure to comply with covenants under existing loan agreements; in such cases, the lending banks could demand that the Group make early repayment of the loans. Cash flow, the borrowing requirements and the liquidity of Group companies are centrally monitored or managed by the Finance Department with the aim of ensuring that financial resources are effectively and efficiently managed.

The three main factors that are essential to determining the Group liquidity situation are:

- cash generated or absorbed by operating and investing activities;
- maturity and renewal terms of debt or liquidity of financial assets, as well as market conditions;
- investment and development activities of the Group companies.

The Finance Department has adopted a series of policies and procedures aimed at optimising management of financial resources, thus reducing the liquidity risk:

- constant monitoring of forecast cash requirements so that any action necessary can be taken in good time (arrange additional lines of credit, share capital increases, etc);
- arrangement of adequate lines of credit;
- optimisation of liquidity through cash pooling;
- correct composition of net financial indebtedness given capex made;
- regular, centralised control of collection and payment flows;
- maintenance of an adequate level of available liquidity;
- diversification of means and sources for raising financial resources;
- regular monitoring of future liquidity in relation to the business planning process;
- regular checks of compliance with covenants imposed by loans arranged.

Management believes that existing funds and lines of credit, in addition to cash generated by operating and financing activities, will enable the Group to meet its requirements in terms of investments, working capital management and repayment of loans at maturity.

Currency risk

In 2011, the Group began to operate on international markets and is thus exposed to currency risk, albeit to a marginal extent.

As well as seeking natural hedging between amounts receivable and payable, the Group assesses the need to enter into specific hedging contracts in relation to foreign currency loans and commercial transactions in foreign currency.

Interest rate risk

The interest rate risk regards the risk that borrowing costs might increase and that the value of a financial instrument and/or the related cash flows might change due to fluctuation of market interest rates.

Exposure to the interest rate risk results from the need to finance operating activities, both on a day to day basis and in relation to the acquisition of businesses while also employing available liquid resources. Interest rate fluctuations may have a negative or positive impact on the profit of the Group and might indirectly affect the costs and performance of financing and investing operations.

The Group regularly assesses its exposure to the interest rate risk and manages the risk using financial derivative instruments in accordance with the established risk management policies. Under these policies, financial derivative instruments are solely used to manage exposure to interest rate fluctuations correlated with future cash flows; speculative derivative instruments are neither used nor considered.

The only instruments used for this purpose are interest rate swaps (IRS), caps and collars.

The Group uses derivative financial instruments for cash flow hedge purposes with the aim of pre-determining interest on loans in order to obtain an ideal pre-defined floating and fixed rate mix for its borrowings.

The other parties to these contracts are leading financial institutions.

Derivative instruments are stated at fair value.

Other price risks

Other price risks include the risk that the value of a security might vary due to fluctuation in market prices because of factors specific to the individual security or its issuer or because of factors affecting all securities traded on the market.

The Group does not have any significant exposure in securities traded on active markets so its exposure to this type of risk is negligible.

In its capacity as holding company, KOS S.p.A. is substantially exposed to the same risks and uncertainties as described above with reference to the Group as a whole.

Human Resources

The Group mainly relies on its own employees and only to a limited extent on freelance personnel who are mainly assigned non-strategic roles. The Group believes that a direct employment relationship guarantees greater stability and ongoing monitoring of the quality of the services provided and the resources deployed. However, it should be noted that some psychiatric rehabilitation facilities are wholly operated by local labour cooperatives. In these cases, the local nature of these cooperatives leads to a better overall cost/benefit relationship for the Group.

As at 31 December 2024, the Group had 11,714 employees against 11,831 employees at 31 December 2023.

The Group companies operating in Italy apply the following National collective labour contracts (CCNL):

KOS S.p.A.:

- CCNL for executives of industrial companies;
- CCNL for workers in the private engineering and plant installation industry.

KOS Care S.r.l.:

- CCNL for executives of companies operating in the retail and services sectors;
- CCNL for CIMOP medical staff employed in Care Homes, I.R.C.C.S., hospitals and rehabilitation centres;
- CCNL for ARIS CIMOP Medical Executives;
- CCNL CONFCOMMERCIO WELFARE, HEALTH AND CARE;

- CCNL for employees of Care Homes and ARIS rehabilitation centres;
- CCNL for employees of AIOP and ARIS healthcare facilities;

Abitare il Tempo S.r.l., Sanatrix Gestioni S.r.l., Jesilab S.r.l. and Fidia S.r.l.:

- CCNL for ARIS CIMOP Medical Executives;
- CCNL for employees of Care Homes and ARIS rehabilitation centres.

Kos Servizi S.c. a r.l.:

- CCNL for executives of companies operating in the retail and services sectors;
- CCNL for employees of Care Homes and ARIS rehabilitation centres.

Legislative Decree no. 231/01

Some time ago, the various Group companies adopted an Organisational and Management Model in terms of Legislative Decree no. 231/2001 and appointed Supervisory Boards with the role of supervising the operation of the Model, compliance with it and ensuring that it is updated.

Over the years, the Organisational Models have been updated on several occasions in response to a number of legislative measures and organisational revisions. In 2024, the Organisational Models were again amended to deal with the new offences now covered by Legislative Decree no. 231/01; specifically, these amendments regarded the extension of Articles 25, 25 and 25 iii and the introduction of Article 25-viii.

Meanwhile, the Boards of Directors of smaller subsidiaries that do not have their own Organisational Model but whose activities are similar to those of the parent, have decided to extend the scope of the parent's Organisational Model to cover their activities. They believe that the rules of conduct and the risk prevention measures set out in the Model can also be effective for their companies.

After these changes, specific training sessions for individuals in senior roles with the various companies were organised. The Supervisory Boards work closely together and cooperate with the Group departments that operate in sensitive areas. They cooperate with the constant objective of improving overall governance. Moreover, the ongoing interaction between the Parent's Supervisory Board and the Supervisory Boards of the operating companies ensures that the proper supervision is carried out on a Group level.

Efforts continued to ensure compliance with Italian Legislative Decree no. 231/01. These efforts accompanied both the broader control system based on rules of Corporate Governance i.e. the range of internal rules and formal procedures adopted both within the Group and when dealing with third parties and the existing Internal Control System.

With regard to the internal control system, the Supervisory Board has shared with the Internal Audit department the results of testing performed in accordance with the Group Audit Plan, as approved at the start of the year. The audit work did not make any significant findings for the purposes of Legislative Decree no. 231/01.

Regular meetings are also held with the companies' other governance bodies, in particular the Boards of Statutory Auditors and the Independent Auditors, in order to update one another and share information. The parent's Supervisory Board also meets with the Risk Control and Sustainability Committee, always collaborating with it for the goal of better overall governance.

Information on personal data protection

In the course of their activities, on a daily basis and primarily under contractual agreements, the KOS Group companies gather a significant volume of personal data and confidential information that they undertake to process in accordance with personal data protection legislation.

This wealth of information must be effectively protected and safeguarded in order to avoid its possible alteration or misuse and guarantee its availability.

Furthermore, certain data relate to the personal affairs of residents/patients and they are entitled to receive guarantees about how they are processed and utilised.

Since the European General Data Protection Regulation (GDPR 679/2016) came into force, together with Legislative Decree no. 101/2018, the various companies have taken the necessary action to guarantee a new approach to data

protection issues. A Data Protection Officer (DPO) has been appointed and the role of Privacy Manager has been created. Records of Processing by the Data Controller have been set up and, where applicable, Records of Data Processors have been implemented. Moreover, authorisation has been given to employees who process personal data and procedures have been implemented to ensure there is appropriate information on the various types of personal data processing. The logging of suppliers that process sensitive data has continued and appropriate documentation has been submitted.

The Group has also set up a discussion group for compliance with the requirements of E.U. Directive 1148/2016, as incorporated into Italian law, with regard to the establishment of N.I.S. (Network and Information Security) legislation. Continuous training is provided through the FAD course available on the Group platform and through specific, classroom-based sessions.

General information on the Parent

The parent, KOS S.p.A. reports a gross operating loss of € 5,026 thousand for 2024 compared to € 5,074 thousand for 2023. In 2024, the company recorded depreciation, amortisation and impairment losses totalling € 279 thousand. This is slightly less than the total of € 299 thousand recorded in 2023, mainly as a result of the decrease in right-of-use assets recorded in 2024.

The operating loss was of € 5,306 thousand compared to € 5,373 thousand in the prior year.

Net financial expense for 2024 totalled € 220 thousand compared to € 600 thousand in 2023.

Net impairment losses on financial assets were made in relation to the application of IFRS9 (€ 87 thousand against € 25 thousand in 2023) and an impairment loss was made on the investment in Ospedale di Suzzara S.p.A. (€ 830 thousand) to bring its carrying amount into line with the corresponding portion of equity.

There was net tax benefit of € 1,104 thousand compared to € 1,436 thousand in 2023. These taxes flow into the CIR S.p.A. Group Taxation Arrangement.

In December 2022, KOS S.p.A. signed an agreement for the sale to third parties of its investments in ClearMedi Healthcare LTD. The deal was completed in June 2023. The caption “Losses on assets held for sale”, amounting to € 2,347 thousand, includes an impairment loss of € 1,013 thousand to the investment, a provision of € 1,000 thousand for warranties given to the buyer and for risks mainly of a tax nature and costs to sell the investment (due diligence and legal and tax advisory services in support of the deal) of € 333 thousand.

At 31 December 2024, the company had 17 employees compared to 19 employees as at 31 December 2023.

A loss of € 4,508 thousand is reported for the year ended 31 December 2024 against a loss of € 6,909 thousand for 2023. The higher loss in prior year was mainly due to the fair value measurement of the investment in ClearMedi HealthCare LTD.

In the Statement of Financial Position, equity investments amounted to € 152,403 thousand at 31 December 2024 against € 153,249 thousand at 31 December 2023.

The net financial position at 31 December 2024 is analysed below:

(eur/000)	31/12/2024	31/12/2023
(A) Cash and cash equivalents	26,596	26,643
(B) Other cash equivalents	-	-
(C) Liquidity (A) + (B)	26,596	26,643
(D) Securities, derivatives and other financial assets	54,987	106,901
(E) Financial assets with subsidiaries	78,599	78,005
(F) Total current financial assets (C)+(D)+(E)	160,182	211,549
(G) Account overdrafts	-	-
(H) Collateral loans	10,000	3,025
(I) Bank loans	36,449	14,025
(J) Bonds	35,252	64,666
(K) Finance leases	-	-
(L) Right of use loans	250	247
(M) Loans and liabilities with other financial backers	-	-
(N) Derivatives	-	-
(O) Financial liabilities with subsidiaries	131,101	168,299
(P) Current financial debt (G)+(H)+(I)+(J)+(K)+(L)+(M)+(N)+(O)	213,052	250,262
(P) Net current financial position (P)-(F)	52,870	38,713
(Q) Non current financial assets with subsidiaries	145,080	196,616
(R) Non current financial receivables (Q)	145,080	196,616
(S) Collateral loans	64,312	74,117
(T) Bank loans	79,447	85,826
(U) Bonds	-	35,000
(V) Finance leases	-	-
(W) Right of use loans	72	251
(W1) Financial liabilities with subsidiaries	1,382	1,929
(X) Loans and liabilities with other financial backers	-	-
(Y) Non current financial debt (S)+(T)+(U)+(V)+(W)+(X)	145,213	197,123
(Z) Net financial debt (Y)+(P)-(R)	53,003	39,220

The net financial indebtedness of the parent KOS S.p.A. is € 53,002 thousand compared to € 39,220 thousand at 31 December 2023. At 31 December 2024, the net financial indebtedness included cash and cash equivalents of € 26,596 thousand, Time Deposits of € 54,987 thousand, financial assets with subsidiaries totalling € 273,679 thousand, € 1223,679 thousand of financial liabilities with subsidiaries and bank loans and borrowings of € 225,460 thousand. The € 13,783 thousand increase in net debt mainly relates to the distribution of dividends of € 11,652 thousand, as well as to the various investments carried out during 2024.

Management and coordination activities

Pursuant to Art. 2497 bis of the Italian Civil Code, we inform you that the parent is subject to management and co-ordination by the ultimate parent CIR S.p.A. – Compagnie industriali riunite. Said company's relations with the parent are limited to co-ordination and the recharge of service costs and participation in the CIR Group group taxation arrangement.

We present the following information regarding the company that performs management and coordination activities (amounts in €/000):

Name	Share capital	Equity	Loss
CIR S.p.A. – Compagnie industriali riunite	420,000	673,146	(6,720)

The above amounts were taken from the approved IFRS separate financial statements at 31 December 2023.

Research and development activities

The scientific research and development carried out by the Group is coordinated internally by a Director of Scientific and Research Activities who develops original protocols, encourages and facilitates projects organised independently by the various health facilities and their participation in projects organised by bodies such as Universities and Research Institutes.

Work on three projects funded by the Marche Region got underway in 2024, after funding was obtained through a tender for research and development activities (Decree of the Head of the Innovation and International Cooperation Department), in collaboration with the Faculty of Engineering of the Marche Polytechnic University.

The three projects currently at the implementation and data collection stage are as follows:

- "PARKINSON - *Patient Assistance by Recorded Kinetics and Informative Sensors for Optimal Neurocare*", approved for funding 2021/2027 - 1.1 Development and strengthening of research and innovation capacity and introduction of advanced technologies.
- "EASY Rehab - *Enhanced AI Systems for Rehabilitation*" POR FESR 2021/2027 - 1.1 Development and strengthening of research and innovation capacity and introduction of advanced technologies.
- "E-BED: *Empowered Bed for Elderly and Disability*" POR FESR 2021/2027 - 1.1 Development and strengthening of research and innovation capacity and introduction of advanced technologies.

The Villa Margherita facility in Arcugnano (VI) has made a significant contribution to preparation of the Veneto Region's new Parkinson's Disease PDTA ("*Diagnostic and Treatment Path of the Regional Health System for Parkinson's patients*"). In 2024, Villa Margherita was recognised as a HUB Centre by Veneto Region as a provider for the education/training of rehabilitation team members thanks to European funding for the implementation of Parkinson.net in Veneto Region through the University of Padua (University of Padua Parkinson's Centre-Prof. A. Antonini).

In 2024, an agreement was reached by the *Fondazione Policlinico Universitario Agostino Gemelli IRCCS* and Kos Care s.r.l. for the establishment of a specialist medical consultancy service in Psychiatry and Clinical Psychology for the implementation of scientific research activities and projects and clinical trials and the field of psychiatry and clinical psychology.

Treasury shares

Kos S.p.A. does not hold any treasury shares or shares/quotas in parents.

Reconciliation between the Parent's separate Financial Statements and the Group's Consolidated Financial Statements

(eur/000)	2024		2023	
	Equity	Profit (loss) for the year	Equity	Profit (loss) for the year
EQUITY AND PROFIT (LOSS) FOR THE YEAR OF THE PARENT	98,144	(4,508)	114,292	(6,909)
Equity and profit of consolidated Companies	514,483	26,363	459,675	15,301
Reversal of capital gain on the sale of intercompany assets				3,282
Reversal of impairment losses of consolidated Companies	36,252	830	35,422	
Derecognition of carrying amount of consolidated equity investments and goodwill	(284,684)		(251,839)	
Fair value of derivatives			(13)	
Dividend elimination		(821)		(597)
Other	(1,437)	(591)	(1,470)	1,642
TOTAL EQUITY AND PROFIT FOR THE YEAR	362,758	21,273	356,067	12,719
of which attributable to non-controlling interests	5,647	801	7,445	1,066
EQUITY AND PROFIT (LOSS) FOR THE YEAR OF CONSOLIDATED COMPANIES NET OF DIVIDENDS	357,111	20,472	348,622	11,653

Related party transactions

Related party transactions, including intercompany transactions, cannot be classed as either atypical or unusual as they form part of the ordinary activities of the Group companies. These transactions take place on an arm's length basis, considering the nature of the goods and services supplied.

The KOS Group's related party transactions mainly regard:

- financial transactions;
- transactions under contracts for services;
- trade transactions;
- transactions under the CIR Group domestic group taxation arrangement.

Further details of related party transactions are provided in the Notes to the Consolidated Financial Statements and in the Notes to the Separate Financial Statements of KOS S.p.A.

List of secondary business locations

Pursuant to Article 2428(4) of the Italian Civil Code, we provide below a list of all of the parent's business locations at 31 December 2024:

Registered Office: Via Ciovassino, 1 - 20121 Milan
Operational Head Office: Via Durini, 9 - 20122 Milan

Milan, 24 February 2025

FOR THE BOARD OF DIRECTORS
The Chairman
Mauro Miglio



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Statement of profit or loss

<i>(eur/000)</i>	<i>Note</i>	2024	2023
REVENUE	4	798,807	751,956
PURCHASES	5	(51,868)	(53,596)
SERVICES	6	(150,348)	(154,918)
PERSONNEL EXPENSE	7	(408,015)	(390,678)
OTHER OPERATING INCOME	8	10,705	22,466
OTHER OPERATING COSTS	9	(34,763)	(31,280)
IMPAIRMENT LOSSES (GAINS) ON EQUITY-ACCOUNTED INVESTMENTS	20	77	40
GROSS OPERATING PROFIT		164,595	143,990
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND PROVISIONS	10	(97,196)	(90,964)
OPERATING PROFIT		67,399	53,026
FINANCIAL INCOME	11	3,824	4,127
FINANCIAL EXPENSE	12	(38,756)	(37,502)
DIVIDENDS	11	44	50
IMPAIRMENT LOSSES (GAINS) ON FINANCIAL ASSETS	13	-	-
PRE-TAX PROFIT		32,511	19,701
INCOME TAXES	14	(11,238)	(7,921)
PROFIT FROM CONTINUING OPERATIONS		21,273	11,780
PROFIT FROM DISCONTINUED OPERATIONS	15		939
PROFIT FOR THE YEAR INCLUDING NON-CONTROLLING INTERESTS		21,273	12,719
PROFIT FOR THE YEAR ATTR. TO NON-CONTROLLING INTERESTS		801	1,066
PROFIT FOR THE YEAR ATTR. TO OWNERS OF THE PARENT		20,472	11,653
BASIC EARNINGS PER SHARE	41	0.230	0.131
DILUTED EARNINGS PER SHARE	41	0.228	0.130

Statement of comprehensive income

<i>(eur/000)</i>	2024	2023
PROFIT FROM CONTINUING OPERATIONS	21,273	11,780
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Actuarial gains (losses)	42	(424)
Tax effect	(10)	99
Translation difference	-	(771)
<i>Items that will be subsequently reclassified to profit or loss</i>		
Gains on cash flows hedges	19	21
Tax effect	(6)	(5)
Profit from discontinued operations	-	939
TOTAL COMPREHENSIVE INCOME	21,318	11,639
Owners of the parent	20,518	10,572
Non-controlling interests	800	1,067

Statement of financial position

<i>(eur/000)</i>	Note	31/12/2024	31/12/2023
NON-CURRENT ASSETS		1,378,276	1,397,534
INTANGIBLE ASSETS	16	371,382	370,830
PROPERTY, PLANT AND EQUIPMENT	17	236,579	233,540
RIGHT-OF-USE ASSETS	18	739,846	762,206
INVESTMENT PROPERTY	19	2,242	2,411
EQUITY-ACCOUNTED INVESTMENTS	20	747	670
OTHER EQUITY INVESTMENTS	20	1,825	1,825
OTHER ASSETS	21	1,941	2,129
OTHER FINANCIAL ASSETS	22	-	-
DEFERRED TAX ASSETS	23	23,714	23,923
CURRENT ASSETS		220,062	271,513
INVENTORIES	24	4,182	5,374
FINANCIAL ASSETS WITH THE PARENT	25	1,636	3,474
TRADE RECEIVABLES	26	94,833	91,330
OTHER ASSETS	27	12,962	14,113
FINANCIAL ASSETS	28	8,830	9,481
OTHER FINANCIAL ASSETS	22	57,987	106,848
CASH AND CASH EQUIVALENTS	29	39,632	40,893
ASSETS HELD FOR SALE		-	-
TOTAL ASSETS		1,598,338	1,669,047
LIABILITIES AND EQUITY			
EQUITY	30	362,758	356,067
SHARE CAPITAL		8,853	8,853
RESERVES		31,070	42,692
RETAINED EARNINGS		317,188	297,077
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		357,111	348,622
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		5,647	7,445
NON-CURRENT LIABILITIES		903,915	976,742
BONDS	31	-	35,000
OTHER LOANS AND BORROWINGS	31	143,981	160,274
LEASE LIABILITIES	31	721,120	741,113
TRADE PAYABLES	36	710	784
OTHER LIABILITIES	37	147	146
DEFERRED TAX LIABILITIES	32	14,587	14,663
PROVISIONS FOR PERSONNEL	33	19,313	20,586
PROVISIONS FOR RISKS AND CHARGES	34	4,057	4,176
CURRENT LIABILITIES		331,665	336,238
BANK OVERDRAFTS	31	-	-
BONDS	31	35,252	64,666
OTHER LOANS AND BORROWINGS	31	46,504	17,350
LEASE LIABILITIES	31	61,783	59,497
FINANCIAL LIABILITIES WITH THE PARENT	35	8,435	4,514
TRADE PAYABLES	36	70,656	71,566
OTHER LIABILITIES	37	73,674	81,347
PROVISIONS FOR RISKS AND CHARGES	34	35,361	37,298
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		-	-
TOTAL LIABILITIES AND EQUITY		1,598,338	1,669,047

Statement of cash flows

(eur/000)	2024	2023
OPERATING ACTIVITIES		
PROFIT FROM CONTINUING OPERATIONS	21,273	11,780
ADJUSTMENTS:		
AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES	92,336	89,540
GAIN ON THE SALE OF PROPERTY		(7)
ACCRUAL TO PROVISIONS FOR PERSONNEL, NET OF UTILISATIONS AND STOCK OPTIONS	(1,241)	201
ACCRUAL TO PROVISIONS FOR RISKS AND CHARGES, NET OF UTILISATIONS	(2,056)	(4,576)
FINANCIAL EXPENSE, NET	34,888	33,325
INCOME TAXES	11,238	7,921
CHANGE IN NET WORKING CAPITAL, NET OF ACQUISITIONS	(3,221)	(6,668)
CHANGES IN OTHER CURRENT ASSETS/LIABILITIES, NET OF ACQUISITIONS	(6,508)	(3,076)
OTHER CHANGES IN NON-CURRENT ASSETS/LIABILITIES, NET OF ACQUISITIONS	248	1,869
INTEREST PAID	(10,374)	(12,270)
INCOME TAXES PAID	(5,493)	(2,803)
CASH FLOWS FROM OPERATING ACTIVITIES	131,090	115,236
INVESTING ACTIVITIES		
(PURCHASE)/SALE OF NON-CURRENT ASSETS	(28,960)	(27,371)
PROCEEDS FROM THE SALE OF ASSETS	-	19,200
PURCHASE OF ASSETS, NET OF BANK LOANS AND BORROWINGS	(2,276)	-
PURCHASE OF TIME DEPOSITS	50,000	(105,000)
CASH FLOWS USED IN INVESTING ACTIVITIES	18,764	(113,171)
FINANCING ACTIVITIES		
OTHER CHANGES IN EQUITY	-	(1,817)
CHANGES IN OTHER FINANCIAL ASSETS	651	(1,056)
DRAWDOWN/(REPAYMENT) OF OTHER LOANS AND BORROWINGS	(57,828)	11,117
REPAYMENT OF LEASE LIABILITIES	(81,587)	(77,160)
DIVIDENDS PAID AND RESERVES DISTRIBUTED	(12,351)	(505)
CASH FLOWS USED IN FINANCING ACTIVITIES	(151,115)	(69,421)
DECREASE IN NET CASH AND CASH EQUIVALENTS	(1,261)	(67,356)
OPENING NET CASH AND CASH EQUIVALENTS	40,893	91,596
INCREASE IN NET CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	-	16,653
CLOSING NET CASH AND CASH EQUIVALENTS	39,632	40,893
CASH AND CASH EQUIVALENTS	39,632	40,893
BANK OVERDRAFTS	-	-
CLOSING NET CASH AND CASH EQUIVALENTS	39,632	40,893

In the statement of cash flows for the year ended 31 December 2023, the cash flows generated by Discontinued Operations have been reclassified under the line item "Increase in net cash and cash equivalents from discontinued operations", excluding the effects of the cash flows of ClearMedi HealthCare LTD and ClearView LTD; for impact, see paragraph "2.2 Presentation of the consolidated financial statements and comparability" of the Notes to the Consolidated Financial Statements.

Statement of changes in equity

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	STOCK OPTION RESERVE	HEDGING RESERVE	ACTUARIAL RESERVE	RETAINED EARNINGS(LOS SES CARRIED FORWARD)	TRANSLATION RESERVE	PROFIT FOR THE YEAR	TOTAL	PROFIT FOR THE YEAR ATTRIBUTABLE TO NC INTERESTS	NON- CONTROLLING INTERESTS	TOTAL
BALANCE AT 31 DECEMBER 2022	8,853	1,771	40,250	2,449	(29)	(1,144)	286,115	771	(754)	338,282	986	6,694	345,962
Capital increase										0			0
Profit for the year									11,653	11,653	1,066		12,719
Other comprehensive income:													
Changes in hedging reserve					16					16			16
Changes in actuarial reserve						(326)				(326)		1	(325)
Translation differences								(771)		(771)			(771)
Total other comprehensive income	0	0	0	0	16	(326)	0	(771)	11,653	10,572	1,066	1	11,639
Increase in stock option reserve				(295)			312			17			17
Die Frankenschwestern GmbH third parties purchase							(243)			(243)		213	(30)
Sale of ClearMedi HealthCare LTD										0		(84)	(84)
Sanatrix Srl third parties purchase							(6)			(6)		(926)	(932)
Allocation of prior year profit							(754)		754	0	(986)	986	0
Dividends paid and reserves distributed										0		(505)	(505)
BALANCE AT 31 DECEMBER 2023	8,853	1,771	40,250	2,154	(13)	(1,470)	285,424	0	11,653	348,622	1,066	6,379	356,067

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	STOCK OPTION RESERVE	HEDGING RESERVE	ACTUARIAL RESERVE	RETAINED EARNINGS(LOS SES CARRIED FORWARD)	TRANSLATION RESERVE	PROFIT FOR THE YEAR	TOTAL	PROFIT FOR THE YEAR ATTRIBUTABLE TO NC INTERESTS	NON- CONTROLLING INTERESTS	TOTAL
BALANCE AT 31 DECEMBER 2023	8,853	1,771	40,250	2,154	(13)	(1,470)	285,424	0	11,653	348,622	1,066	6,379	356,067
Capital increase										0			0
Profit for the year									20,472	20,472	801		21,273
Other comprehensive income:													
Changes in hedging reserve					13					13			13
Changes in actuarial reserve						33				33		(1)	32
Total other comprehensive income	0	0	0	0	13	33	0	0	20,472	20,518	801	(1)	21,318
Increase in stock option reserve				(16)			16			0			0
Sanatrix Srl third parties purchase							(377)			(377)		(1,899)	(2,276)
Allocation of prior year profit							11,653		(11,653)	0	(1,066)	1,066	0
Dividends paid and reserves distributed			(11,652)							(11,652)		(699)	(12,351)
BALANCE AT 31 DECEMBER 2024	8,853	1,771	28,598	2,138	0	(1,437)	296,716	0	20,472	357,111	801	4,846	362,758



Notes to the consolidated financial statements

1 Profile of the KOS Group

The KOS Group (formerly HSS Group) has been operating in the health care and long term care sector in Italy since 2003. Over the last few years, it has grown as follows:

- acquisitions of stand-alone business units or private chains already operating;
- participation in public tenders for contracts to operate facilities;
- participation in tenders for allocation of investments and/or sector management (out-patient clinics, laboratories, advanced technology, radiology, operating theatres, etc.) in public health care or social and medical care units;
- green field projects with or without local partners.

The Group invests in the management of residential facilities for the treatment of chronic conditions (care homes, psychiatric and rehabilitation residences and residences for the differently able), in the management hospitals and out-patient clinics.

Specifically, the Group operates in the following operating segments:

Care Homes: the Group provides residential healthcare and assistance to the elderly, mainly under the “Anni Azzurri” and “Charleston” brands.

Rehabilitation, Psychiatric Care and Non-Residential Care: the Group operates in the field of psychiatry and psychiatric rehabilitation and specialist rehabilitation (hospital, out-of-hospital and outpatient) where it is one of the leading private operators on the Italian market; it also provides non-residential care through outpatient services, home services and tele-medicine.

Acute Care: The Acute Care operating segment includes the activities of the Sanatrix Group and out-patient clinics. In this operating segment, the Group also managed Ospedale F.lli Montecchi di Suzzara (MN) under a concession agreement. The concession agreement ended on 30 June 2024.

The Group operates mainly in Italy in eleven Northern and Central regions (Liguria, Piedmont, Lombardy, Lazio, Tuscany, Veneto, Trentino, Emilia Romagna, Marche, Umbria and Campania). Following the acquisition of the Charleston Group at the end of 2019, the KOS Group also operates in Germany.

As at 31 December 2024, the KOS Group was managing some 145 healthcare facilities – 92 in North and Central Italy and 53 in Germany - with a total of 13,777 beds plus around 500 beds under construction. It operates in three business segments:

- **Care Homes:** management of care homes for the elderly with some 112 care homes for a total of 11,186 beds (including 4,575 in Germany);
- **Rehabilitation, Psychiatric Care and Non-Residential Care:** management of 32 rehabilitation facilities for a total of 2,407 beds in operation;
- **Acute Care:** management of the activities of the Sanatrix Group (184 beds) plus 15 outpatient clinics;

KOS S.p.A. has its registered office at via Ciovassino,1 Milan and its operational head office at via Durini, 9, Milan. Its ordinary shares are held as follows:

- 59.77% by C.I.R S.p.A., a company listed on the Mercato Telematico Italiano (Italian electronic stock exchange) managed by Borsa Italiana;
- 40.23% by F2i Healthcare SpA, a company controlled by the Second F2i Fund.

Consolidation scope and acquisitions

The consolidated financial statements include the figures of the parent KOS S.p.A. and the companies directly and indirectly controlled by it at 31 December 2024, as adjusted, where necessary, to bring them into line with the IFRS adopted by the parent to prepare the Consolidated Financial Statements.

The table below shows a list of the fully consolidated companies:

Name	Main office	Share/quota capital (eur)	Currency	Share/quota holders	% of investments	Group interest
KOS Care S.r.l	Milano	2,550,000	€	KOS S.p.A.	100.00%	100.00%
Jesilab S.r.l	Jesi (AN)	80,000	€	KOS Care S.r.l	100.00%	100.00%
Abitare il Tempo S.r.l	Loreto (AN)	100,826	€	KOS Care S.r.l	54.00%	54.00%
Fidia S.r.l	Corridonia (MC)	10,200	€	KOS Care S.r.l	100.00%	100.00%
Sanatrix S.r.l	Macerata	843,700	€	KOS Care S.r.l	98.93%	98.93%
Ospedale di Suzzara S.p.A.	Suzzara (MN)	120,000	€	KOS S.p.A.	99.90%	99.90%
Sanatrix Gestioni S.r.l	Civitavecchia (MC)	300,000	€	Sanatrix S.r.l	99.64%	98.58%
Charleston Holding GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	KOS Care S.r.l	100.00%	100.00%
Regenta Betriebsgesellschaft mbH	Walzenhofen-Oberdorf (DE)	250,000	€	Charleston Holding GmbH	100.00%	100.00%
Elisabethenhaus Betriebsgesellschaft mbH	Walzenhofen-Oberdorf (DE)	250,000	€	Charleston Holding GmbH	100.00%	100.00%
Dienstleistungsgesellschaft für Sozialeinrichtungen mbH	Walzenhofen-Oberdorf (DE)	25,600	€	Charleston Holding GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Friesenhof GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Gut Hansing GmbH	Nordenham (DE)	50,000	€	Charleston Holding GmbH	100.00%	100.00%
RDS Residenzpark Dienstleistung & Service GmbH	Nordenham (DE)	25,000	€	Wohn- und Pflegezentrum Gut Hansing GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Haus Teichblick GmbH	Walzenhofen-Oberdorf (DE)	128,150	€	Charleston Holding GmbH	100.00%	100.00%
Dienstleistungsgesellschaft für Sozialeinrichtungen - Nord mbH	Walzenhofen-Oberdorf (DE)	25,000	€	Wohn- und Pflegezentrum Haus Teichblick GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Haus am Bahnhof GmbH	Walzenhofen-Oberdorf (DE)	51,150	€	Charleston Holding GmbH	100.00%	100.00%
RSG Rotenburger Servicegesellschaft am Bahnhof mbH	Rotenburg (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Haus Ottersberg GmbH	Walzenhofen-Oberdorf (DE)	51,150	€	Charleston Holding GmbH	100.00%	100.00%
OSW Ottersberger Servicegesellschaft Wümmeblick mbH	Ottersberg (DE)	25,000	€	Wohn- und Pflegezentrum Haus Ottersberg GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Seehof GmbH	Seehof (DE)	51,200	€	Charleston Holding GmbH	100.00%	100.00%
DGS Dienstleistungsgesellschaft Seehof mbH	Seehof (DE)	26,000	€	Wohn- und Pflegezentrum Seehof GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Haus Schwanewede GmbH	Walzenhofen-Oberdorf (DE)	27,500	€	Charleston Holding GmbH	100.00%	100.00%
proGusto Schwaneweder Servicegesellschaft mbH	Schwanewede (DE)	25,000	€	Wohn- und Pflegezentrum Haus Schwanewede GmbH	100.00%	100.00%
Alten- und Pflegezentrum zu Bakum GmbH	Bakum (DE)	51,129	€	Charleston Holding GmbH	100.00%	100.00%
APZ zu Bakum Servicegesellschaft mbH	Bakum (DE)	25,000	€	Alten- und Pflegezentrum zu Bakum GmbH	100.00%	100.00%
Curatum Beteiligungs- und Verwaltungsgesellschaft mbH	Walzenhofen-Oberdorf (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
Seniorenheim Haus am Park GmbH	Bremervörde (DE)	50,000	€	Curatum Beteiligungs- und Verwaltungsgesellschaft mbH	100.00%	100.00%
VSG Vörder Service Gesellschaft mbH	Bremervörde (DE)	25,000	€	Seniorenheim Haus am Park GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Burg auf Fehmarn GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	Curatum Beteiligungs- und Verwaltungsgesellschaft mbH	100.00%	100.00%
FFH Fehmarnsche Flinker Hände Servicegesellschaft mbH	Fehmarn (DE)	25,000	€	Wohn- und Pflegezentrum Burg auf Fehmarn GmbH	100.00%	100.00%
Landhaus Glückstadt Wohn- und Pflegezentrum GmbH	Glückstadt (DE)	51,129	€	Curatum Beteiligungs- und Verwaltungsgesellschaft mbH	100.00%	100.00%
LH Glückstadt Servicegesellschaft mbH	Glückstadt (DE)	25,000	€	Landhaus Glückstadt Wohn- und Pflegezentrum GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Haus am Goldbach GmbH	Walzenhofen-Oberdorf (DE)	50,000	€	Curatum Beteiligungs- und Verwaltungsgesellschaft mbH	100.00%	100.00%
GBS Goldbach Servicegesellschaft mbH	Langwedel (DE)	25,000	€	Wohn- und Pflegezentrum Haus am Goldbach GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Up'n Kamp GmbH	Sittensen (DE)	26,000	€	Curatum Beteiligungs- und Verwaltungsgesellschaft mbH	100.00%	100.00%
BSG Börde Servicegesellschaft mbH	Sittensen (DE)	25,565	€	Wohn- und Pflegezentrum Up'n Kamp GmbH	100.00%	100.00%
Charleston VOR - GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
SSB Servicegesellschaft Selsinger Börde mbH	Sekingen (DE)	25,000	€	Charleston VOR - GmbH	100.00%	100.00%
Charleston - Ambulante Dienste GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
Senovum GmbH	Walzenhofen-Oberdorf (DE)	226,000	€	Charleston Holding GmbH	100.00%	100.00%
Wohn- und Pflegeheim Lesmona GmbH	Bremen (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
WPH Lesmona Servicegesellschaft mbH	Bremen (DE)	25,000	€	Wohn- und Pflegeheim Lesmona GmbH	100.00%	100.00%
Senioren- und Pflegeheim "Drendel" Betriebs GmbH	Zweiflingen (DE)	30,000	€	Charleston Holding GmbH	100.00%	100.00%
Wohn- und Pflegeeinrichtung Bad Camberg GmbH - Anna-Müller-Haus	Bad Camberg (DE)	100,000	€	Charleston Holding GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Haus Kikra GmbH	Gilsberg (DE)	26,000	€	Charleston Holding GmbH	100.00%	100.00%
MPS Catering GmbH	Gilsberg (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
BayernStift - Gesellschaft für Soziale Dienste und Gesundheit mbH	Walzenhofen-Oberdorf (DE)	250,000	€	Charleston Holding GmbH	100.00%	100.00%
BayernStift Service GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	BayernStift - Gesellschaft für Soziale Dienste und Gesundheit mbH	100.00%	100.00%
SLW Altenhilfe Liebfrauenhaus GmbH	Walzenhofen-Oberdorf (DE)	50,000	€	BayernStift - Gesellschaft für Soziale Dienste und Gesundheit mbH	100.00%	100.00%
BayernStift Mobil GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	BayernStift - Gesellschaft für Soziale Dienste und Gesundheit mbH	100.00%	100.00%
Die Fränkischwesten GmbH	Erlangen (DE)	25,000	€	BayernStift Mobil GmbH	100.00%	100.00%
Brisa Management GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
Wohnpark Dr. Murken GmbH	Gütersloh (DE)	25,000	€	Brisa Management GmbH	100.00%	100.00%
Wohnpark Klostergarten GmbH	Welter (DE)	26,000	€	Brisa Management GmbH	100.00%	100.00%
Wohnpark Schrieweshof GmbH	Paderborn (DE)	25,000	€	Brisa Management GmbH	100.00%	100.00%
Wohnpark Luisenhof GmbH	Gladbeck (DE)	25,000	€	Brisa Management GmbH	100.00%	100.00%
Christophorus Seniorenresidenzen GmbH	Brilon (DE)	25,000	€	Brisa Management GmbH	100.00%	100.00%
Christophorus Pflege- und Betreuungsdienste GmbH	Dortmund (DE)	25,000	€	Brisa Management GmbH	100.00%	100.00%
Christophorus Intensivpflegedienste GmbH	Dortmund (DE)	25,000	€	Brisa Management GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Essen GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Mülheim GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
Charleston Dienstleistungsgesellschaft Ruhr mbH	Walzenhofen-Oberdorf (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Neuenstein GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
SIG GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	Brisa Management GmbH	100.00%	100.00%
GSA GP GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	Brisa Management GmbH	100.00%	100.00%
GSA GmbH & Co. Immobilien Verwaltungen KG	Walzenhofen-Oberdorf (DE)	5,000	€	Brisa Management GmbH	100.00%	100.00%
QLT.CARE GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Lindengarten GmbH	Bad Schussenried (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
Wohn- und Pflegezentrum Durlangen GmbH	Walzenhofen-Oberdorf (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
Intal Pflegeheime GmbH	Waldkraiburg (DE)	25,000	€	Charleston Holding GmbH	100.00%	100.00%
KOS Servizi Società Consortile a r.l.	Milano	138,000	€	KOS S.p.A.	5.35%	98.07%
				KOS Care S.r.l	85.51%	
				Ospedale di Suzzara S.p.A.	1.79%	
				Abitare il Tempo S.r.l	4.11%	
				Sanatrix Gestioni S.r.l	2.52%	
				Fidia S.r.l	0.36%	
				Jesilab S.r.l	0.36%	

Details of investments in other non-consolidated companies are provided below:

Other investments in associates and other equity-accounted investees

Other investments in associates and other equity-accounted investees								
Name	Main office	Share/quota capital (Eur)	Owner	% of investment	Group interest	Carrying amount (eur/000) 31/12/2024	Carrying amount (eur/000) 31/12/2023	
Oximo Salute S.p.A	Oximo (AN)	750,000	€	Abitare il tempo S.r.l	25.50%	14.03%	893	893
Fondo Spazio Sanità	Rome	124,848,985	€	KOS Care S.r.l	0.72%	0.72%	900	900
Apokos Rehab PVT Ltd*	Andhra Pradesh - India	169,500,000	INR	Kos S.p.A.	50.00%	50.00%	747	670
ClearView Healthcare LTD	New Delhi (IND)	4,661,880	INR	Kos S.p.A	85.19%	85.19%	-	-
Other investments							33	32
Total							2,573	2,495

* Equity-accounted investees

As a result of the acquisition of several new facilities in Italy and Germany in 2023 and 2024, the figures at 31 December 2024 are not immediately comparable with those at 31 December 2023.

The companies acquired have been included in the consolidated financial statements effective from the date that the risks and rewards of ownership were transferred to the Group – this generally coincides with the acquisition date. Pursuant to IFRS 3 revised, business combination costs must be allocated to assets, liabilities and intangible assets not recorded in the financial statements of the companies acquired, up to their fair value. Any amount remaining after this allocation must be recognised as goodwill.

Given the complexity of this process, which involves measuring the numerous and diverse assets and liabilities of the companies acquired, IFRS 3 permits the definitive allocation of the acquisition cost to be performed within twelve months of the date of acquisition.

2 Basis of preparation

The accounting standards applied when preparing the consolidated financial statements are described below. These accounting standards have been applied consistently to all reporting periods presented herein, unless otherwise specified.

The Consolidated Financial Statements have been prepared on a going concern basis. The Group maintains that there is no uncertainty over its ability to continue to operate as a going concern despite the difficult economic and financial climate.

2.1 Accounting standards

The KOS Group's consolidated financial statements at 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union. IFRS is intended as including all "International Financial Reporting Standards", all "International Accounting Standards" (IAS) and all of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) (formerly known as the "Standards Interpretations Committee" (SIC)) which, at the date of approval of the Consolidated Financial statements, had been endorsed by the European Union by means of the procedure laid down by European Regulation no. 1606/2002 of the European Parliament and European Council of 9 July 2002 and by European Regulation no 519/2019 of the Commission of 28 March 2019 which amended EC Regulation no 1126/2008 which adopted certain international financial reporting standards in accordance with EC Regulation no 1606/2002. The IFRS have been applied on a consistent basis to all of the periods presented in these consolidated financial statements.

IFRS 8 "Operating segments" and IAS 33 "Earnings per share" have not been applied by the group as their application is only obligatory for companies whose shares are listed on regulated markets. The financial information and disclosures contained in these consolidated financial statements have been prepared in accordance with IAS 1.

The KOS Group adopted the IFRS with effect from 1 January 2008.

In line with prior years, assets and liabilities have generally been accounted for based on the historical cost method. This is except for those captions which, under IFRS, must be measured at fair value, as disclosed in the accounting policies. It should also be noted that the consolidated financial statements have been prepared on a going concern basis as the Directors have confirmed that there are no financial, operational or other indicators that could cast doubt over the group's ability to fulfil its obligations in the foreseeable future and, in particular, in the next 12 months.

The Consolidated Financial Statements of the KOS Group comprise the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the Notes to the Consolidated Financial Statements.

2.2 Basis of presentation

The Statement of Profit or Loss has been prepared with revenue and costs classified by type. It shows the operating profit and pre-tax profit so as to provide a better representation of the performance of ordinary operating activities.

The consolidated financial statements have been prepared in thousands of Euro – both the “functional currency” and the “presentation currency” of the Group in terms of IAS 21 – unless otherwise stated.

The Statement of comprehensive income, prepared in accordance with the IFRS, highlights the other profit or loss items that pass directly through equity.

The Statement of financial position has been prepared based on a split between “current/non-current” assets and liabilities. Assets/liabilities are classified as current when they meet any of the following criteria:

- they are expected to be realised or settled, sold or utilised during ordinary business activities; or
- they are held mainly for trading purposes; or
- they are expected to be realised or settled within twelve months of the reporting date.

If none of the three conditions are met, the assets/liabilities are classified as non-current.

The Statement of Cash Flows has been prepared using the indirect method.

The Statement of Changes in Equity shows the changes in equity items in relation to:

- the allocation of profit for the year of the parent and the subsidiaries to non-controlling investors;
- amounts relating to owner transactions (sale and repurchase of treasury shares);
- as required by the IFRS, each profit and loss item, net of any tax effect, is allocated directly to equity (gains or losses on the repurchase and sale of treasury shares) or is covered by an equity reserve (share based payments for stock option plans);
- movements in hedging reserves net of any tax effect;
- the effect of any changes to accounting standards.

For each significant item included in the above schedules, references should be made to the subsequent notes which provide information thereon and details of their make-up and changes compared to prior year.

Finally, we note that significant related parties transactions have been disclosed in the specific table contained in note 38 “Related party transactions”.

The consolidated financial statements for the comparative year have been prepared including the reclassification of amounts relating to ClearMedi HealthCare LTD in light of an agreement for the sale of 100% of the shares of said company that was signed in December 2022. The deal was completed in 2023 with the sale of the entire share capital of ClearMedi HealthCare LTD.

The following was reported in the consolidated financial statements at 31 December 2023:

- in the Statement of Profit or Loss and the Statement of Comprehensive Income for 2023, revenue and income and costs and expense minus costs to sell of the Discontinued Operations were classified under the caption “Profit from discontinued operations”;
- in the Statement of Cash Flows for the year ended 31 December 2023, the cash flows generated by the Discontinued Operations were reclassified to the caption “Increase in net cash and cash equivalents from discontinued operations”, excluding the effect of the cash flows of company being sold which are presented in the next paragraph.

The following tables present details of the Statement of Profit or Loss, the Statement of Comprehensive Income and the Statement of Cash Flows of ClearMedi HealthCare LTD for the period ended 31 May 2023 (last consolidated financial statements of the Group).

CONTRIBUTION TO PROFIT OR LOSS OF DISCONTINUED OPERATIONS

<i>(eur/000)</i>	period ended 31/05/2023
REVENUE	7,638
OPERATING PROFIT	145
NET FINANCIAL EXPENSE	(734)
INCOME TAXES	7
LOSS FOR THE YEAR INCLUDING NON-CONTROLLING INTERESTS	(582)
Capital gain from discontinued operations	2,854
Costs incurred for the sale net of the tax effect	(333)
Provision for guarantee risks on the sale of ClearMedi HealthCare LTD	(1,000)
PROFIT FROM DISCONTINUED OPERATIONS	939

CONTRIBUTION TO COMPREHENSIVE INCOME OF DISCONTINUED OPERATIONS

<i>(eur/000)</i>	period ended 31/05/2023
LOSS FOR THE YEAR INCLUDING NON-CONTROLLING INTERESTS	(582)
<i>Items that will not be subsequently reclassified to profit or loss</i>	
Actuarial gains (losses)	
Tax effect	
Translation difference	(18)
TOTAL COMPREHENSIVE INCOME	(600)

2.3 Basis of consolidation

The consolidated financial statements are based on the financial statements of the parent KOS S.p.A. and its direct and/or indirect subsidiaries, taking account of the dates from which control was acquired.

The most significant consolidation principles adopted when preparing the consolidated financial statements are outlined below.

These principles have been applied on a uniform basis to all of the reporting periods presented in this document, except as otherwise stated.

The consolidated financial statements have been prepared on a going concern basis. The Directors have concluded that, notwithstanding the difficult economic and financial environment, there are no going concern issues.

Subsidiaries

Subsidiaries are entities over which the Group exercises control as defined by the new IFRS 10 – Consolidated financial statements. KOS S.p.A. controls an entity when, through the exercise of its power over the entity, it is exposed or has rights to variable returns, from its involvement with the entity and has the ability to affect those returns. The exercise of power over an entity derives from the existence of rights that give KOS S.p.A. the current ability to direct the relevant activities, also in its interests. In order to assess whether the Group controls another entity, consideration is given to the existence and effect of potential voting rights exercisable or convertible at that time. Subsidiaries are consolidated line-by-line from the date on which control is transferred to the Group and deconsolidated from the date on which control ends.

Whenever necessary, adjustments were made to the subsidiaries' financial statements in order to bring the accounting standards into line with those adopted by the Group.

Consolidation is performed on a line by line basis. The assets and liabilities, income and expenses of the subsidiaries are included on a line by line basis in the consolidated financial statements. The carrying amount of the equity investments is eliminated against the corresponding portion of the equity of the subsidiaries after giving individual assets, liabilities and contingent liabilities their present value at the date control was acquired. Any remaining, positive difference is allocated to the non-current asset balance "Goodwill".

If, after a further check, the acquisition cost is below the fair value of net assets of the subsidiary acquired, the difference is directly accounted for in an equity reserve.

The statement of financial position and profit or loss effects of intercompany transactions are eliminated.

Unrealised losses are eliminated and are considered as an indicator of impairment of the asset transferred.

Associates

Associates are companies over which the Group exercises significant influence over financial and operational policies, as defined in IAS 28 – Investments in Associates but without their being subsidiaries or joint ventures. The consolidated financial statements include the Group share of the profit or loss of associates, accounted for using the equity method, from the date the significant influence began until the date that it ends. When the Group's share in the losses of an associate exceeds the carrying amount of the investment, the amount of the investment is fully impaired and the amount of any additional losses is not recognised except insofar as the Group is required to cover them. In the event of transactions between Group companies and associates, any gains and losses are eliminated on the basis of the percentage of interests held.

Joint ventures

These are companies in which the Group has a share of control established by contract or, for which, there are contractual agreements whereby two or more parties undertake a business activity subject to common control. Investments in joint ventures, which cannot be classed as joint operations, are accounted for using the equity method from the date on which common control commences until the date it ceases to exist.

Business combinations and goodwill

When businesses or business units are acquired from third parties, including through merger or transfer, the assets, liabilities and contingent liabilities acquired and identifiable are recorded at fair value as at the acquisition date.

Any positive difference between the acquisition cost and the fair value of such assets and liabilities is recognised in goodwill and classified as intangible asset with an indefinite useful life.

Any negative difference ("Negative goodwill") is charged to profit or loss when the acquisition takes place.

Costs relating to business combinations are recognised in profit or loss.

Goodwill is initially recorded at cost and subsequently decreased for impairment loss. Once a year – or more frequently if specific events or altered circumstances suggest the possibility of an impairment of value – the goodwill undergoes an impairment test in accordance with IAS 36 (Impairment of Assets); the original value is not restored if the reasons that led to the impairment cease to apply.

Goodwill is never revalued, not even under specific legislation, and any impairment losses are never re-verses.

Any liabilities relating to business combinations for conditional payments are recognised on the date of acquisition of the businesses and the going concerns relating to the business combinations.

If all or part of a business previously acquired is sold and goodwill arose upon that acquisition, the value attributable to goodwill is taken into account when the gain or loss on disposal is calculated.

Non-controlling investors

The portion of equity attributable to non-controlling interests in consolidated subsidiaries and the portion of the profit or loss for the year of consolidated subsidiaries attributable to non-controlling interests are disclosed separately in the statement of financial position and in the statement of profit or loss. Losses attributable to non-controlling interests that exceed their share of the subsidiary's equity are allocated to equity attributable to non-controlling interests. Changes in the percentage of interests in subsidiaries that do not lead to the acquisition/loss of control are recorded as changes in equity.

Acquisition of non-controlling interests

Once control of an entity has been obtained, any transactions in which the parent acquires or sells non-controlling interests without affecting its control over the subsidiary are owner transactions and must be recognised in equity. It follows that the carrying amount of the controlling investment and non-controlling interests must be adjusted to reflect the change in the interest in the subsidiary and any difference between the amount of the adjustment to non-controlling interests and the fair value of the consideration paid or received for the transaction is recorded directly in equity and allocated to the shareholders of the parent company. There are no adjustments to the amount of goodwill and to profits or losses recorded in the statement of profit or loss. Charges relating to such transactions must be recorded in equity in accordance with Paragraph 35 of IAS 32. IFRS 10 establishes that once control over an entity has been obtained, transactions whereby the parent acquires or disposes of additional non-controlling interests without altering its control over the subsidiary are owner transactions and must be recognised in equity.

Intercompany dividends

Dividends paid between Group companies are eliminated from the statement of profit or loss.

2.4 Main accounting policies

NON-CURRENT ASSETS

Intangible assets

As defined by IAS 38 (Intangible assets), intangible assets are identifiable assets without physical substance that are controlled by the entity and from which future benefits are expected.

These non-current assets also include “goodwill” when it is acquired against consideration.

Intangible assets and goodwill are recorded at purchase cost including any related expenses and expenses needed to make the asset available for use. They are stated net of accumulated amortisation and impairment losses.

Intangible assets with a finite useful life are amortised on a straight line basis over their expected useful life i.e. the estimated period over which the assets will be used by the entity. Intangible assets with a finite useful life are tested for impairment annually or whenever there is an indicator of impairment. It is assumed that their residual value at the end of the useful life will be zero unless third parties have made a commitment to purchase an asset at the end of its useful life or if there is an active market for the intangible asset.

Other intangible assets with an indefinite useful life are not amortised but subjected to an impairment test at least on an annual basis. The test performed is described in the “Impairment of assets” paragraph.

Upon disposal of all or part of a business previously acquired and whose acquisition led to the emergence of goodwill, the carrying amount of the goodwill is taken into account when determining the gain or loss on disposal.

Property, plant and equipment

Property, plant and equipment owned by the group is recognised at purchase or production cost including any related expenses and direct costs necessary to make the asset available for use. When such assets form part of the acquisition of an entity, they are recorded at fair value at acquisition date.

Ordinary repair and maintenance costs are charged to the statement of profit or loss for the year in which they are incurred. Extraordinary maintenance costs that lead to a significant and tangible increase in the productivity or useful life of an asset are recorded as an increase in the carrying amount of the asset and are depreciated over its useful life.

Leasehold improvements are recorded under the appropriate asset category.

Individual components of an asset with different useful lives are recorded separately and depreciated over their useful lives using a component based approach.

If it is probable that the group will enjoy the future benefits resulting from the cost incurred to replace a component of property, plant and equipment and the cost of that component can be reliably determined, said cost is recorded as an increase to the carrying amount of the component in question.

Tangible assets are depreciated on a straight line basis every year over a depreciation period that reflects their estimated useful lives. They are shown in the statement of financial position net of accumulated depreciation based on their remaining useful lives.

If there are indicators of impairment, property, plant and equipment undergo an impairment test. The test performed is described in the “Impairment of assets” paragraph. Any impairment losses can later be reversed.

Pursuant to revised IAS 23 “Borrowing costs”, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset in relation to which the Group has commenced an investment, incurred borrowing costs or begun preparing the asset for its intended use or sale are capitalised as from 1 January 2009. The changes to this accounting standard have not had a significant effect on the consolidated financial statements of the KOS Group.

Right-of-use assets

Upon first-time application of IFRS 16 in 2019, for all leases with a term of more than 12 months, the Group recorded the right-of-use assets - and the related financial liabilities (“Lease liabilities”), representing the obligation to make the payments required by the lease, in its Statement of Financial Position.

Right-of-use assets are recognised at cost i.e. the initial amount of the financial liability, as adjusted for any payments made in prior periods or at the start date of the lease, as increased for any expenses directly incurred to make the asset ready for use, plus any dismantlement or removal costs that will be incurred as a result of contractual obligations to restore the asset to its original condition (minus any incentives received).

The right-of-use asset is depreciated on a straight-line basis over the shorter of the useful life of the Right of Use itself and the term of the lease. At every reporting date or in the presence of indicators or events that make it necessary, the group shall revise and update the residual amount of the asset.

The financial liability is recorded at the net present value of future payments over the term of the lease, as discounted at the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Group’s incremental borrowing rate. Any contractual renewals or extensions are considered when determining the financial liability and are, therefore, considered for the purposes of the lease term only where it is highly probable that the renewal option will be exercised.

The financial liability is measured using the amortised cost method and is remeasured in case of changes regarding the exercise of options to renew or terminate the lease, with a consequent change to the carrying amount of the related right-of-use asset.

The financial liability was determined by discounting expected future payments at the marginal borrowing rate of the leases.

With regard to renewal options, management has adopted a policy for the determination of lease terms that is consistent with the time cycle of the business in which it operates (i.e. for the period for which management believes it is reasonably certain that the lease will be continued).

In more detail, the Group focuses on the management of healthcare facilities for medium/long-term periods and it adopts an investment policy that provides a financial return on investments within a period of 10 years. Therefore, in order to identify a lease term that represents a period consistent with that used by management to evaluate an investment opportunity and taking account of elements of long-term uncertainty that characterise the business in which it operates, the Group believes, at the date of signature of a real estate lease, that the likelihood of exercising the renewal option may be considered reasonably certain in relation to contracts with a non-cancellable period of less than or equal to 10 years. For contracts with a non-cancellable period of more than 10 years (i.e. 12 years), KOS Group management believes it does not have access to information enabling it to assess whether or not it is reasonably certain that such contracts will be renewed at the end of the non-cancellable period. For contracts where the Group does not consider the option period to be reasonably certain, management believes that renewal will be reasonably certain when the option period enters into the period of time covered by the business plan. For example, in the case of a 12+12 contract (i.e. a contract for 12 years with an option for 12 more years), renewal will be reasonably certain (and the financial liability relating to the option period will be recorded together with the accompanying right-of-use asset) at the end of the 8th year of the contract because, during that year, when preparing the business plan for the next five years, management will have to decide whether or not to exercise the renewal option (and include the related cash flows in the business plan structure). Moreover, five years is a period of time within which it may be considered reasonable not to exercise the renewal option and focus instead on alternative locations.

With regard to the interest rate used to discount right-of-use assets, the Group considered the margin on mortgage loans, based on the term of the lease contract. Therefore, it used rates of between 1.25% and 6.6% to calculate the right-of-use asset.

The impact of adoption of the IFRS on the Group's consolidated financial statements is shown below:

<i>(eur/000)</i>	2024	IFRS 16 impact	2024 IFRS 16
REVENUE	798,807		798,807
PURCHASES	(51,868)		(51,868)
SERVICES	(231,217)	80,869	(150,348)
PERSONNEL EXPENSE	(408,015)		(408,015)
OTHER OPERATING INCOME	9,943	762	10,705
OTHER OPERATING COSTS	(34,763)		(34,763)
IMPAIRMENT LOSSES ON EQUITY-ACCOUNTED INVESTMENTS	77		77
GROSS OPERATING PROFIT	82,964	81,631	164,595
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND PROVISIONS	(31,624)	(65,572)	(97,196)
OPERATING PROFIT	51,340	16,059	67,399
FINANCIAL INCOME	3,824		3,824
FINANCIAL EXPENSE	(17,221)	(21,535)	(38,756)
DIVIDENDS	44		44
PRE-TAX PROFIT	37,987	(5,476)	32,511
INCOME TAXES	(12,418)	1,180	(11,238)
PROFIT FROM DISCONTINUED OPERATIONS	-		-
PROFIT FOR THE YEAR INCLUDING NON-CONTROLLING INTERESTS	25,569	(4,296)	21,273

<i>(eur/000)</i>	<i>31/12/2024</i>	IFRS 16 impact	31/12/2024 IFRS 16
NON-CURRENT ASSETS	645,857	732,419	1,378,276
INTANGIBLE ASSETS	371,382		371,382
PROPERTY, PLANT AND EQUIPMENT	236,579		236,579
RIGHT-OF-USE ASSETS	17,805	722,041	739,846
INVESTMENT PROPERTY	2,242		2,242
EQUITY-ACCOUNTED INVESTMENTS	747		747
OTHER EQUITY INVESTMENTS	1,825		1,825
CREDITI COMMERCIALI	-		-
OTHER ASSETS	1,941		1,941
TITOLI	-		-
OTHER FINANCIAL ASSETS	-		-
DEFERRED TAX ASSETS	13,336	10,378	23,714
CURRENT ASSETS	220,062	-	220,062
INVENTORIES	4,182		4,182
FINANCIAL ASSETS WITH THE PARENT	1,636		1,636
TRADE RECEIVABLES	94,833		94,833
OTHER ASSETS	12,962		12,962
FINANCIAL ASSETS	8,830		8,830
TITOLI	-		-
OTHER FINANCIAL ASSETS	57,987		57,987
CASH AND CASH EQUIVALENTS	39,632		39,632
ASSETS HELD FOR SALE	-	-	-
TOTAL ASSETS	865,919	732,419	1,598,338
LIABILITIES AND EQUITY			
EQUITY	401,010	(38,252)	362,758
SHARE CAPITAL	8,853		8,853
RESERVES	31,070		31,070
RETAINED EARNINGS	355,440	(38,252)	317,188
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	395,363	(38,252)	357,111
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	5,647		5,647
NON-CURRENT LIABILITIES	191,614	712,301	903,915
BONDS	-		-
OTHER LOANS AND BORROWINGS	143,981		143,981
LEASE LIABILITIES	8,819	712,301	721,120
TRADE PAYABLES	710		710
OTHER LIABILITIES	147		147
DEFERRED TAX LIABILITIES	14,587		14,587
PROVISIONS FOR PERSONNEL	19,313		19,313
PROVISIONS FOR RISKS AND CHARGES	4,057		4,057
CURRENT LIABILITIES	273,295	58,370	331,665
BANK OVERDRAFTS	-		-
BONDS	35,252		35,252
DEBITI FINANZIARI VERSO CONTROLLANTE	-		-
OTHER LOANS AND BORROWINGS	46,504		46,504
LEASE LIABILITIES	1,482	60,301	61,783
FINANCIAL LIABILITIES WITH THE PARENT	8,435		8,435
TRADE PAYABLES	70,656		70,656
OTHER LIABILITIES	75,605	(1,931)	73,674
PROVISIONS FOR RISKS AND CHARGES	35,361		35,361
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE	-	-	-
TOTAL LIABILITIES AND EQUITY	865,919	732,419	1,598,338

Investment property

The Group's investment property includes real estate properties not used in its ordinary operating activities.

Investment property was recorded when allocating part of the price paid for the Sanatrix Group at fair value based on their state of use. Fair value is determined on the basis of specific valuations commissioned from a leading independent valuation firm.

Costs incurred post-acquisition are only capitalised if they lead to an increase in the future economic benefits from the asset to which they relate. All other costs are recorded in profit or loss when they are incurred. After the date of initial recognition, the Group has chosen to adopt the cost method.

Depreciation is determined on a straight-line basis over the estimated useful life of the property based on the independent valuation as above.

Land is not depreciated.

Government Grants

Government grants are recognised when, irrespective of whether or not they have been formally approved, it is reasonably certain that the recipient company will satisfy the conditions for approval and the grant will be received.

Capital grants are recorded in the statement of financial position as deferred income – then taken to profit or loss over the useful life of the asset in relation to which they were granted, in such a way as to reduce the depreciation charge – or by deducting them directly from the asset to which they relate.

Government grants available to reimburse expenses or costs already incurred or to provide immediate financial assistance to the recipient company without there being any related future costs are recorded as income in the period in which they become available.

Impairment of assets

The carrying amount of the intangible assets and property, plant and equipment of the KOS Group is measured whenever there are internal or external indications that the value of the asset or Cash Generating Unit ("CGU") has been impaired).

At every reporting date, the Group reviews the carrying amount of its property, plant and equipment, intangible assets and equity investments to ascertain if there are any indicators of impairment. In any case, goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually. If there are indicators of impairment, the recoverable amount of the assets is estimated so as to determine the amount of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. When determining the value in use, the estimated future cash flow is discounted to present value at a rate that reflects current market valuations of the value of money and the specific risks relating to the asset.

If the estimated recoverable amount of an asset (or a cash generating unit) is lower than its carrying amount, the latter is reduced to bring it into line with the recoverable amount. Any impairment is recorded immediately in profit or loss.

Except for goodwill, an impairment loss is reversed when there is an indication that the impairment no longer exists or when there has been a change in the valuations used to determine recoverable amount. The carrying amount after the reversal of an impairment loss shall not exceed the carrying amount that would have emerged (after amortisation) if the impairment loss had never been recorded.

Investments in other entities

Investments in other entities that constitute non-current financial assets not held for trading (i.e. FVOCI equity investments) are initially recognised at fair value, if determinable, and gains and losses from changes in fair value are directly allocated to equity until the investments are transferred or their value is impaired. At that time, all of the gains or losses previously recorded under equity are taken to profit or loss. In the event of impairment, the initial value is not restored if the conditions that led to the impairment cease to apply.

Investments in other entities whose fair value is not available are recorded at cost, as impaired through profit or loss. The risk of impairment losses in excess of the carrying amount of the investment is recorded in a specific allowance to the extent that the investor is required to fulfil legal or other obligations towards the investee or, in any case, to cover its losses.

Investments in real estate funds are measured at FVTPL.

Dividends received from such entities are included in the line item profits (losses) from equity investments.

CURRENT ASSETS

Inventories

Inventories are recorded at the lower of purchase or production cost – determined under the weighted average cost method – and estimated realisable value.

Trade receivables and other financial assets

Trade receivables and other financial assets are initially recorded at fair value which is normally equal to their nominal value except in cases where, due to significant delays in collection, it is determined applying the amortised cost method, where considered relevant; at the reporting date, they are stated at estimated realisable value and adjusted for impairment.

Trade receivables, financial assets with the parents, subsidiaries and associates and other financial assets are initially recognised at fair value i.e. the amount of the consideration less any directly attributable transaction costs. After initial recognition, they are stated at amortised cost, where considered significant, as adjusted for impairment. The group recognises credit losses through a loss allowance. However, when it is certain that it will not be possible to recover the amount due, the financial asset in question is adjusted directly for the amount considered irrecoverable.

Impairment losses are determined based on the ability to pay of the individual debtors, also taking account of the specific characteristics of the underlying credit risk, bearing in mind the information available and past experience.

Trade receivables and other current and non-current financial assets are financial instruments, mainly relating to trade receivables, not derivatives and not listed on an active market, from which fixed or determinable payments are expected. Trade receivables and other financial assets classified in the Statement of Financial Position under current assets except for those with a contractual maturity date more than twelve months after the reporting date which are classified as non-current assets.

These financial assets are recognised when the group becomes party to the related contracts. Financial assets disposed of are derecognised as assets in the Statement of Financial Position when the right to receive cash flows is transferred together with all of the risks and rewards associated with the asset in question.

These assets are originally recognised at fair value and, subsequently, at amortised cost, using the effective rate of interest, as adjusted for impairment. They are measured based on the impairment model under IFRS 9 whereby the group measures the assets on an Expected Loss basis.

Impairment losses on financial assets are recognised in the Statement of Profit or Loss when there is objective evidence that the group will be unable to recover the receivable on the basis of the contractual terms.

The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the pre-sent value of expected future cash flows.

Financial assets are reported net of the related loss allowance. Impairment losses recognised as per IFRS 9 are recognised in profit or loss net of any impairment gains.

Factoring of trade receivables

Trade receivables transferred under factoring transactions are only eliminated from the assets side of the statement of financial position if the related risks and benefits have been substantially transferred to the factor. Factored trade receivables that do not fulfil this requirement remain on the Group's statement of financial position even though they have been legally transferred. In such cases, a financial liability for the same amount is recorded for the factoring advances received.

Tax assets

Tax assets are recorded at fair value and include amounts receivable from the tax authorities or that can be offset in the short term. See also under "Income taxes".

Other current assets

Other current assets are recorded at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank balances that can be accessed immediately.

Cash equivalents include short-term investments, immediately accessible and readily convertible into cash and not subject to any significant risk of change.

Amounts are recorded at amortised cost, as adjusted for any risk of default by the counterparty. Any foreign currency amounts are recorded at the closing exchange rate.

Impairment losses on cash and cash equivalents have been measured based on expected credit losses in the next twelve months and reflect the short-term maturity of the exposures. Based on the external credit rating of its counterparties, the Group classes the credit risk regarding its cash and cash equivalents as low.

The Group measures expected credit losses relating to cash and cash equivalents using a method similar to that applied to debt securities.

Adoption of the standard has not produced any significant effects on the statement of financial position at the date of initial application of the standard.

Assets and liabilities held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale when it is highly probable that their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The assets or disposal group are usually measured at the lower of carrying amount and fair value less costs to sell. Any impairment loss recognised for a disposal group is, first, allocated to goodwill and, then, to the remaining assets and liabilities on a proportionate basis, except for inventories, financial assets, deferred tax assets, employee benefits, investment property and biological assets which continue to be measured in compliance with the Group's other accounting policies. Impairment losses resulting from the initial classification of an asset as held for sale or for distribution and subsequent measurement differences are recognised in profit/(loss) for the period.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised/depreciated and equity investments recognised under the equity method are no longer recognised using that method.

EQUITY

Ordinary shares are stated at nominal amount. Costs directly attributable to the issue of new shares are deducted from equity reserves, net of any related tax benefit. In case of repurchases of treasury shares recorded in equity, the consideration paid – including directly attributable expenses and net of tax effects – is recorded as a reduction to equity. The consideration received from the subsequent sale or reissue of treasury shares is recognised as an increase to equity. Any positive or negative difference resulting from the transaction is transferred directly to/from retained earnings.

Treasury shares

Treasury shares are classified as a separate item in equity; any subsequent disposal, reissue or cancellation does not have any impact on the statement of profit or loss, only on equity.

Fair Value Reserve

Any unrealised gains or losses – net of tax effects – on financial assets classified as “FVOCI” are recognised in equity under the “fair value reserve”.

The reserve is transferred to profit or loss upon realisation of the financial asset or upon recording an impairment loss.

Hedging reserve

The hedging reserve is generated when changes in the fair value of derivatives designated, for IFRS 9 purposes, as Cash Flow Hedges are recorded. The portion of the gain or loss considered “effective” is recorded in equity and is accounted for in the Statement of Profit or Loss for the periods – and in the manner – in which the hedged items flow through profit or loss for the period in which the related profit or loss effect of the hedged transaction is recorded. Gains or losses related to a hedge considered ineffective are recorded immediately in profit or loss.

CURRENT AND NON-CURRENT LIABILITIES

Financial liabilities

Financial liabilities are measured at amortised cost or at FVTPL. A financial liability is classified at FVTPL when it is held for trading, is a derivative or is designated as such upon initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including interest expense, are recorded in profit or loss for the period. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses and exchange gains/(losses) are recorded in profit or loss for the period, as are any gains or losses due to accounting derecognition.

The Group derecognises a financial liability when the obligation specified in the contract has been fulfilled or cancelled or has expired. The group also derecognises a financial liability in case of a change to the related terms of contract and the cash flows of the amended liability are substantially different. In that case, a new financial liability is recognised at fair value based on the amended terms of contract.

The difference between the carrying amount of the extinguished financial liability and the consideration paid (including assets not represented by cash and cash equivalents transferred or liabilities assumed) is recorded in profit or loss for the period.

Provisions for risks and charges

Allocations to provisions are recognised when: (i) the existence of an actual, legal or implied obligation resulting from a past event is probable; (ii) it is probable that fulfilment of the obligation will involve a cost; (iii) the amount of the obligation can be reliably estimated. Such accruals are recognised at an amount representing the best estimate of the amount that the entity will reasonably pay to extinguish the obligation or to transfer it to third parties at the reporting date. When the financial effect of time is significant and the payment dates of the obligation can be reliably estimated, the provision is discounted. Increases in the provision due to the passage of time are recognised in profit or loss under “Financial income and expense”. The Notes to the consolidated Financial Statements contain a short description of contingent liabilities and, where possible, an estimate of their cash effects, details of uncertainty regarding their amount and when the related cash outflow will take place. No provision is made for future operating costs.

Post-employment benefits

Post-employment benefits are defined, depending on their characteristics, as benefits arising under defined contribution plans and defined benefit plans.

Under defined contribution plans, the company’s obligation – limited to paying over contributions to the State or to a fund or a legally separate entity – is determined based on the contributions due.

Post-employment benefits (*trattamento di fine rapporto -TFR*), compulsory for Italian companies under Article 2120 of the Italian Civil Code, constitute a form of deferred remuneration and depends on the duration of the working life of the employees and the remuneration received during the period of service. With effect from 1 January 2007, the Finance Act and the related decrees of implementation introduced changes to the rules on the TFR. The changes included giving employees the chance to choose where their TFR entitlement was allocated as it accrued (to supplementary pension funds or to the “Treasury Fund” managed by state pensions and social security body INPS).

Therefore, the obligation towards INPS and the contributions towards supplementary pensions are “Defined contribution plans” while the amounts recorded in TFR until 31 December 2006 continue to be “Defined benefit plans” as per IAS 19.

As required by the revised version of IAS 19, actuarial gains and losses are recognised in “Other Comprehensive Income” in the period in which they arise. These actuarial differences are immediately recognised under retained earnings and are not recorded in profit or loss in subsequent periods.

Trade payables and other liabilities

Trade payables and other liabilities are initially recorded at fair value or reduced for any costs incurred in relation to the transaction. They are subsequently stated at nominal value. There is no discounting or separate allocation to profit or loss of explicit or separate interest expense as it is not material in light of the expected payment periods.

Accruals for expected liabilities are liabilities for goods or services that have been received or provided but not paid for and include amounts due to employees and other parties.

The timing and amount of allocations for expected liabilities are subject to less uncertainty than allocations to provisions.

The Group operates almost exclusively on the Italian market. Any foreign currency assets and liabilities are translated at closing exchange rates. Liabilities are initially recorded at fair value at the transaction date i.e. the amount of the consideration agreed with the counterparty, minus directly attributable transaction costs. After initial recognition, they are recorded at amortised cost, where considered significant.

“Other financial liabilities” includes the financial balancing entry to the Statement of Financial Position Asset Caption “Right-of-use assets” as required in application of IFRS 16.

STATEMENT OF PROFIT OR LOSS

Revenue and costs

Revenue for services is recognised when the services are rendered, taking account of the state of completion of the services at the reporting date.

Revenue is stated net of discounts and any directly related taxes. It is recognised in profit or loss when the related risks and benefits are transferred to the purchaser, it is probable that the consideration will be recovered and the related costs can be reliably estimated.

Revenue is recognised at the fair value of the consideration received. Revenue is recognised net of value added tax, expected returns, allowances and discounts.

In accordance with IFRS 15, the Group proceeds to recognise revenue once it has identified the contracts with its customers and the related services to be rendered (transfer of goods and/or services), determined the consideration it believes it has the right to receive in exchange for such services and assessed how the services will be rendered.

Costs are recognised in profit or loss when they relate to goods or services purchased or consumed during the year or by spreading them over a certain period when their future usefulness cannot be identified.

The purchase cost of goods is recorded net of discounts granted by suppliers. Related credits are recognised on an accruals basis in light of information provided by the suppliers.

Dividends

Dividends are recognised when they are approved by the shareholders.

Financial income and expense

Financial income and expense are recorded in profit or loss on an accruals basis, during the re-reporting period in which they are incurred. Borrowing costs incurred for investments in assets it normally takes some time to prepare for use or for sale (qualifying assets) are capitalised and amortised over the useful life of the assets to which they refer.

Earnings per share

Basic:

Basic earnings/(loss) per share is calculated by dividing the Group's profit or loss by the weighted average number of ordinary shares in issue during the reporting period, excluding treasury shares.

Diluted:

Diluted earnings per share is calculated by dividing the Group's profit or loss by the weighted average number of ordinary shares outstanding during the reporting period, excluding treasury shares. When calculating diluted earnings per share, the aforesaid weighted average number of outstanding shares is adjusted to take account of all holders of rights that with a potential dilution effect while the Group's net profit or loss is adjusted to take account of any effect – after tax - of the exercise of these rights.

Pursuant to IAS 33, the dilution effect is only calculated when it leads to lower earnings per share/higher loss per share than the basic earnings/(loss) per share.

Share-based payments

Given their remuneration like nature, personnel expense includes stock options maturing as at the reporting date and the portion of warrants that has matured.

The expense is determined based on the fair value of the right allocated. The amount relating to the period is determined on a proportionate basis over the vesting period.

The fair value of stock options is recognised with the balancing entry made to equity item “Reserves”.

The fair value of stock options and warrants is determined when they are assigned under the scheme using specific models and multiplying the number of options exercisable in the period; the number of options exercisable is determined using appropriate actuarial variables. At the exercise date, the Group revises its estimates of the number of options expected to be exercised, as possibly affected by exercise conditions not based on the market. The impact of any such revision is recorded in profit or loss for the period with a balancing entry made to “Stock Option Reserves” under equity for an amount that means cumulative costs correspond to the revised value based on the updated estimates.

Income taxes

Current income taxes are calculated, for each Group company, based on estimated taxable income. The expected liability is recorded under “Tax liabilities”. Tax liabilities and assets for current taxes are recorded at the amount expected to be paid/recovered to/from the tax authorities by applying the tax rates and the tax regulations currently applicable or substantially approved at the reporting date.

Deferred tax assets and liabilities are calculated based on the “liability method” on temporary differences between the carrying amount of the assets and liabilities in the financial statements and their corresponding tax base. Deferred tax liabilities are recorded on all temporary differences while deferred tax assets are recognised insofar as it is considered probable that there will be future taxable income against which the deductible temporary differences can be offset as they reverse.

The carrying amount of the deferred tax assets is revised at every year end and reduced insofar as it is no longer probable that there will be sufficient taxable income against which to recover all or part of them.

Deferred taxes are charged directly to profit or loss except for those relating to items recorded directly under equity in which case the related deferred taxes are also charged against equity.

Deferred tax assets and deferred tax liabilities are recorded as non-current assets and liabilities. They are offset at individual company level if they relate to offsettable taxation due to the same tax authority and the company intends to liquidate its tax assets and liabilities on a net basis. After offsetting, any net asset is recorded under “*Deferred tax assets*” while any net liability is recorded under “*Deferred tax liabilities*”.

KOS S.p.A. (period 2022-2024), Kos Care S.r.l. (period 2023-2025), Jesilab S.r.l. (period 2022-2024), Sanatrix S.r.l. (period 2022-2024) and Sanatrix Gestioni S.r.l. (period 2022-2024) have joined the Italian Group taxation arrangement set up by ultimate parent CIR S.p.A. in terms of Article 117/129 of the Consolidated Income Taxes Act (*Testo Unico delle Imposte sul Reddito (T.U.I.R.)*).

The companies taking part in the Italian Group taxation arrangement transfer their taxable income or tax loss to the consolidating company. The consolidating company recognises an amount due from companies that transfer taxable income in the amount of the IRES liability. Meanwhile, the consolidating company recognises an amount due to companies that transfer tax losses in the amount of the IRES on the loss actually offset at Group level.

Derivative instruments

Derivative instruments are assets and liabilities stated at fair value.

Derivatives are classified as hedging instruments when there is a genuine, documented hedging relationship and the effectiveness of the hedge – as regularly tested – is high.

The fair value of financial instruments listed on an active market is based on market prices at the reporting date. Meanwhile, the fair value of financial instruments not listed on an active market is determined using valuation techniques based on methods and assumptions linked to market conditions at the reporting date. At the date of signature of the contract, the derivative instruments are initially recognised at fair value as financial assets when fair value is positive or as financial liabilities when fair value is negative. If the financial instruments are not accounted for as hedging instruments, changes in fair value after initial recognition are treated as components of the profit or loss for the period.

When hedging derivatives hedge the risk of changes in the fair value of the instruments being hedged (“fair value hedges”, e.g. hedging of changes in the “fair value” of fixed rate assets/liabilities), the derivatives are recorded at “fair value” with the effects recorded in profit or loss; accordingly, the hedged instruments are restated to reflect changes in fair value associated with the hedged risk.

When the derivatives hedge the risk of changes in cash flow from the hedged instruments (“cash flow hedges”, e.g. hedging of changes in cash flow from assets/liabilities due to interest rate fluctuation), the intrinsic value of the gains or losses on the derivative financial instrument is suspended under equity. Gains or losses relating to a hedge that has become ineffective are recorded in profit or loss. Moreover, if a hedging instrument or a hedging relationship is closed but the hedged transaction has not yet been realised, gains and losses accumulated to date – and recorded under equity until then – are recorded in profit or loss when the transaction in question is realised.

Changes in the fair value of derivatives that do not satisfy the conditions to be classified as hedges are recorded in profit or loss.

FINANCIAL INSTRUMENTS

Recognition and measurement

Trade receivables and debt securities issued are recognised when they originate. All other financial assets and liabilities are initially recognised at the trade date i.e. when the Group becomes a contractual party to the financial instrument.

Except for trade receivables which do not contain a significant financing component, financial assets are initially measured at fair value plus or minus – in the case of financial assets or liabilities not measured at FVTPL – transaction costs directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade receivables without a significant financing component are measured at their transaction price.

Subsequent classification and measurement

Financial assets

Upon initial recognition, financial assets are classified based on measurement criteria: amortised cost, fair value in other comprehensive income (FVOCI) – debt securities; FVOCI – equity securities; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets. In that case, all of the financial assets affected are reclassified on the first day of the first reporting period after the change of business model.

A financial asset shall be measured at amortised cost if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVOCI if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the time of initial recognition of an equity security not held for trading purposes, the Group may choose irrevocably to present subsequent changes in fair value through other comprehensive income. This choice is made for each asset.

All financial assets not classified as measured at amortised cost or at FVOCI, as previously indicated, are measured at FVTPL. This includes all derivative instruments.

At the time of initial recognition, the Group may irrevocably designate the financial asset as measured at fair value through profit or loss if, by so doing, it eliminates or significantly reduces an accounting imbalance that would otherwise arise from measurement of the financial asset at amortised cost or FVOCI.

Financial assets: evaluation of business model

The Group determines the objective of the business model within which the financial asset is held on a portfolio level as this best reflects the way that the asset is managed and information communicated to management. This information includes:

- the stated criteria and the objectives of the portfolio and the practical application of said criteria including, inter alia, if the management strategy is based on obtaining interest income from the contract, on maintaining a determinate interest rate profile, on aligning the duration of the financial assets with that of related financial liabilities or on expected cash flows or on the collection of cash flows through the sale of the assets;
- the portfolio performance evaluation methods and the methods used to the Group's key management personnel;
- the risks that affect performance of the business model (and of the financial assets held within the business model) and the way that such risks are managed;
- the method of remuneration for group management (e.g. if remuneration is based on the fair value of the assets managed or on contractual cash flows collected); and
- the frequency, value and timing of sales of financial assets in prior years, the reasons for sale and expectations regarding future sales.

Transfers of financial assets to third parties through transactions that do not lead to derecognition are not considered sales for the purposes of evaluation of the business model, in line with the fact that the Group continues to report such assets.

Financial assets that satisfy the definition of financial assets held for trading or whose performance is evaluated based on fair value are measured at FVTPL.

Financial assets: assessment to determine if contractual cash flows are represented solely by payments of principal and interest

For measurement purposes, the "principal" is the fair value of the financial asset at the time of initial recognition while the "interest" is the consideration for the time value of money, for the credit risk associated with the amount of principal to be repaid over a given period of time and for other risks and basic costs related to the loan (for example, the liquidity risk and administrative costs), as well as for the profit margin.

When determining if contractual cash flows are represented solely by payments of principal and interest, the Group considers the terms of contract of the instrument. Therefore, it considers whether the financial asset contains a contractual clause that alters the timing or the amount of the contractual cash flows in such a way that it does not meet the following condition. For measurement purposes, the Group considers:

- contingent events that would change the timing or the amount of the cash flows;

- clauses that could alter the contractual coupon rate, including variable rate items;
- elements of prepayment and extension; and
- clauses that limit the Group's demands for cash flows from specific assets (e.g. items without recourse).

The element of prepayment is in line with the criterion of “cash flows represented solely by payments of principal and interest” when the amount of the prepayment substantially represents unpaid amounts of principal and interest accruing on the outstanding principal, that could include a reasonable additional compensation for the early termination of the contract. Moreover, in the case of a financial asset acquired with a premium or a significant discount on the contractual nominal amount, an element that permits or requires a prepayment equal to an amount that substantially represents the contractual nominal amount plus contractual interest accruing (but not paid) (that may include a reasonable additional compensation for early termination of the contract) is accounted for in accordance with this criterion of the fair value of the element of prepayment is not significant at the time of initial recognition.

Financial assets: subsequent measurement and profits and losses	
Financial assets measured at FVTPL	These assets are subsequently measured at fair value. Net profits and losses, including dividends or interest received, are recorded in profit/(loss) for the period.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost in accordance with the effective interest method. Amortised cost is reduced for impairment. Interest income, exchange gains and losses and impairment losses are recorded in profit/(loss) for the period as are any gains or losses due to derecognition.
Debt securities measured at FVOCI	These assets are subsequently measured at fair value. Interest income calculated in accordance with the effective interest method, exchange gains and losses and impairment losses are recorded in profit/(loss) for the period. Other net profits and losses are recorded in other comprehensive income. Upon derecognition, profits or losses accumulated in other comprehensive income are recycled through profit or loss.
Equity securities measured at FVOCI	These assets are subsequently measured at fair value. Dividends are recorded in profit/(loss) for the period unless they clearly represent a recovery of part of the cost of the investment. Other net profits and losses are recorded in other comprehensive income and are never recycled through profit or loss for the period.

Financial liabilities: classification, subsequent measurement and profits and losses

Financial liabilities are classified as measured at amortised cost or at FVTPL. A financial liability is classified at FVTPL when it is held for trading, represents a derivative or is designated as such at the time of initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including interest expense, are recorded in profit or loss for the period. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses and exchange gains/(losses) are recorded in profit or loss for the period, as are any gains or losses resulting from derecognition.

Derecognition

Financial assets

Financial assets are derecognised when the contractual rights to cash flows thereunder expire, when the contractual rights to receive the cash flows from a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or where the Group neither transfers nor maintains substantially all of the risks and rewards of ownership of the financial asset and does not maintain control of the financial asset.

The Group is involved in transactions that provide for the transfer of assets recognised in its Statement of Financial Position but maintains all or substantially all of the risks and rewards resulting from the asset transferred. In such cases, the assets transferred are not derecognised.

Financial liabilities

The Group derecognises a financial liability when the obligation specified in the contract has been fulfilled or cancelled or has expired. The Group also derecognises a financial liability in case of a change to the related terms of contract and the cash flows of the amended liability are substantially different. In that case, a new financial liability is recognised at fair value based on the amended terms of contract.

The difference between the carrying amount of the extinguished financial liability and the consideration paid (including assets not represented by cash and cash equivalents transferred or liabilities assumed) is recorded in profit or loss for the period.

Offsetting

Financial assets and liabilities may be offset and the amount resulting from the offsetting is presented in the Statement of Financial Position if, and only if, the group currently has the legal right to offset such amounts and intends to settle the balance on a net basis or to realise the asset and settle the liability at the same time.

Derivative instruments, including hedge accounting

The Group uses derivative instruments to hedge its exposure to the currency and interest rate risks. Embedded derivatives are separated from the primary contract and accounted for separately when the primary contract does not constitute a financial asset and when certain criteria are met.

Derivative instruments are initially measured at fair value. After initial recognition, derivatives are measured at fair value and related changes are recognised at FVOCI and/or in profit or loss for the period.

The Group designates certain derivative instruments as hedging instruments to cover variability in cash flows relating to highly probable transactions resulting from fluctuation in exchange rates and interest rates. It also designates certain derivatives and non-derivative financial liabilities as hedging instruments for the currency risk regarding a net investment in a foreign operation.

At the outset of the designated hedging relationship, the Group documents the risk management objectives and the strategy for the hedge, as well as the economic relationship between the hedged item and the hedging instrument and whether it is expected that changes in the cash and cash equivalents of the hedged item and the hedging instrument will offset one another.

Cash flow hedges

When a derivative instrument is designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative is recorded in other comprehensive income and presented in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recorded in other comprehensive income is limited to the cumulative change in the fair value of the hedged instrument (at present value) since the outset of the hedge. The ineffective portion of changes in the fair value of the derivative is recorded immediately in profit or loss for the period.

In a cash flow hedging relationship, the Group designates as a hedging instrument only the change in the fair value of the spot element of the forward contract. The change in the fair value of the forward element of the forward exchange contract is accounted for separately as a hedging cost and recorded in equity, in the reserve for hedging costs.

If a planned hedged transaction subsequently leads to recognition of a non-financial asset or liability e.g. inventories, the amount accumulated in the hedging reserve and in the reserve for hedging costs is included directly in the initial cost of the asset or liability at the time of recognition.

For all other planned hedged transactions, the amount shall be reclassified from the hedging reserve and from the reserve for hedging costs to profit or loss for the same period or same periods in which the expected hedged future cash flows have an effect on profit or loss for the period.

If the hedge ceases to meet admissibility criteria or the hedging instrument is sold, expires or is exercised, the hedge accounting ceases prospectively. When hedge accounting of cash flow hedges ceases, the amount accumulated in the hedging reserve remains in equity until, in case of hedging of a transaction including the recognition of a non-financial asset or liability, it is included in the cost of the non-financial asset or liability at the time of initial recognition or, in the case of other cash flow hedges, it is reclassified to profit or loss for the same period or the same periods in which the hedged future cash flows have an effect on profit or loss for the period.

If no more hedged future cash flows are expected, the amount must be reclassified immediately from the hedging reserve and from the reserve for hedging costs to profit or loss for the period.

Hedging of net investments

When a derivative instrument or a non-derivative financial liability is designated as a hedging instrument in relation to the hedging of a net investment in a foreign operation, the effective portion – in the case of derivatives – of the change in the fair value of a derivative instrument, or – in the case of a non-derivative – the exchange gains or losses, are recorded in other comprehensive income or presented in equity in a translation reserve. The non-effective portion is recorded immediately in profit or loss for the period. The amount recorded in other comprehensive income is reclassified to profit or loss for the period as a reclassification adjustment upon disposal of the foreign operation.

2.5 Main assumptions and accounting estimates

When the consolidated financial statements were prepared, several accounting estimates and assumptions were made based on past experience and other factors, including expectations about future events it is reasonable to believe will occur.

Use of accounting estimates

The preparation of the consolidated financial statements and the accompanying notes in accordance with IFRS involves the use by Management of estimates and assumptions that are reflected in the assets and liabilities and in the information disclosed.

The estimates and assumptions used are based on experience and on other factors deemed relevant. Although the on-going review process means that the accounting estimates are increasingly reliable, the actual results may, however, differ from them and, in this case, the effects of any change will be reflected in profit or loss for the period in which the estimate adjustment takes place if the change only regards that period or also in subsequent periods if the adjustment will affect both the current year and future periods.

We summarise below the valuation processes and the key assumptions used by the management when applying the accounting standards with regard to the future that may have a significant impact on the figures reported in the consolidated financial statements or which may lead to the need for adjustments to assets and liabilities in the reporting period following the current one.

Goodwill and non-current assets

Goodwill with an indefinite useful life undergoes an annual impairment test. Any impairment, as ascertained when the carrying amount of the cash generating units to which the goodwill is allocated is higher than its recoverable amount (defined as the higher of value in use and fair value) is recorded by means of an impairment loss. This test requires the Directors to make subjective judgments based on information available within the Group and on the market, as well as based on their past experience. Moreover, when a potential impairment loss is identified, the Group quantifies it using appropriate valuation methods. The same impairment tests and valuation methods are applied to intangible assets and property, plant and equipment with a finite useful life when there are indicators that it will be difficult to recover their carrying amount through use. The proper identification of indicators of impairment and estimates made to quantify the impairment depend on factors that vary over time, affecting the valuations and estimates made by the Directors.

An impairment test was performed on the goodwill and non-current assets recorded in the consolidated financial statements by calculating the value in use of the Cash Generating Units (“CGU”) to which goodwill has been allocated. It should be noted that, given how the Group’s business and size have evolved and considering changes that have redefined the sector in recent years, the Group felt it was appropriate to adapt its organisational structure (by operating segment/division). This reorganisation is also reflected in the redetermination of the CGUs identified for impairment test purposes and provides for a country-based organisation (i.e. Italy and Germany) and a division-based organisation for each country in which each division reflects an operating segment with particular features. The rationale is the need for an organisational model more effective in managing different businesses based on “drivers” and operating methods i.e. with the Care Homes on the one hand and rehabilitation activities on the other. The heads of each operating division have been full control of activities falling under their responsibility.

In accordance with the Group’s organisational and business structure, these CGUs have been identified as homogeneous groupings capable of autonomously generating cash flows through the continuous use of the assets attributable to them. Given that the Group operates in four different operating segments (Care Homes; Rehabilitation, Psychiatric Care and Non-Residential Care, Acute Care; and Cancer Care and Diagnostics), identified in accordance with IFRS 8 (“Operating Segments”), the CGUs identified by management – to which goodwill has been allocated – are as follows: Care Homes Italy, Care Homes Germany, Rehabilitation, Psychiatric Care and Non-Residential Care and Acute Care. The Cancer Care and Diagnostics CGU (which included the segment operating in India) was sold in June 2023.

Value in use was determined by discounting the expected cash flows for each CGU.

This was done using the Discounted Cash Flow Model which requires that future cash flows be discounted at a rate that adequately reflects the risks.

Further information on the method adopted is provided in the note on “Impairment of assets” and in note 16 “Intangible assets”.

The 2025-2029 business plan approved by the KOS S.p.A. Board of Directors, used as the basis for the impairment test, is based on variables that can be controlled by Group management and on assumptions regarding variables that cannot be directly controlled or managed by Group Management.

The plan was drawn up based on detailed forecasts for each Group healthcare facility and using specific key value drivers.

The main estimates made when preparing the Business Plan that formed the basis for the impairment test regarded the hypothesis that Group activities relate to essential services, are sustained by growing demand and will continue to be supported by the Italian National Health Service to a significant degree, despite limitations on public health spending.

General assumptions

- We estimate constant growth driven by demographic factors such as an increase in the percentage of the population over 80 years of age. This age group requires greater and more highly qualified assistance and is expected to grow sharply in the coming years.
- Public expenditure, linked to the National Health Fund, will grow (despite decreasing as a percentage of GDP) in line with the official forecasts of the Budget Law (with an overall level of expenditure on long-term care of Euro 13.4 billion).
- At the same time, private health spending is expected to increase – it currently amounts to around Euro 46 billion on the Italian market, representing more than 25% of total public health spending.
- The structural gap in the labour market regarding healthcare personnel is monitored, especially with regard to nurses; this could put pressure on increased labour costs during the Plan period.
- On a legislative level, the effects resulting from reforms like the “Elderly Law” and the “Competition Law” – which could impact patient acceptance and lead to periodical reviews of the economic terms of public contracts – have been analysed. However, it was not possible to determine the actual effects and

timing of these reforms as they are still at the discussion stage. Finally, pressure for the renewal of private sector collective agreements should enable an increase in public tariffs in 2025 and 2026.

In addition to these general assumptions, the specific assumptions made for each CGU are listed below:

General assumptions regarding Care Homes Italy CGU

- Gradual return to pre-pandemic volume levels thanks to growing demand for care services in dedicated facilities and, partially, to home care (the levels of which are well short of NRRP targets). The increase in demand highlights the need to strengthen the supply of long-term care both in dedicated facilities like hospitals and care homes and through home care.
- Despite the growth seen in recent years, Italy still has a low number of care home beds compared to other large European countries, with high demand easily outstripping supply;
- The supply is concentrated in Northern Italy and the market is fragmented with private operators representing 25% of the total supply, while there has been an increase in the percentage contributed by Co-operative Companies.

Assumptions regarding Care Homes Germany CGU

- Generally speaking, the German market shows a decent recovery in post-pandemic activities. The current market consists of a total of 5 million people in need of assistance, with annual growth of 1%. 20% of these people require some form of hospital care against around 0.9 million available beds. As demand is greater than supply, an increase in the number of patients will depend mainly on the availability of beds and staff;
- A significant, systematic tariff review is expected in 2025, as was the case in 2024. These tariffs are negotiated with the aim of covering operating costs, using the cost-plus approach. Tariffs could also be impacted by the effects of collective bargaining and regulatory/legislative reform;
- The German labour market is characterised by low unemployment rates that make it highly competitive. This leads to difficulties in finding qualified health personnel, as evidenced by the high turnover rate of nursing staff;
- From a regulatory perspective, the main effect regards the redefinition of nursing categories, with the introduction of a new category of nurses with a training period of just one year; this could have possible consequences from an operating point of view and on the make-up of health personnel.
- The competitive scenario has improved overall compared to 2023, when several small to medium-sized players faced financial difficulties and some facilities showed signs of insolvency. In 2024, the only significant M&A activity was carried out by the Alloheim Group which acquired 27 nursing homes from the Katharinenhof Group.

Assumptions regarding Rehabilitation, Psychiatric Care and Non-Residential Care CGU

- Demand for mental health services remains high. At present, around 4.8 million people suffer from psychiatric disorders. This number is expected to increase due to a mix of demographic and social factors. At present, fewer than 1 million people are being treated;
- The limited number of patients treated is linked to lower availability of beds and dedicated staff than in the main European countries. Public spending on mental health accounts for only around 3% of the national health fund;
- In some regions, the supply of mental health facilities is still limited; moreover, there is also a limited number of accredited private facilities for acute patients;
- The number of rehabilitation beds in Italy is stable but still below the European average. Geographically, the highest concentration is in the North-West where there is a good presence of accredited private facilities.

Assumptions regarding Acute Care CGU

- The concession to operate Suzzara Hospital ended in 2024; nonetheless, for impairment purposes, the group has tested the value of the investment reported by the parent company and confirmed it is consistent with the equity of the subsidiary.
- More private services – surgery, care home and outpatient treatment.

Should the main estimates and assumptions made in the plan change, leading to different impairment test results, the value in use and the result actually achieved in terms of realisable value of the assets may change too. Therefore, the Group cannot guarantee that goodwill and other assets reported at 31 December 2024 will not be impaired in future periods.

Other equity investments

Equity investments are considered as belonging to the fair value in other comprehensive income category, except for investments in real estate funds which must be measured at FVTPL. This is considering the failure to meet significant influence requirements and taking account of the fact that the following circumstances exist in relation to these equity investments:

- there is no representation on the Board of Directors
- there is no participation in the decision-making process
- there are no significant transactions
- there is no exchange of management personnel or supply of key technical information

These equity investments are recorded at cost except for the investment in Apokos which is measured at equity.

Fair value of derivative instruments

For the purposes of these consolidated financial statements it was necessary to determine the fair value of:

- 1 *Interest Rate Cap* contract

The above derivative instrument was entered into in order to hedge the interest rate risk and it was closed during 2024.

As the conditions laid down by IFRS 9 for the application of hedge accounting were not respected in full, the above instrument has been measured at FVTPL.

For the purposes of these consolidated financial statements, the fair value of hedging derivatives in place at 31 December 2024 had to be determined. See paragraph “3.6 *Accounting for hedging transactions*” for details.

Stock options and warrants

For the purposes of these consolidated financial statements, the profit or loss and financial position effects of the stock option plan and warrants in place for some members of the Board of Directors and employees of KOS S.p.A. and its subsidiaries has to be accounted for.

The cost of the plan was determined by estimating the fair value, at the date of assignment, of the rights assigned in prior years to the individual members of the plan, as revised to take account of the vesting conditions at the reporting date.

Amortisation and depreciation of intangible assets and property, plant and equipment

Property, plant and equipment and intangible assets with a definite useful life are depreciated and amortised on a straight line basis over their useful lives.

Useful life is intended as the period over which the assets will be used by the group.

It is estimated based on past experience for similar assets, on market conditions and on other events that could have an influence on useful life e.g. significant technological progress or change.

This means that the actual economic life may differ from the estimated useful life.

The Group normally tests the validity of the estimated useful life of each asset category on a periodical basis. These tests could lead to changes in the depreciation/amortisation periods and in depreciation/amortisation charges in future years.

Accruals to the loss allowance

When assessing the recoverability of its financial assets, the Group makes forecasts regarding the ability of its debtors to pay, taking account of the information available and considering past experience.

The actual recoverable amount of financial assets may differ from the estimated value due to uncertainty over the conditions based on which ability to pay was determined.

The loss allowance represents the directors' best estimate of credit losses. As required by IFRS 9, impairment is determined based on the expected credit loss model. The expected credit loss model performs an assessment based on the impact of changes in economic factors on expected credit losses, as weighted based on the likelihood of occurrence.

Contingent liabilities

The Group makes provision for risks and charges based on assumptions that essentially relate to the amounts that would reasonably be paid to extinguish payment obligations relating to past events.

Litigation and disputes involving action against the Group can involve complex and difficult legal problems that might be subject to varying levels of uncertainty, in relation to the facts and circumstances of each case and the different laws applicable. The estimate made as a result is based on a thorough process with the involvement of legal and tax experts leading to a subjective judgment being made by Group management. The amounts actually paid to settle the payment obligations or transfer them to third parties may differ significantly from the amount estimated when the provisions are created.

Provision is made for the risk of a negative outcome for legal and tax risks. The amount of the provisions recorded in relation to such risks represents the directors' best estimate at the reporting date. This estimate involves making assumptions that depend on factors that could change over time and that could have significant effects on the current estimates made by the directors when preparing the Group's consolidated financial statements.

Employee benefits

Liabilities for post-employment benefits for employees are determined applying actuarial methods.

These methods require several work-related and demographic estimates to be made (likelihood of death, disability, end of working life, etc.) as well as economic/financial estimates (technical discount rate, rate of inflation, percentage increase in remuneration, rate of increase in TFR).

The validity of the estimates made essentially depends on the stability of the regulatory background, on market interest rate trends, on salary trends and on how often employees request advance payments.

Taxation

Current taxation for the year is calculated based on estimated taxable income, applying the tax rates in force when the financial statements are prepared.

Deferred tax assets and liabilities are calculated on temporary differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases; they are calculated based on the tax rates expected to be in force when the assets are realised or the liabilities extinguished. Deferred tax assets are recognised where it is considered probable that they will be recovered. This probability depends on the existence of future taxable income against which deductible temporary differences can be offset. The most recently approved business plans were used to evaluate whether or not there would taxable income in future years; these business plans contain assumptions and estimates that are periodically reviewed so as to confirm that they can be realised.

2.6 ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED FOR THE FIRST TIME FROM 1 JANUARY 2024

Details of the new standards and/or the standards amended by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) whose application is obligatory with effect from the 2024 reporting period are provided below.

Document title	Issue date	Effective date	Endorsement date	EU Regulation and publication date
Lease liability in a sale and leaseback (Amendments to IFRS 16)	September 2022	1 January 2024	20 November 2023	(EU) 2023/2579 21 November 2023
Classification of liabilities as current or non-current (Amendments to IAS 1) and Non-current liabilities with covenants (Amendments to IAS 1)	January 2020 October 2022	1 January 2024	19 December 2023	(EU) 2023/2822 20 December 2023
Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)	May 2023	1 January 2024	15 May 2024	(EU) 2024/1317 16 May 2024

Adoption of the accounting standards, amendments and interpretations set out in the above table did not have any significant effect on the Group's financial position or on its profit or loss.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS RECENTLY ENDORSED BY THE EUROPEAN UNION AT 31 DECEMBER 2024

Details of international financial reporting standards, interpretations, amendments to existing standards and interpretations i.e. specific provisions contained in the standards and interpretations approved by the IASB are provided below, together with an indication of those endorsed or not endorsed for adoption in Europe at the date of approval of this annual report.

Document title	Issue date	Effective date	Endorsement date	EU Regulation and publication date
Lack of exchangeability (Amendments to IAS 21)	August 2023	1 January 2025	12 November 2024	(EU) 2024/2862 13 November 2024

An assessment of the effect these standards, amendments and interpretations will have on the Group is in progress. The Directors do not expect their adoption to produce any significant effects.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AT 31 DECEMBER 2024

As at 31 December 2024, the competent bodies of the European Union had not yet completed the endorsement process necessary for adoption of the accounting standards and amendments shown below. An assessment of the possible effect that these standards, amendments and interpretations will have on the Consolidated Financial Statements is still in progress.

Document title	Date of issue by the IASB	Effective date of IASB document	Date of expected EU endorsement
New IFRS			
IFRS 14 Regulatory deferral accounts	January 2014	1 January 2016	Endorsement process suspended with new accounting standard on “rate-regulated activities” awaited
IFRS 18 Presentation and disclosure in financial statements	April 2024	1 January 2027	TBD
IFRS 19 Subsidiaries without public accountability: disclosures	May 2024	1 January 2027	TBD
Amendments to IFRS			
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	September 2014	Postponed until completion of the IASB project on the equity method	Endorsement process suspended until completion of the IASB project on the equity method
Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)	May 2024	1 January 2026	TBD
Annual improvements - Volume 11	July 2024	1 January 2026	TBD
Contracts referencing nature-dependent electricity (Amendments to IFRS 9 and IFRS 7)	December 2024	1 January 2026	TBD

There has been no early application of accounting standards or interpretations whose application would be obligatory for periods commencing after 31 December 2024. The Directors are currently evaluating the possible effect of the introduction of these amendments on the Group’s consolidated financial statements; no significant effects are expected at present.

3 Information on risks and financial instruments

3.1 Definition of risks

The Group’s business activities are exposed to a range of financial risks that could affect its financial position, financial performance and cash flows because of their impact on operations in financial instruments. The main categories of risks to which the Group is exposed are summarised below:

- a) credit risk;
- b) liquidity risk;
- c) market risk (currency risk, interest rate risk and other price risks).

The extent of the Group’s exposure to each category of financial risk identified is analysed below.

Credit risk

The credit risk represents the risk of incurring a financial loss because of failure by third parties to fulfil a payment obligation.

The Group has several groupings of trade receivables depending on the nature of the activities carried out by each operating company and on their customer base. The risk is mitigated by the fact that credit exposure is spread across a large number of counterparties. For instance, trade receivables are less concentrated in the nursing home sector where more than half of revenue comes from the persons resident in the nursing homes and trade receivables from public sector bodies (mainly ASLs and municipalities) are due from many different entities. In contrast, trade receivables are more highly concentrated in the hospital management segment as almost all revenue is generated by a smaller number of counterparties.

Credit risk monitoring is performed based on the type of counterparty, the age of the receivable, any past history of financial problems or disputes and the presence of any ongoing legal or insolvency proceedings.

The Group normally creates a loss allowance that represents a broad estimate of its expected credit losses as determined based on an analysis and assessment of each individual balance.

The credit risk relating to trade receivables is monitored centrally by the Finance Department which reviews the credit exposure on an ongoing basis. This process leads to an impairment loss that ranges from 1% to 100% depending on the age of the receivable. Further information on the review of the status of trade receivables and other – current and non-current financial assets – is provided in the table in Note “3.3 *Additional disclosures on financial assets*”.

Liquidity risk

The liquidity risk, or funding risk, is the risk that the Group might have difficulty in raising – at reasonable conditions – the funds needed to fulfil its commitments under financial instruments.

The group’s objective is to implement a financial structure which, in line with business objectives, guarantees an appropriate level of liquidity, minimises the related opportunity cost and maintains a good balance in terms of duration and composition of debt.

The liquidity risk to which the Group is exposed arises in relation to its obtaining loans to fund operating activities in a timely manner or in relation to failure to comply with the covenants imposed by certain loans arranged by the Group leading to the lending institutions having the right to demand early repayment of the loans. Cash flow, the funding requirements and the liquidity of Group companies are centrally monitored or managed by the Finance Department with the aim of ensuring that financial resources are effectively and efficiently managed.

The three main factors that are essential to determining the Group liquidity situation are:

- cash generated or absorbed by operating and investing activities;
- maturity and renewal terms of debt or liquidity of financial assets, as well as market conditions;
- investment and development activities of the parent KOS S.p.A.

The Finance Department has adopted a series of policies and procedures aimed at optimising management of financial resources, thus reducing the liquidity risk:

- constant monitoring of forecast cash requirements so that any action necessary can be taken in good time (arrange additional lines of credit, share capital increases, etc.).
- arrangement of adequate lines of credit;
- optimisation of liquidity, using cash pooling where feasible;
- correct composition of net financial indebtedness given capex made;
- regular, centralised control of collection and payment flows;
- maintenance of an adequate level of available liquidity;
- diversification of means and sources for raising financial resources;
- regular monitoring of future liquidity in relation to the business planning process;
- regular control of compliance with covenants imposed by loans arranged.

Management believes that existing funds and lines of credit, in addition to cash generated by operating and financing activities, will enable the Group to meet its requirements in terms of investments, working capital management and repayment of loans at maturity.

Reference should be made to Note “5.4 *Additional disclosures on financial liabilities*” for a table containing analysis of financial liabilities.

Market risk

Currency risk

Since 2011, the Group has begun – albeit to a marginal extent – to operate on international markets thus exposing it to the currency risk.

As well as seeking to structure natural hedging between amounts receivable and payable, in prior years, the Group entered into contracts to hedge the exchange rate risk relating to a number of financial transactions and some commercial transactions.

With regard to the currency risk regarding the translation of the financial statements of foreign subsidiaries (prepared in INR), it should be noted that the operating companies invoice almost all of their revenue in local currency, operate on their local domestic market and raise finances locally.

Interest rate risk

The interest rate risk regards the risk that the value of a financial instrument and/or the related cash flows might change due to fluctuation of market interest rates.

Exposure to the interest rate risk results from the need to finance operating activities, both on a day to day basis and in relation to the acquisition of businesses while also employing available liquid resources. Interest rate fluctuations may have a negative or positive impact on the profit of the Group and might indirectly affect the costs and performance of financing and investing transactions.

The Group periodically assesses its exposure to the interest rate risk and manages the risk using financial derivative instruments in accordance with the established risk management policies. Under these policies, financial derivative instruments are solely used to manage exposure to interest rate fluctuations correlated with future cash flows; speculative activities are neither envisaged nor allowed.

The only instruments used for this purpose are interest rate swaps (IRS), caps and collars.

In relation to some of its loans, the Group uses financial derivative instruments for cash flow hedge purposes with the aim of pre-determining interest on loans in order to obtain an ideal pre-defined floating and fixed rate mix for its borrowings.

The other parties to these contracts are leading financial institutions.

Derivatives are recognised at fair value.

The interest rate to which the KOS Group is most exposed is the Euribor.

Sensitivity analysis relating to the interest rate risk

With regard to the interest rate risk, a sensitivity analysis has been performed with the aim of quantifying, all other conditions remaining equal, the impact on profit or loss for the year and equity caused by a fluctuation in market interest rates. See Note “3.7 Sensitivity analysis” for further details.

Other price risks

Other price risks include the risk that the value of a security might vary due to fluctuation in market prices because of factors specific to the individual security or its issuer or because of factors affecting all securities traded on the market.

The Group does not have any significant exposure in securities traded on active markets so its exposure to this type of risk is negligible.

Risks regarding the general state of the economy

The Group is operating in a macroeconomic and geopolitical environment characterised by elements of uncertainty such as the ongoing Russia-Ukraine and Israel-Palestine conflicts, as well as a high level of inflation, rising interest rates and an increase in energy prices. The Group’s financial position, financial performance and cash flows are influenced by the various factors that make up the macroeconomic environment described above. Reference should be made to the “Business outlook” section of the Directors’ Report for further information.

3.2 Financial instruments in terms of IFRS 9: classification and measurement of financial assets and liabilities

The following table shows the measurement methods used for each type of financial asset and liability in 2023 and 2024.

Categories of financial assets and liabilities	IFRS 9 classification	31/12/2024	31/12/2023
NON-CURRENT ASSETS			
Other investments	Cost except Fondo Spazio Sanitario at FVTPL	1,825	1,825
Other assets	Other assets at amortised cost	1,941	2,129
CURRENT ASSETS			
Trade receivables from the parent	Amortised cost	1,636	3,474
Trade receivables	Amortised cost	94,833	91,330
Other assets	Amortised cost	12,962	14,113
Financial assets	Financial assets at amortised cost	8,830	9,481
Other financial assets	Financial assets at amortised cost	57,987	106,848
Cash and cash equivalents	Financial assets at amortised cost	39,632	40,893
NON-CURRENT LIABILITIES			
Bonds	Liabilities at amortised cost	-	(35,000)
Other financial liabilities	Liabilities at amortised cost	(143,981)	(160,274)
Lease liabilities	Liabilities at amortised cost	(721,120)	(741,113)
Trade payables	Liabilities at amortised cost	(710)	(784)
CURRENT LIABILITIES			
Bank overdrafts	Liabilities at amortised cost	-	-
Bonds	Liabilities at amortised cost	(35,252)	(64,666)
Trade payables to the parent	Liabilities at amortised cost	(8,435)	(4,514)
Other financial liabilities	Liabilities at amortised cost	(46,504)	(17,350)
Lease liabilities	Liabilities at amortised cost	(61,783)	(59,497)
Trade payables	Liabilities at amortised cost	(70,656)	(71,566)

IFRS 7 requires that financial instruments stated at fair value in the financial statements be classified based on a hierarchy with three levels that reflect the level of input used in determining the fair value. The following levels must be shown:

- level 1 – quoted prices on an active market for the asset or liability being measured;
- level 2 – input other than the quoted prices per level 1 that may be observed directly (prices) or indirectly (derived from prices) on the market;
- level 3 – inputs not based on observable market data.

The following table shows assets and liabilities measured at fair value at 31 December 2024 and 31 December 2023, by hierarchical level of fair value.

Financial Statements at 31 December 2024				
IFRS 7 - Financial Instruments - Supplementary Disclosures	Level 1	Level 2	Level 3	Total
(eur/'000)				
CURRENT ASSETS				
Financial assets at fair value through profit or loss				
Financial assets				
- derivatives				-
- Non-recourse factoring		8,830		8,830
Financial Statements at 31 December 2023				
IFRS 7 - Financial Instruments - Supplementary Disclosures	Level 1	Level 2	Level 3	Total
(eur/'000)				
CURRENT ASSETS				
Financial assets at fair value through profit or loss				
Financial assets				
- derivatives		53		53
- Non-recourse factoring		9,428		9,428

During 2024, there were no transfers from Level 3 to other Levels and vice versa.

The following should be noted with regard to the measurement assumptions applied to the asset classes:

- due to their short term maturity, for current assets and current liabilities –e.g. trade receivables and trade payables – and for current financial liabilities and sundry liabilities - excluding financial assets for derivatives - gross carrying amount was considered a reasonable approximation of fair value;
- in order to hedge the interest rate risk and the currency risk, KOS Group has entered into IRS-Interest Rate Swap, Collars and Interest Rate Cap contracts. The fair value of the derivatives has been calculated by discounting the future expected cash flows based on the terms and expiry date of each derivative contract and the relevant underlying and using the market interest rate curve as at the reporting date. The reasonableness of the valuation obtained has been verified through a comparison with prices provided by the issuer;
- the fair value of non-current assets and non-current financial liabilities has been estimated by discounting the future expected cash flows based on the terms and expiry dates of each contract and principal and interest, quantified based on the interest rate curve at the reporting date;
- the interest rates used to quantify the amount due and discount forecast cash flows were based on the curve of Euribor rates at the reporting date, as provided by Bloomberg, plus a spread adjusted based on terms of the contracts (spread not considered when applying the same curve for discounting purposes).

3.3 Additional disclosures on financial assets

The Group is party to two non-recourse factoring contracts. The carrying amount of assets is reduced for identified impairment. This process is performed by creating a specific provision that is deducted directly from the financial assets adjusted for impairment.

Movements in the loss allowance during the reporting period are shown below:

(eur/'000)	31/12/2023	Increase	Utilisation	Other changes	31/12/2024
Loss allowance	20,707	1,115 (	7,074)	-	14,748

The gross carrying amount of financial assets represents the Group's maximum exposure to the credit risk.

The following table contains a detailed analysis of current and non-current trade receivables and other financial assets, showing amounts due from the public and private sectors (amounts in €/000).

For further details, see Note “3.1 Definition of risks”

31/12/2024	Total financial assets	Not yet due	Overdue>	0 - 30 days	30 - 60 days	60 - 90 days	90 - 180	180 - 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
Non current assets													
Trade receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss allowance													
Other assets	1,941	1,941	0	0	0	0	0	0	0	0	0	0	0
Gross balance	1,941	1,941	0	0	0	0	0	0	0	0	0	0	0
Loss allowance	0	0	0	0	0	0	0	0	0	0	0	0	0
Current assets													
Amounts due from private sector	11,561	901	10,660	6,150	1,166	426	903	1,319	552	135	9	0	0
Gross balance	20,601	1,216	19,385	6,325	1,301	564	1,589	2,439	2,442	1,407	986	595	1,737
Loss allowance	-9,040	-315	-8,725	-175	-135	-138	-686	-1,120	-1,890	-1,272	-977	-595	-1,737
Amounts due from public sector	83,271	64,061	19,210	2,383	1,481	865	3,189	5,619	5,657	16	0	0	0
Gross balance	88,979	64,984	23,995	2,418	1,549	981	3,471	6,274	7,529	111	298	0	1,364
Loss allowance	-5,708	-923	-4,785	-35	-68	-116	-282	-655	-1,872	-95	-298	0	-1,364
Other financial assets	12,962	12,962	0	0	0	0	0	0	0	0	0	0	0
Gross balance	12,962	12,962	0	0	0	0	0	0	0	0	0	0	0
Loss allowance	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	109,735	79,865	29,870	8,533	2,647	1,291	4,092	6,938	6,209	151	9	0	0

31/12/2023	Total financial assets	Not yet due	Overdue>	0 - 30 days	30 - 60 days	60 - 90 days	90 - 180	180 - 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
Non current assets													
Trade receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss allowance													
Other assets	2,129	2,129	0	0	0	0	0	0	0	0	0	0	0
Gross balance	2,129	2,129	0	0	0	0	0	0	0	0	0	0	0
Loss allowance	0	0	0	0	0	0	0	0	0	0	0	0	0
Current assets													
Amounts due from private sector	13,382	924	12,458	7,560	1,141	691	1,347	1,240	417	55	7	0	0
Gross balance	21,939	1,170	20,769	7,756	1,406	910	2,070	2,268	2,176	1,003	1,180	559	1,441
Loss allowance	-8,557	-246	-8,311	-196	-265	-219	-723	-1,028	-1,759	-948	-1,173	-559	-1,441
Amounts due from public sector	77,948	55,050	22,898	1,941	1,259	1,728	5,532	10,458	1,922	0	58	0	0
Gross balance	90,098	56,047	34,051	1,954	1,278	1,782	5,842	11,707	2,718	73	327	389	7,981
Loss allowance	-12,150	-997	-11,153	-13	-19	-54	-310	-1,249	-796	-73	-269	-389	-7,981
Other financial assets	14,113	14,113	0	0	0	0	0	0	0	0	0	0	0
Gross balance	14,113	14,113	0	0	0	0	0	0	0	0	0	0	0
Loss allowance	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	107,572	72,216	35,356	9,501	2,400	2,419	6,879	11,698	2,339	55	65	0	0

3.4 Additional disclosures on financial liabilities

The contractual maturity dates of “Financial liabilities”, including interest, are shown in the following tables for 2024 and 2023, respectively. We report below the contractual maturities of financial liabilities (including trade payables and other current liabilities), including interest. All of the amounts shown are undiscounted, nominal future cash flows, as determined with reference to residual contractual maturities, including both the principal amount and the interest amount. Loans have been included based on the contractual maturity dates when repayment will be made.

31.12.2024	<1 year	>1 <2 years	>2 <3 years	>3 <4 years	>4 <5 years	>5 years	Total	Total carrying amount (€/000)
Principal + interest								
Non-derivative financial liabilities								
Bonds	35,919	0	0	0	0	0	35,919	35,253
Other financial liabilities:	56,094	55,717	60,551	48,140	2,626	5,101	228,229	200,785
- Bank loans and borrowings	54,141	53,421	59,208	47,477	1,962	0	216,208	190,485
- Parents	0	0	0	0	0	0	0	0
- Subsidiaries	0	0	0	0	0	0	0	0
- Associates	0	0	0	0	0	0	0	0
- Finance lease companies	1,953	2,296	1,342	664	664	5,101	12,021	10,300
- Other financial backers	0	0	0	0	0	0	0	0
Bank overdrafts	0	0	0	0	0	0	0	0
Trade payables	71,643	0	0	0	0	0	71,643	71,566
Derivative financial liabilities								
Hedging derivatives	0	0	0	0	0	0	0	0
Non-hedging derivatives	0	0	0	0	0	0	0	0
Total	163,656	55,717	60,551	48,140	2,626	5,101	335,791	307,604
31.12.2023	<1 year	>1 <2 years	>2 <3 years	>3 <4 years	>4 <5 years	>5 years	Total	Total carrying amount (€/000)
Principal + interest								
Non-derivative financial liabilities								
Bonds	66,737	35,919	0	0	0	0	102,656	99,666
Other financial liabilities:	30,555	47,146	45,334	45,858	46,535	5,596	221,024	189,409
- Bank loans and borrowings	27,939	45,150	42,990	44,483	45,839	0	206,401	177,435
- Parents	0	0	0	0	0	0	0	0
- Subsidiaries	0	0	0	0	0	0	0	0
- Associates	0	0	0	0	0	0	0	0
- Finance lease companies	2,141	1,996	2,344	1,375	696	5,596	14,149	11,784
- Other financial backers	475	0	0	0	0	0	475	190
Bank overdrafts	0	0	0	0	0	0	0	0
Trade payables	71,566	0	0	0	0	0	71,566	71,566
Derivative financial liabilities								
Hedging derivatives	0	0	0	0	0	0	0	0
Non-hedging derivatives	0	0	0	0	0	0	0	0
Total	168,858	83,065	45,334	45,858	46,535	5,596	395,246	360,641

Other financial liabilities- excluding lease liabilities – amount to € 289.1 million and consist of bank loans and finance lease liabilities (€189.4 million) and bonds (€99.7 million).

The following should be noted in order to understand better the above tables:

- where the creditor may choose when to settle a liability, the liability is included in the earliest possible period;
- the amounts reported relate to contract cash flows, are not discounted and are gross of any foreseen interest;
- the amount of floating rate borrowings has been estimated based on the expected interest rate curve at the reporting date.

The loan contracts reported above include, in some cases, the customary arrangements providing for the termination of the credit period upon failure to respect certain covenants should the group fail to remedy the breach of the said covenants, in the terms and manner required by the loan agreements.

So far the Group has not issued instruments including a debt component and an equity component and it has never found itself in default of clauses regarding the principal amount, interest, repayment plan or repayments of borrowings.

Further information is provided in the following paragraph.

3.5 Loans and related covenants

The Group's capital management objectives are intended to safeguard its ability to continue to generate profit and comply with covenants while also maintaining the ideal capital structure.

The main non-current financial liabilities and lease liabilities at 31 December 2024 may be summarised as follows:

Debtor	Type of loan	Residual amount as at 31.12.2024 (eur/000)	Maturity	Term
KOS S.p.A.	mortgage loan	74,312	23.06.2028	Euribor 6 months/360
KOS Care S.r.l.	Lease Foligno	2,950	01.04.2033	Euribor 3 months/360
KOS Care S.r.l.	Lease Montecosaro	1,434	01.11.2026	Euribor 3 months/365
KOS Care S.r.l.	Lease Foligno	4,018	01.04.2033	Euribor 3 months/365
KOS Care S.r.l.	Lease Ascoli	1,898	07.02.2027	Euribor 3 months/365
Total loans with collateral and/or liens		84,613		
KOS Care S.r.l.	Loan	55	01.01.2025	Euribor 6 months/360
Gruppo Charleston	Loan	121	31.01.2026	Fix
Gruppo Charleston	Loan	101	31.01.2026	Fix
Loans not secured by collateral		277		
KOS S.p.A.	Syndicated Loan 150MI	63,842	02.12.2027	Euribor 6 months/360
	Syndicated Loan 150MI	52,054	02.12.2027	Euribor 6 months/360
Total Corporate line		115,896		
KOS S.p.A.	Bond	35,252	18.10.2025	Fix
Total Bond		35,252		
Total financial liabilities		236,038		

Some of the Group's loan agreements contain specific clauses that entitle the lending banks to render the loans subject to immediate repayment upon failure to comply with certain covenants unless the group takes action to remedy the breach of the covenants on the terms and in the manner required by the loan agreements.

The covenants applicable for the reporting periods 2024 and later are shown below:

(eur/000)	Type of loan	Residual amount at 31.12.2024	Maturity	Base for covenants	Target covenants 31.12.2024 and other		
					(NFD-RE DEBT)/(EBITDA-6,5%RE DEBT)	Ebitda/Of	Loan to value
Kos S.p.A.	Syndicated loan from Intesa Sanpaolo S.r.l, CDP, Credit Agricole, Banco BPM, BPER, Cassa di Risparmio di Bolzano, Banca Agricola Pop di Ragusa, MCC, Banca Popolare di Bari - Refinancing line - Investments line - Revolving line	64,286 52,500 -	02/12/2027 02/12/2027 02/11/2027	KOS Group	<=3,5	>=3	
Kos S.p.A.	Bond 35ML€	35,000	18/10/2025	KOS Group	<=3,5	>=3	< 60%
Kos S.p.A.	Real estate Syndicated loan (Unicredit, IntesaSanpaolo)	75,000	23/06/2028	KOS Group	<=3,5	>=3	< 60%
Kos S.p.A.	RCF pool (IntesaSanpaolo, Banco BPM)	-	16/12/2029	KOS Group	<=3,5	>=3	

RE Debt: Real estate debt

EBITDA: Earning before income, taxes and depreciation

OF: Net financial expense

Loan to Value: Real estate loan / Net property, plant and equipment

The following table shows actual figures for 2024:

(eur/000)	Type of loan	Residual amount at 31.12.2024	Maturity	Base for covenants	Target covenants 31.12.2024 and other		
					(NFD-RE DEBT)/(EBITDA-6,5%RE DEBT)	Ebitda/Of	Loan to value
Kos S.p.A.	Syndicated loan from Intesa Sanpaolo S.r.l, CDP, Credit Agricole, Banco BPM, BPER, Cassa di Risparmio di Bolzano, Banca Agricola Pop di Ragusa, MCC, Banca Popolare di Bari - Refinancing line - Investments line - Revolving line	64,286 52,500 -	02/12/2027 02/12/2027 02/11/2027	KOS Group	0.57	6.19	
Kos S.p.A.	Bond 35ML€	35,000	18/10/2025	KOS Group	0.57	6.19	54%
Kos S.p.A.	Real estate Syndicated loan (Unicredit, IntesaSanpaolo)	75,000	23/06/2028	KOS Group	0.57	6.19	54%
Kos S.p.A.	RCF pool (IntesaSanpaolo, Banco BPM)	-	16/12/2029	KOS Group	0.57	6.19	

RE Debt: Real estate debt

EBITDA: Earning before income, taxes and depreciation

OF: Net financial expense

Loan to Value: Real estate loan / Net property, plant and equipment

Based on the amounts recorded at 31 December 2024, there were no covenant breaches with effects on the Group.

Some of the loan agreements also include “*negative pledge*”, “*pari passu*” and “*change of control*” clauses plus limitations on dividend distribution. At the date of preparation of these consolidated financial statements, there were no breaches of said clauses.

Finally, with regard to additional guarantees given, as well as being secured by the assignment of KOS’s financial assets with its subsidiaries, the property facility is also guaranteed by mortgages on Group properties. Meanwhile, corporate loans and bonds are secured only by the assignment of financial assets with its subsidiaries, financial assets for loans made by KOS to Group companies to finance acquisitions, capex, etc.

The following table shows the main lines of credit, as divided based on their availability at 31 December 2024 and at 31 December 2023:

(eur/million)	31/12/2024			31/12/2023		
	Total	Used	Available	Total	Used	Available
Short-term Lines ("Uncommitted"/at sight)	33.0	0.0	33.0	33.0	0.0	33.0
Long-term ("Committed"/contractualised)	291.0	236.0	55.0	338.1	289.1	49.0
Total	324.0	236.0	88.0	371.1	289.1	82.0

3.6 Accounting for hedging transactions

Hedging contracts in place

In order to hedge the interest rate risk, KOS Group was party to an *Interest Rate Cap contract*. Details of the characteristics of the instrument at 31 December 2023 are provided below; the contract expired during 2024:

Company	Signature date	Time	Pay	Cap	Floor	Receive/Index	Notional		Fair Value	
							31/12/24	31/12/23	31/12/24	31/12/23
Kos SpA	2019	Quarterly			0.50%	Euribor 3 M	-	4,375	-	53
Total Interest Rate Cap							-	4,375	-	53
Total effective portion of derivatives							-	4,375	-	53
Total							-	4,375	-	53

The total notional amount at 31 December 2023 was € 4,375 thousand with no amount at 31 December 2024.

The objective of interest rate hedges is to fix the cost relating to the floating rate long term loan agreements being hedged by entering into a related derivative contract that allows the floating rate interest to be collected in return for payment of interest at a fixed rate.

Derivatives for which the conditions laid down by IFRS 9 for application of hedge accounting (formal designation of a hedging relationship; documented, measurable and highly effective hedging relationship) are respected are accounted for on a cash flow hedge basis. This means that, when a hedge agreement is entered into, the related "fair value", regarding the effective portion only, is recorded under an equity reserve.

Subsequent changes in "fair value" (intrinsic portion) resulting from movements in the interest rate curve – again only in relation to the effective portion of the hedge – are also recorded under an equity reserve

The table below shows the following information on derivatives:

- the notional amount at 31 December 2023 and 2024, as split between amounts due after less than and after more than 12 months based on contractual maturity dates;
- the statement of financial position amount representing the fair value of the contracts at 31 December 2023 and 2024;
- the ineffective portion or the change in time value immediately recorded in the statement of profit or loss under *Financial expenses and/or financial income*.

31/12/24						
(eur/000)	Notional amount		FV of contracts (1)		P&L effect (2)	Equity reserve net of tax effect (3)
	within 12 months	after 12 months	positive	negative		
<u>Interest rate risk management</u>						
- Cash flow hedge pursuant to IAS 39 IRS	-	-			-	-
- Cash flow hedge pursuant to IAS 39 Interest Rate Cap	-	-	-		(71)	
Total	0	0	0	0	(71)	0
31/12/23						
(eur/000)	Notional amount		FV of contracts (1)		P&L effect (2)	Equity reserve net of tax effect (3)
	within 12 months	after 12 months	positive	negative		
<u>Interest rate risk management</u>						
- Cash flow hedge pursuant to IAS 39 IRS	-	-			-	(13)
- Cash flow hedge pursuant to IAS 39 Interest Rate Cap	4,375	-	53		(248)	
Total	4,375	0	53	0	(248)	(13)

(1) Represents the value of (assets)/liabilities recorded in the statement of financial position due to the fair value measurement of derivative contracts.

(2) The ineffective portion for hedging purposes in terms of IAS 39 and the delta time value for Interest Rate Cap and Collar contracts.

(3) Represents the "intrinsic value" adjustment to derivative contracts gradually recorded in net equity as from the date of signature.

3.7 Sensitivity analysis

With regard to the interest rate risk, a sensitivity analysis has been performed with the aim of quantifying, all other conditions remaining equal, the impact of any fluctuation in market interest rates on the Group's profit for the period and on equity.

When assessing the potential impact of a fluctuation in the interest rates applied, floating-rate financial instruments are analysed separately (the related impact is valued in terms of cash flow). Floating-rate financial instruments typically include cash and cash equivalents, loans to operating companies and to the parent and liabilities for advances on notes receivable. The sensitivity analysis also considers the effect of hedging derivative instruments.

The impact on the profit or loss and the statement of financial position of a positive and negative fluctuation of + or - 1% in the benchmark interest rates was measured.

A hypothetical, sudden fluctuation of "+/-1%" in short-term interest rates applicable to floating-rate financial assets and liabilities, net of the effect resulting from hedging instruments in place at 31 December 2024, would have had a net impact on pre-tax profit, on an annual basis, of around -€ 1,389 thousand and +€ 1,389 thousand, respectively, with a consequent effect on equity; in 2023, the hypothetical effect was - € 1,320 thousand and + € 1,320 thousand. These effects are no material for the Group figures.

Notes to the Statement of Profit or Loss

Note that the consolidated financial statements at 31 December 2023 were prepared including the reclassification to “Profit from discontinued operations” of amounts relating to ClearMedi HealthCare LTD in light of the agreement signed in December 2022 that led to the sale of 100% of the equity of said company in June 2023. For further information on the effects of the reclassification, reference should be made to paragraph “2 Basis of preparation” of the Notes to the Consolidated Financial Statements.

4) Revenue

The Group’s revenue for 2024 is analysed below. Prior year comparative figures are also shown together with the difference compared to prior year.

Revenue by operating segment

A breakdown of revenue by operating segment is provided in the table below:

<i>(eur/000)</i>	2024	%	2023	%	Var.
Care Homes	529,980	66%	473,350	63%	56,630
<i>of which:</i>					
Italy	278,410	35%	252,499	34%	25,911
Germany	251,570	31%	220,851	29%	30,719
Rehabilitation, Psychiatric Care and Non-Residential Care	209,772	26%	202,850	27%	6,922
Acute care	58,976	7%	75,733	10% (	16,757)
Other	79	0%	23	0%	56
Total	798,807	100%	751,956	100%	46,851

The increase in revenue is due to:

- In the Care Home segment, the volume of care homes activity in Italy was higher than in prior year thanks to a recovery in the number of residents in 2024 with an average occupancy rate of 94% (90.9% in 2023); total revenue in this segment increased by € 25,911 thousand thanks to the aforementioned improvement in the occupancy rate, to higher tariffs and to the full year contribution of facilities opened in 2023 and 2024, especially the Borgomanero, Campi Bisenzio and San Sisto 2 care homes (impact of € 5,507 thousand). In Germany, care home activities recorded an increase in revenue (+€ 30,719 thousand) thanks to new facilities opened during 2023 and 2024 (Hübnerwald and Lokhöfe situated in Stockstadt and Rosenheim, respectively) which contributed revenue of € 3,268 thousand, tariff increases and an improvement in the average occupancy rate from 89.2% in 2023 to 91.4% in 2024;
- In the Rehabilitation, Psychiatric Care and Non-Residential Care segment, revenue from rehabilitation activities – both psychiatric and functional and both carried out in Italy – increased by € 6,922 thousand compared to 2023. The increase was mainly thanks to the higher average occupancy rate, especially for Rehabilitation where the average occupancy rate rose from 81.2% in 2023 to 83.5% in 2024.;
- In the Acute Care segment, revenue fell compared to prior year. It should be recalled that the concession agreement with the *Fondazione Presidio Ospedaliero F.lli Montecchi di Suzzara* expired on 30 June 2024. The end of the concession had a negative impact of € 17,953 thousand on revenue.

“Other” refers to certain chargebacks to personnel for canteen services by KOS Servizi S.c.a.r.l., the company involved in the integration and rationalisation of support services to the Group’s companies.

Revenue by type of customer

Revenue by type of customer is analysed in the table below:

<i>(eur/000)</i>	2024	%	2023	%	Var.
Public	474,992	59%	464,675	62%	10,317
Private	323,815	41%	287,281	38%	36,534
Total	798,807	100 %	751,956	100 %	46,851

The split of revenue by type of customer shows that the percentages of revenue generated by private sector customers has increased compared to that generated by public sector customers.

Revenue by Region

Revenue by region is shown in the table below:

<i>(eur/000)</i>	2024	%	2023	%	Var.
Lombardy	159,132	20%	159,035	21%	97
Trentino Alto Adige	8,860	1%	8,895	1% (	35)
Veneto	28,553	4%	28,608	4% (	55)
Piedmont	45,541	6%	39,437	5%	6,104
Liguria	24,600	3%	22,362	3%	2,238
Tuscany	15,400	2%	12,523	2%	2,877
Emilia Romagna	66,749	8%	69,633	9% (	2,884)
Marche	163,236	20%	153,741	20%	9,495
Umbria	2,964	0%	3,309	0% (	345)
Abruzzo	4,307	1%	4,951	1% (	644)
Puglia	283	0%	2,628	0% (	2,345)
Lazio	15,272	2%	13,954	2%	1,318
Campania	9,983	1%	9,498	1%	485
Sicily	419	0%	318	0%	101
Other regions	1,444	0%	1,818	0% (	374)
Foreign countries	252,064	32%	221,246	31%	30,818
Total	798,807	100 %	751,956	100 %	46,851

The increase is due, in part, to a sharp increase in occupancy rates compared to prior year – both in Italy and in Germany - and, in part, to the positive effect of new facilities opened in 2023 (full contribution in 2024), as well as to facilities opened in 2024, which generated revenues of € 8,775 thousand. These positive effects were only partially countered by the end of the Ospedale di Suzzara S.p.A. concession which had a negative effect of € 17,953 thousand, especially in Lombardy.

5) Purchases

For 2024, this item totalled € 51,868 thousand against € 53,596 thousand in 2023. These costs represented around 6.5% of revenue, lower than in prior year.

The decrease is related to the ending of the concession with *Presidio Ospedaliero F.lli Montecchi di Suzzara* on 30 June 2024, which led to a cost reduction of € 3,723 thousand. This decrease was only partially countered by the higher volume of activity than in the prior year, by the effect of inflation and by the full contribution of new facilities opened in 2023 and 2024, which had an impact of € 381 thousand.

The total cost for 2024 with comparative information for prior year is set out below:

(eur/000)	2024	%	2023	%	Var.
Food and beverages	17,550	34%	16,272	30%	1,278
Medical gases	747	1%	802	1% (	55)
Medical consumables	10,723	21%	12,295	23% (	1,572)
Medicines	7,853	15%	8,100	15% (	247)
Prosthetic materials and medical devices	7,443	14%	8,458	16% (	1,015)
Generic consumables	3,839	7%	4,045	8% (	206)
Other	3,713	7%	3,624	7%	89
Total	51,868	100 %	53,596	100 % (	1,728)

6) Services

Services amount to € 150,348 thousand in 2024 against € 154,918 thousand for 2023.

The total cost for 2024 is analysed in detail below and compared with the previous year:

(eur/000)	2024	%	2023	%	Var.
Legal, notarial and tax consulting	1,836	1%	808	1%	1,028
IT consulting	5,154	3%	4,338	3%	816
Technical consulting	1,776	1%	1,444	1%	332
Medical-nursing consulting	59,134	39%	60,995	39% (	1,861)
Fees to Directors	813	1%	1,235	1% (	422)
Fees to Statutory Auditors	108	0%	112	0% (	4)
Personnel services	183	0%	77	0%	106
Utilities	23,625	16%	27,452	18% (	3,827)
Maintenance and repairs	10,695	7%	10,159	7%	536
Insurance	4,230	3%	3,994	3%	236
Cleaning and surveillance	262	0%	258	0%	4
Subcontracting costs	13,814	9%	14,891	10% (	1,077)
Care and laboratory services	7,093	5%	6,581	4%	512
Catering services	1,165	1%	1,099	1%	66
Lease fees	1,737	1%	1,234	1%	503
Rents	766	1%	1,104	1% (	338)
Other services	17,957	12%	19,137	12% (	1,180)
Total	150,348	100 %	154,918	100 % (	4,570)

The decrease is mainly due to lower costs for utilities whose prices soared unexpectedly at the end of 2022 before slowing returning to previous levels at the end of 2023 and to the aforementioned end of the concession with *Presidio Ospedaliero F.lli Montecchi di Suzzara* (positive effect, i.e. cost reduction of € 8,827 thousand). These decreases were only partially countered by the higher volume of activity than in prior year, by the effect of inflation and by the full contribution of new facilities opened in 2023 and 2024, which had an impact of € 1,455 thousand.

The following tables show the fees relating to 2024 for audit services and other services rendered by the independent auditors and other entities belonging to their network.

Schedule 1)

Fees (*) relating to 2024 for services provided by the independent auditors to KOS S.p.A.

Type of service	Provider	Recipient	Amount (€/000)
Audit	KPMG S.p.A. and other network companies	KOS S.p.A.	45
Other services	KPMG S.p.A. and other network companies	KOS S.p.A.	115

(*) Fees do not include VAT, expenses and any reimbursement of Consob supervisory contribution

Schedule 2)

Fees relating to 2024 for services rendered by the independent auditors to other Group companies.

Audit	KPMG S.p.A. and other network companies	Subsidiaries	351
Other services	KPMG S.p.A. and other network companies	Subsidiaries	200

7) Personnel expense

Personnel expense for 2024 totalled € 408,015 thousand against € 390,678 thousand in 2023. The increase of € 17,337 thousand is due to the higher volume of activity than in 2023, to salary increases and to the impact of facilities opened in 2023 and 2024 (effect of € 4,576 thousand). This increase was only partially offset by the effect of termination of the concession with *Presidio Ospedaliero F.lli Montecchi di Suzzara* (positive impact, i.e. cost reduction of € 4,848 thousand). As a percentage of revenue, personnel costs have decreased slightly from 52% in the comparative period to 51% in 2024.

It should also be noted that KOS signed up to the bridging agreement for the ARIS 2012 care home and Rehabilitation Centres National Collective Labour Agreement on 24 January 2024 with effect from 1 March 2024. Even in a complex economic and regulatory environment like the current one, the Group has opted to focus on its personnel, in order to recognise their professionalism and support their expectations, including in relation to salaries: this is a thank you for the dedication shown by our people and, at the same, time a competitive challenge thrown down to the sector. By choice of the trade unions which signed the agreement, the salary increases will be more significant for employees hired after 2012 who do not currently receive the supplementary emoluments that their older colleagues benefit from – this reduces the excessive “salary step” that has been seen until now between older employees and more recently hired ones. As well as introducing improved pay for workers covered by the agreements, the text also harmonised training methods on occupational health and safety with the national collective agreement for private healthcare and updated the circumstances where fixed-term employment is possible.

The total expense for 2024 is analysed in detail below and compared with prior year:

(eur/000)	2024	%	2023	%	Var.
Wages and salaries	304,624	75%	296,763	76%	7,861
Social security charges	79,894	20%	76,573	20%	3,321
Post-employment benefits	11,753	3%	11,718	3%	35
Stock option plan valuation	-	0%	18	0% (	18)
Other costs	11,744	3%	5,606	1%	6,138
Total	408,015	100 %	390,678	100 %	17,337

The table below shows the actual number of employees at 31 December 2024 and 31 December 2023:

	31/12/2024	31/12/2023
Managers/Executives	42	47
White collar workers*	4,223	4,518
Medical staff, carers and workers	7,449	7,266
Total	11,714	11,831
Employees - Average	11,846	11,686

*Includes medical directors (121 at 31/12/2024)

The decrease is due to the previously mentioned termination of the *Presidio Ospedaliero F.lli Montecchi di Suzzara* concession.

8) Other operating income

Other operating income for 2024 totalled € 10,705 thousand, lower than the total of € 22,466 thousand reported in prior year. The impact of acquisitions made and new facilities opened in 2023 and 2024 was € 266 thousand.

It may be analysed as follows:

(eur/000)	2024	%	2023	%	Var.
Ordinary prior year income	4,155	39%	10,232	46% (	6,077)
Gains on the sale of assets	77	1%	55	0%	22
Other revenue and income	6,473	60%	12,179	54% (	5,706)
Total	10,705	100 %	22,466	100 % (	11,761)

Ordinary prior year income includes the reversal of credit notes and accruals for invoices to be received made in prior years that were no longer needed. It should be noted that the comparative period included relief/subsidiaries towards prior year revenues of € 5,148 thousand against relief/subsidies – again relating to prior years – collected during the reporting period of € 652 thousand.

In the prior year, other revenue and income included government refunds and subsidies for COVID received in Germany (€ 982 thousand) and in Italy (€ 1,580 thousand), as well as a subsidy of € 3,990 thousand towards the increase in gas and electricity costs incurred by the Group. In 2024, these items were negative and represented an expense of around € 363 thousand after certain amounts had to be repaid by the German subsidiary. This item also includes expenses not covered by care home fees incurred by our facilities and then charged back to residents (hairdressing, pharmacy and para-pharmacy, auxiliary care services, etc).

9) Other operating costs

Other operating costs amounted to € 34,763 thousand in 2024 against € 31,280 thousand in 2023. This item mainly consists of non-deductible input VAT (€ 22,388 thousand in 2024 against € 20,977 thousand in 2023) and other duties and taxes. Ordinary prior year expense includes differences on provisions and accruals made when preparing prior year financial statements.

The impact of acquisitions and new openings in 2023 and 2024 was € 277 thousand.

<i>(eur/000)</i>	2024	%	2023	%	Var.
Taxes and duties	27,421	79%	25,867	83%	1,554
Ordinary prior year expense	951	3%	1,125	4% (	174)
Ordinary losses	296	1%	98	0%	198
Sundry operating costs	6,095	18%	4,190	13%	1,905
Total	34,763	100 %	31,280	100 %	3,483

10) Amortisation, depreciation, , impairment losses and provisions

For 2024, this item amounted to € 97,196 thousand and increased compared to 2023 (€ 90,964 thousand).

The impact of acquisitions made and new facilities opened in 2023 and 2024 was € 1,242 thousand.

<i>(eur/000)</i>	2024	%	2023	%	Var.
Depreciation	24,140	25%	24,017	26%	123
Amortisation	1,271	1%	1,249	1%	22
Depreciation of right-of-use assets	66,875	69%	63,674	70%	3,201
Loss allowance	1,115	1% (	1,436)	-2%	2,551
Other provisions	3,745	4%	2,860	3%	885
Other impairment losses	50	0%	600	1% (	550)
Total	97,196	100 %	90,964	100 %	6,232

The increase in “Depreciation of right-of-use assets” relates to new contracts entered into during the reporting period and to changes to existing contracts as a result of inflation-linked increases to monthly instalments.

It should be noted that, during the previous year, around € 1,500 thousand was released from the loss allowance following the recovery of an old amount due from the ASL of Reggio Calabria with which a settlement agreement was reached.

“Other provisions” has increased by € 885 thousand mainly as a result of provisions made by Ospedale di Suzzara S.p.A. in relation to the termination of the *Presidio Ospedaliero F.lli Montecchi di Suzzara* concession on 30 June 2024.

11) Financial income

Financial income amounted to € 3,824 thousand in 2024 against € 4,127 thousand in 2023, as shown below:

<i>(eur/000)</i>	2024	%	2023	%	Var.
Interest income on bank accounts	3,528	92%	2,973	72%	555
Interest income on derivatives	56	1%	279	7% (	223)
Interest income on arrears	10	0%	864	21% (	854)
Other financial income	230	6%	11	0%	219
Total	3,824	100 %	4,127	100 % (	303)

“Interest income on bank accounts” includes interest on temporary cash surpluses arising during the year, as well as interest income on the Time Deposits made by the Group.

“Interest income on derivatives” includes the change attributable to fair value for the year relating to the accounting treatment of Interest rate swaps and collar agreements and the amount already collected by companies party to derivative contracts.

In 2023, “Interest income on arrears” included interest income accruing that was collected during 2024. It referred to an old amount due from the A.S.L. of Reggio Calabria, settlement of which gave rise to this amount.

Movements in dividends are presented below:

<i>(eur/000)</i>	2024	2023	Var.
Dividends	44	50 (6)	

“Dividends” of € 44 thousand includes the dividend paid by the Spazio Sanità Fund, in which a Group company holds a non-controlling interest. In 2023, “Dividends” totalled € 50 thousand.

12) Financial expense

Financial expense for 2024 totalled € 38,756 thousand compared to € 37,502 thousand for 2023, as shown below:

<i>(eur/000)</i>	2024	%	2023	%	Var.
Interest expense on bank accounts	1	0%	35	0% (34)	
Interest expense on derivatives	71	0%	248	1% (177)	
Interest expense on loans and borrowings	13,338	34%	12,949	35%	389
Interest on leases and right-of-use assets	22,306	58%	21,261	57%	1,045
Third party loans and borrowings	407	1%	20	0%	387
Exchange losses	-	0%	2	0% (2)	
Other financial expense	2,633	7%	2,987	8% (354)	
Total	38,756	100 %	37,502	100 %	1,254

The increase in “Interest expenses on loans and borrowings” is mainly due to changes in the interest rate curve and to debt repayments and drawdowns.

“Other financial expense” includes bank charges and commission on loan transactions.

The increase in “Interest on leases and right-of-use assets” mainly relates to new lease/rental agreements signed during the year and to ISTAT cost-of-living index-linked increases to existing ones.

13) Impairment losses (gains) on financial assets

There were no impairment losses on financial assets during the year.

14) Income taxes

Income taxes total € 11,238 thousand compared to € 7,921 thousand for 2023, as shown below:

<i>(eur/000)</i>	2024	%	2023	%	Var.
Current taxes - IRES	7,999	71%	3,425	43%	4,574
Current taxes - IRAP	3,122	28%	2,734	35%	388
Deferred tax expense/(income)	117	1%	1,762	22% (1,645)	
Total	11,238	100 %	7,921	100 %	3,317

The effective rate of taxation in both periods is shown below:

	2024	2023
Effective tax rate	35%	40%

The incidence of income taxes on the pre-tax profit was 35% and decreased compared to prior year, mainly because of the improvement in the results reported compared to the prior year.

We recall the fact that as certain personnel and financial expense are partially non-deductible for IRAP purposes, the IRAP charge makes a significant contribution towards increasing the effective consolidated tax rate over the theoretical rate (IRES of 24% and IRAP of 3.9%).

The table below contains a reconciliation between the theoretical and effective tax rates per the financial statements and the corresponding theoretical and effective tax charges:

(eur/000)		2024	2023
Pre-tax profit (loss) in the financial statements		32,511	19,701
Theoretical tax rate (24% of the pre-tax profit (loss))	A	7,803	4,728
Tax effect of non-deductible costs	b	543	1,578
Tax effect of prior year losses generating deferred tax assets	b	(172)	96
Tax effect of prior year losses not generating deferred tax assets	b	(140)	
Tax effect of foreign operations	b	277	1,319
Non-taxable grants	b		
Other	b	(335)	(2,394)
Total effect of addbacks and other - (b)	B	313	459
Income taxes	A + B	8,116	5,187
IRAP and other taxes	C	3,122	2,734
Total	"A+B"+C	11,238	7,921

Pillar Two – Global minimum tax

The Pillar Two/GloBE model rules became effective in Italy with effect for periods beginning on or after 1 January 2024 by means of Legislative Decree no 209/2023, transposing Directive no. 2523/2022/EU; they apply to KOS S.p.A. and provide that entities belonging to the Group (wherever situated) are subject to a minimum tax rate of 15%, to be determined on the basis of a detailed computation based on the accounting and tax information of those entities. If the level of taxation is lower than the minimum level, a minimum tax (the “Top-Up Tax”) shall be applied up to 15%.

As required by IAS 12 (specifically, pursuant to the “Amendments to IAS 12 -International Tax Reform-Pillar Two Model Rules”), the Group carried out an analysis with support from an external advisor, in order to identify the scope of application and the potential impact of the new rules on the jurisdictions within its scope of consolidation, also making use of “transitional safe harbours” applicable in the three-year period 2024-2026 (the “transitional period”) as required by the OECD guidelines. These rules provide that no top-up tax is due if any of the following tests are passed (to be carried out in relation to each jurisdiction):

- *De minimis* test: revenue in the jurisdiction is below € 10 million and aggregate pre-tax profit is below € 1 million;
- Simplified effective tax rate test: the level of effective taxation is at least 15% (for 2024), as determined on the basis of the ratio between aggregate amounts of pre-tax profit/loss (denominator) and income taxes (numerator). The figure included in the numerator is the amount of current and deferred income taxes (with some specific adjustments) recognised in the reporting package financial statements of subsidiaries in a given jurisdiction;
- Routine profit test: the aggregate amount of “Substance-based income exclusion” or “SBIE” under the Pillar Two rules is greater than the aggregate amount of pre-tax profit/loss. As provided for in the Implementing Decree on Simplified Transitional Regimes, where a jurisdiction has a pre-tax loss, the test is considered to have been passed.

If a jurisdiction does not pass any of the tests, the Group shall be required to calculate the level of effective taxation based on the full set of Pillar Two rules, i.e. by making specific “adjustments” to the accounting and tax data

of entities situated in that jurisdiction, also in order to determine – where the level of effective taxation is below 15% - the amount of the minimum tax due.

On the basis of current information - for KOS S.p.A. and its subsidiaries - Fratelli De Benedetti S.p.A. assumes the role of "Ultimate Parent Entity" (or "UPE") and KOS S.p.A. assumes the role of "Partially- Owned Parent Entity" or "POPE".

Moreover, for the purposes of the Pillar Two rules, KOS S.p.A. has the status of "Minority-Owned Constituent Entity" or "MOCE" and, in relation to its subsidiaries, of "Minority- Owned Parent Entity" or "MOPE".

In compliance with the OECD guidelines, the tests provided for by the Transitional Safe Harbours have been prepared using – on a prospective basis – the information available in the "Country-by-Country Report" of the Ultimate Parent Company for 2023 – the most recent data currently available (section relating to the KOS Group) – with an approach that considers the "aggregated" data of the Group entities in a single jurisdiction in which the Group operates ("jurisdictional blending approach"). Based on the figures for 2023, Transitional Safe Harbours are positively confirmed for both jurisdictions in which the KOS Group operates i.e. Italy and Germany.

It should be noted, that based on the prospective approach adopted for this Pillar Two disclosure, the results described above are in line with analysis performed on the application of the CbCR Transitional Safe Harbours for previous periods and, therefore, no particular impacts are expected when the Pillar Two legislation comes into force for 2024.

15) Profit from discontinued operations

In 2023, the profit of € 939 thousand reported under this caption referred to the gain of € 2,854 thousand on the sale of ClearMedi Healthcare LTD – as partially offset by the loss of € 582 thousand for the first five months of 2023 and by disposal-related expenses of € 333 thousand – and to the provision of € 1,000 thousand made in respect of warranties given to the buyer and for contingent risks, mainly of a tax nature.

Notes to the Statement of Financial Position

NON-CURRENT ASSETS

16) Intangible assets

At 31 December 2024, net intangible assets amounted to € 371,382 thousand against € 370,830 thousand at 31 December 2023.

	Opening balance			Changes in the year				Closing balance		
	Historical cost	Impairment losses and accumulated	Carrying amount as at 31/12/2023	Purchases	Reclassifications	Net disposals	Impairment losses and accumulated	Historical cost	Impairment losses and accumulated	Carrying amount as at 31/12/2024
<i>(eur/000)</i>					Historical cost	Impairment losses and accumulated amortisation	Historical cost	Impairment losses and accumulated amortisation		
Concessions, licenses, trademarks and similar	19,748 (17,563)		2,185	1,019	473 (13)	(1,824)	1,824 (1,262)	19,416 (17,014)		2,402
Goodwill	381,856 (14,312)		367,544		(136)	136	-	381,720 (14,176)		367,544
Assets under development and paymen	1,023	-	1,023	450 (287)		-		1,186	-	1,186
Other intangible assets	798 (720)		78	125	57	-	- (10)	980 (730)		250
Total	403,425 (32,595)		370,830	1,594	107	123 (1,824)	1,824 (1,272)	403,302 (31,920)		371,382

The useful lives of each intangible asset category are shown below:

Category	Useful life - Years (range)
Industrial patents and intellectual property rights	5 - 25
Concessions, licences, trade-marks and similar rights	3 - 7
Other intangible as-sets	3 - 7
Goodwill	indefinite

Goodwill for each operating segment is shown below together with details of changes compared to 31 December 2023:

<i>(eur/000)</i>	31/12/2024	%	31/12/2023	%	Var.
Care Homes	237,931	65%	237,931	65%	-
of which:					
Italy	144,929	39%	144,929	39%	-
Germany	93,002	25%	93,002	25%	-
Rehabilitation, Psychiatric Care and Non-Residential Care	111,496	30%	111,496	30%	-
Acute care	17,601	5%	17,601	5%	-
Other	516	0%	516	0%	-
Total	367,544	100 %	367,544	100 %	-

Impairment test

As required by IAS 36, the KOS Group has performed an impairment test to check the recoverability of the carrying amount of the property, plant and equipment, and intangible assets recorded in the Group consolidated fi-

financial statements at 31 December 2024. Goodwill recorded in the consolidated financial statements is tested for impairment at least once a year even if there are no indicators of impairment.

Under the method required by IAS 36, the KOS Group has identified CGUs (Cash Generating Units) which represent the smallest identifiable units in the consolidated financial statements that are capable of generating cash flow on a broadly independent basis. The organisational structure, the type of business and the manner in which control is exercised over the operations of the CGUs themselves were taken into account when identifying the CGUs. It should be noted that, in 2022, given how the Group's business and size have evolved and considering changes that have redefined the sector in recent years, the Group felt it was appropriate to adapt its organisational structure (by operating segment/division). The rationale is the need for an organisational model more effective in managing different businesses based on "drivers" and operating methods i.e. with the care homes on the one hand and rehabilitation activities on the other. The heads of each operating division have been given full control of activities falling under their responsibility.

The CGUs identified by management – to which goodwill has been allocated – are as follows: Care Homes Italy, Care Homes Germany, Rehabilitation, Psychiatric Care and Non-Residential Care, Acute Care. The non-current assets of the parent KOS S.p.A. have been allocated to the Corporate CGU and have not been tested for impairment as they are not used for production and sales activities.

The levels tested and the amounts tested are shown in the following table (in Euro / thousands):

Operating Segment	Country	Carrying amount tested (A)	Carrying amount not tested (B)	Carrying amount from financial statements before i.t.(C)=(A)+(B)
Care Homes	Italy	500,211	-4	500,208
	Germany	494,700		494,700
	<i>Greenfield and new acquisitions</i>			0
Care Homes total (A)		994,911	-4	994,907
Rehabilitation, Psychiatric Care and Non-Residential Care (B)	Italy	329,347	657	330,004
Acute Care ©	Italy	47,604	-1,698	45,906
KOS S.p.a. and KOS Servizi	Italy		7,592	7,592
Diritti d'uso per contratti d'affitto ICO	Italy			0
Corporate (E)	Italy	0	7,592	7,592
Total Assets (F)=(A)+(B)+(C)+(D)+(E)		1,371,862	6,547	1,378,409
<i>of which: Intangible assets (no goodwill)</i>				3,838
<i>of which: goodwill</i>				367,544
<i>of which: right-of-use assets</i>				739,846
<i>of which: investment property</i>				2,242
<i>of which: Property plant and equipment</i>				236,579
<i>of which: NWC</i>				28,360

The recoverability of the amounts recorded was assessed by comparing the carrying amount attributed to the CGUs including goodwill (i.e. the carrying amounts) with their recoverable amount (value in use). Value in use is represented by the present value of future cash flows that are expected to be generated by continuous use of the as-sets relating to the cash generating units plus the terminal value attributable to the same units.

The carrying amount not tested refers to non-operating assets such as corporate and Greenfield, as well as to Ospedale di Suzzara S.p.A., in the Acute Care CGU, as the concession for the management of Suzzara Hospital ended in 2024. For impairment test purposes, the Group has tested the carrying amount of the investment held by KOS S.p.A. and has found it to be reasonable compared to the equity of the subsidiary.

When performing the impairment test, the KOS Group used the latest profit and loss and cash flow forecast data

for the period 2025-2029 (as described in the paragraph on the use of estimates) and presumed that the assumptions would materialise and objectives be achieved. When processing the forecast data, management made assumptions based on past experience and on prevailing expectations regarding the outlook for the various operating segments. The forecasts are contained in the Business Plan approved by the KOS S.p.A. Board of Directors. The Business Plan was prepared based on detailed estimates made for each of the Group's facilities and using specific key value drivers.

The main estimates made when preparing the Business Plan that formed the basis for the impairment test regarded the hypothesis that Group activities relate to essential services, are sustained by growing demand and will continue to be supported by the Italian National Health Service to a significant degree, despite limitations on public health spending.

General assumptions

- It is expected to have constant, sustained growth in demographic factors such as an increase in the percentage of the population over 80 years of age. This age group requires greater and more highly qualified assistance and is expected to grow sharply in the coming years.
- Public expenditure, linked to the National Health Fund, will grow (despite decreasing as a percentage of GDP) in line with the official forecasts of the Budget Law (with an overall level of expenditure on long-term care of Euro 13.4 billion);
- At the same time, private health spending will increase – it currently amounts to around Euro 46 billion on the Italian market, representing more than 25% of total public health spending.
- The structural gap in the labour market regarding healthcare personnel is monitored, especially with regard to nurses; this could put pressure on increased labour costs during the Plan period.
- On a legislative level, the effects resulting from reforms like the “Elderly Law” and the “Competition Law” – which could impact patient acceptance and lead to periodical reviews of the economic terms of public contracts – have been analysed. However, it was not possible to determine the actual effects and timing of these reforms as they are still at the discussion stage. Finally, pressure for the renewal of private sector collective agreements should enable an increase in public tariffs in 2025 and 2026.

In addition to these general assumptions, the specific assumptions made for each CGU are listed below:

General assumptions regarding Care Homes Italy CGU

- Gradual return to pre-pandemic volume levels thanks to growing demand for care services in dedicated facilities and, partially, to home care (the levels of which are well short of NRRP targets. The increase in demand highlights the need to strengthen the supply of long-term care both in dedicated facilities like hospitals and care homes and through home care.
- Despite the growth seen in recent years, Italy still has a low number of care home beds compared to other large European countries, with high demand easily outstripping supply;
- The supply is concentrated in Northern Italy and the market is fragmented with private operators representing 25% of the total supply, while there has been an increase in the percentage contributed by Co-operative Companies.

Assumptions regarding Care Homes Germany CGU

- Generally speaking, the German market shows a decent recovery in post-pandemic activities. The current market consists of a total of 5 million people in need of assistance, with annual growth of 1%. 20% of these people require some form of hospital care against around 0.9 million available beds. As demand is greater than supply, an increase in the number of patients will depend mainly on the availability of beds and staff;
- A significant, systematic tariff review is expected in 2025, as was the case in 2024. These tariffs are negotiated with the aim of covering operating costs, using the cost-plus approach. Tariffs could also be impacted by the effects of collective bargaining and regulatory/legislative reform;

- The German labour market is characterised by low unemployment rates that make it highly competitive. This leads to difficulties in finding qualified health personnel, as evidenced by the high turnover rate of nursing staff;
- From a regulatory perspective, the main effect regards the redefinition of nursing categories, with the introduction of a new category of nurses with a training period of just one year; this could have possible consequences from an operational point of view and on the make-up of health personnel.
- The competitive scenario has improved overall compared to 2023, when several small to medium-sized players faced financial difficulties and some facilities showed signs of insolvency. In 2024, the only significant M&A activity was carried out by the Alloheim Group which acquired 27 nursing homes from the Katharinenhof Group.

Assumptions regarding Rehabilitation, Psychiatric Care and Non-Residential Care CGU

- Demand for mental health services remains high. At present, around 4.8 million people suffer from psychiatric disorders. This number is expected to increase due to a mix of demographic and social factors. At present, fewer than 1 million people are being treated;
- The limited number of patients treated is linked to lower availability of beds and dedicated staff than in the main European countries. Public spending on mental health accounts for only around 3% of the national health fund;
- In some regions, the supply of mental health facilities is still limited; moreover, there is also a limited number of accredited private facilities for acute patients;
- The number of rehabilitation beds in Italy is stable but still below the European average. Geographically, the highest concentration is in the North-West where there is a good presence of accredited private facilities.

Assumptions regarding Acute Care CGU

- The concession to operate Suzzara Hospital ended in 2024; nonetheless, for impairment purposes, the Company has tested the value of the investment reported by the parent and confirmed it is consistent with the equity of the subsidiary.
- More private services – surgery, care home and outpatient treatment.

Terminal value was calculated based on a growth (g) rate of 2.0% for Italy (2.0% in 2023) which is in line with the average long term growth rate for production, the business sector and the country in which the business operates. Meanwhile, a rate of 2.0% was used for the assets in Germany (2.0% in 2023).

The discount rate applied (WACC) reflects current market valuations of the cost of money and takes account of business-specific risks. This rate, net of taxes, is equal to 6.5% (against 6.9% in 2023) for assets in Italy and 5.6% (5.8% in 2023) for assets in Germany.

No impairment was identified based on the test performed.

It should also be noted that, as the recoverable amount is determined based on estimates, the Group cannot guarantee that goodwill will not be impaired in future periods.

The Group has performed a sensitivity analysis considering variations in the underlying assumptions behind the impairment test and, in particular, in the variables that most affect recoverable amount (the discount rate, growth rates), determining the level of such variables that make value in use equal to carrying amount as shown below:

1) Care Homes Italy: the sensitivity analysis produced positive results even considering a 0.5% lower rate of growth and a significantly higher WACC than that used in the test.

2) Care Homes Germany: the sensitivity analysis showed that potential negative results could emerge considering a 0.5% lower rate of growth and a significantly higher WACC than that used in the test.

3) Rehabilitation and Psychiatric Care: the sensitivity analysis produced positive results even considering a 0.5% lower rate of growth and a significantly higher WACC than that used in the test.

4) Acute Care: the sensitivity analysis produced positive results even considering a 0.5% lower rate of growth and a significantly higher WACC than that used in the test.

A sensitivity analysis was also performed by calculating the breakeven WACC and gross operating profit reduction i.e. the levels that would lead to zero cover.

- 1) For the Care Homes Italy area, there would be zero cover in the event of an overall gross operating profit reduction of 20.46% or a 2.26% increase in WACC.
- 2) For the Care Homes Germany area, a 7.43% gross operating profit reduction would lead to zero cover as would a 0.77% WACC increase.
- 3) For the Rehabilitation and Psychiatric Care area, a reduction in gross operating profit of 25.33% would be required or a WACC increase of 2.49%.
- 4) For the Acute Care area (excluding Suzzara Hospital), an reduction in gross operating profit of 46.43% would be required or a WACC increase of 5.08%.
- 5) On a consolidated level, a 18.57% gross operating profit reduction would be required or a 1.47% increase in WACC.

17) Property, plant and equipment

At 31 December 2024, net property, plant and equipment amounted to € 236,579 thousand against € 233,540 thousand at 31 December 2023.

The following table shows a breakdown of this item and changes therein in 2024.

	Opening balance			Changes in the year				Closing balance		
	Historical cost	Impairment losses and accumulated	Carrying amount as at 31/12/2023	Purchases	Reclassifications	Net disposals	Impairment losses and depreciated	Historical cost	Impairment losses and accumulated	Carrying amount as at 31/12/2024
<i>(eur/000)</i>										
Land	24,466	-	24,466	-	-	-	-	24,466	-	24,466
Buildings	161,872 (63,518)		98,354	1,477	-	(8)	8 (4,757)	163,341 (68,267)		95,074
Plant and Machinery	39,278 (28,048)		11,230	3,307	87	38 (1,016)	1,011 (2,127)	41,656 (29,126)		12,530
Industrial and commercial equipment	81,720 (59,431)		22,289	5,152	157 (67)	(6,687)	6,646 (5,910)	80,342 (58,762)		21,580
Other assets	186,314 (117,466)		68,848	11,436	397	136 (17,604)	17,296 (11,227)	180,543 (111,261)		69,282
Assets under construction and payment	8,353		8,353	6,731 (978)		(459)	-	13,647		13,647
Total	502,003 (268,463)		233,540	28,103 (337)		107 (25,774)	24,961 (24,021)	503,995 (267,416)		236,579

Land and buildings are recorded at historical cost. In order to test their carrying amount, independent appraisals were performed at 31 December 2024.

Fair value was determined using generally accepted valuation methods and principles based on the most widely applied measurement criteria. The valuations confirmed that the historical cost of land and buildings was an appropriate valuation method.

Increases for the period, amounting to € 28.1 million, include ordinary capex and capex to comply with laws and regulations (€ 25 million) as well as business development capex (€ 3.1 million). Details of the business development capex are provided below:

- € 0.4 million refers to the new Care Home in Bergamo, a 108-bed facility construction of which was completed during the year;
- € 2.4 million was invested in the refurbishment of several departments at the Casa di Cura Villa dei Pini hospital facility;
- € 0.3 million refers to development capex on existing facilities.

Net disposals for the year mainly refer to the transfer, free of charge, of the assets of Ospedale di Suzzara S.p.A. when the concession ended. These assets were fully depreciated.

As in prior years, the depreciation charged to profit or loss was determined based on the residual useful lives of the assets in question by applying depreciation rates felt to represent their useful lives.

When the above real estate appraisals were performed, useful life was also examined and a component analysis performed.

The useful lives of each property, plant and equipment category are shown below:

Categoria	Useful life - Years (range)	Useful life - Years (average)
Buildings	33.3	33.3
General plants	8 - 12,5	10.3
Electrical and plumbing systems	7,7 - 8,3	8
Sanitary systems	7,7 - 8,3	8
Kitchen appliances	7,7 - 8,3	8
Telephone and data systems	7,7 - 8,3	8
Kitchen equipment	4 - 8	6
General equipment	4 - 8	6
Medical equipment	8 - 10	9
Helthcare furniture and fittings	8,3 - 10	9.2
Office furniture and fittings	7,7 - 8,3	8
Linen	2,5	2.5
Electronic office machines	5	5
Vehicles	4 - 5	4.5
Telephone systems	5	5

18) Right-of-use assets

In accordance with IFRS 16, this caption includes recognition of Right-of-use assets while the related lease liabilities are reported under “Lease liabilities”.

Movements in this caption are analysed below:

Opening balance				Changes in the year				Closing balance			
	Historical cost	Impairment losses and accumulated	Carrying amount as at 31/12/2023	Purchases	Reclassifications	Net disposals	Impairment losses and depreciat	Historical cost	Impairment losses and accumulated	Carrying amount as at 31/12/2024	
(eur/000)					Historical cost	Impairment losses and accumulated depreciation	Historical cost	Impairment losses and accumulated depreciation			
Righ-of-use buildings	1,022,357	(263,088)	759,269	42,606		(2,187)	2,187	(65,314)	1,062,776	(326,215)	736,561
Righ-of-use plant and machinery	1,207	(1,207)	-						1,207	(1,207)	-
Righ-of-use industrial and commercial equipment	983	(880)	103					(51)	983	(931)	52
Righ-of-use other assets	5,233	(2,399)	2,834	1,909		(1,290)	1,290	(1,510)	5,852	(2,619)	3,233
Total	1,029,780	(267,574)	762,206	44,515	-	(3,477)	3,477	(66,875)	1,070,818	(330,972)	739,846

The increase for the year mainly refers to the effect of new lease/rental agreements (especially the San Sisto 2 and Rosenheim care homes in Germany) and the renewal of several lease/rental agreements after renegotiation with the owners of the properties. The effect of inflation on lease and rental costs was around € 35.7 million.

19) Investment property

This item includes several properties not used in the Group's core business activities, among them a property rented out for use as an hotel and an apartment rented to third parties.

Movements during the year were as follows:

	Opening balance			Changes in the year						Closing balance		
	Historical cost	Impairment losses and accumulated	Carrying amount as at 31/12/2023	Purchases	Reclassifications	Net disposals		Impairment losses and depreciated		Historical cost	Impairment losses and accumulated	Carrying amount as at 31/12/2024
					Historical cost	Impairment losses and accumulated depreciation	Historical cost	Impairment losses and accumulated depreciation				
(eur/000)												
Investment property	4,962	(2,551)	2,411					(169)		4,962	(2,720)	2,242
Total	4,962	(2,551)	2,411	-	-	-	-	(169)		4,962	(2,720)	2,242

Investment property was valued upon purchase and again at 31 December 2024.

20) Other equity investments

This item includes the following non-controlling investments over which, notwithstanding the percentage interests held, the KOS Group did not hold control on either a de facto or a legal basis as at 31 December 2024.

These investments are considered as belonging to the “available for sale” category in light of the lack of significant influence and taking account of the fact that one or more of the following circumstances are met in relation to these investments:

- no representation on the board of directors
- no participation in the decision-making processes
- no significant transactions
- no exchange of management personnel or supply of key technical information

This item also includes investments in joint ventures, as recorded using the equity method (Apokos Rehab Private Ltd) from the date when joint control began until the time it ceases to exist. The subsequent measurement of the investment for consolidation purposes generated a gain of € 77 thousand which was classified in the Statement of Profit or Loss under “impairment losses (gains) on equity accounted investments”.

With effect from 30 June 2023, the investment in ClearView Healthcare LTD has been consolidated at cost as it is no longer material for the purposes of the KOS consolidated financial statements following the sale of the investment held by it in ClearMedi Healthcare LTD. The investment in ClearView Healthcare LTD was written down in full during 2022.

Other investments in associates and other equity-accounted investees

Name	Main office	Share/quota capital (Eur)	Owner	% of investment	Group interest	Carrying amount (eur/000) 31/12/2024	Carrying amount (eur/000) 31/12/2023
Osimo Salute S.p.A	Osimo (AN)	750,000	€ Abitare Il tempo S.r.l	25.50%	14.03%	895	893
Fondo Spazio Sanità	Rome	124,948,985	€ KOS Care S.r.l	0.72%	0.72%	900	900
Apokos Rehab PVT Ltd*	Andhra Pradesh - India	169,500,000	INR Kos S.p.A	50.00%	50.00%	747	670
ClearView Healthcare LTD	New Delhi (IND)	4,661,880	INR Kos S.p.A	85.19%	85.19%	-	-
Other investments						33	32
Total						2,573	2,495

* Equity-accounted investees

21) Other non-current assets

The following table provides a breakdown of this item:

<i>(eur/000)</i>	31/12/2024	31/12/2023	Var.
Tax assets	12	12	-
Security deposits	420	424 (	4)
Amounts receivable from social security institutions	223	315 (	92)
Other assets	1,286	1,378 (	92)
Total	1,941	2,129 (	188)

This item includes amounts receivable from social security institutions and security deposits plus other tax assets.

“Other assets” includes a payment on account made to a supplier in relation to a Care Home that will be leased by the Group once construction has been completed.

22) Other financial assets

“Other financial assets” include investments of cash in Time Deposits and rolling Time Deposits maturing after one month.

Details are of this item are provided below:

<i>(eur/000)</i>	31/12/2024	within 12 months	1-2 years	31/12/2023	within 12 months	1-2 years
Other financial assets	57,987	57,987	-	106,848	106,848	-
Total	57,987	57,987	-	106,848	106,848	-

The carrying amount of these assets has been restated at fair value by adjusting the Time Deposits to take into account the credit rating of the banks with which the Group operates. This process led to a revaluation that increased the carrying amount of the assets by € 21 thousand.

23) Deferred taxes

This includes deferred tax assets and deferred tax liabilities arising on temporary differences between the profit for the year and taxable income.

(eur/000)	31/12/2024		31/12/2023	
	Differenza	Imposta	Differenza	Imposta
Temporary difference in current assets	9,104	2,207	12,350	2,986
Temporary difference in non-current assets	56,742	13,825	49,072	12,315
Temporary difference in current liabilities	4,855	1,262	5,337	1,383
Temporary difference in provisions for personnel	9,192	2,213	11,331	2,719
Temporary difference in provisions for risks and charges	16,805	4,088	17,501	4,239
Temporary difference in financial instruments	-	-	39	9
Temporary difference from tax losses	498	119	1,133	272
Total deferred tax assets	97,196	23,714	96,763	23,923

(eur/000)	31/12/2024		31/12/2023	
	Differenza	Imposta	Differenza	Imposta
Temporary difference in non-current assets	51,834	14,468	52,344	14,538
Temporary difference in provisions for personnel	504	119	530	125
Total deferred tax liabilities	52,338	14,587	52,874	14,663

With regard to deferred tax assets:

- the temporary differences in current assets mainly relate to the loss allowance;
- the temporary differences in non-current assets mainly regard the effect of accounting for leases (IFRS 16) and differences in depreciation/amortisation charges for financial reporting and tax purposes;
- the temporary differences in provisions for personnel mainly regard provisions created for collective labour agreement renewal;
- the temporary differences in financial instruments mainly regard the valuation of derivative financial instruments.

With regard to deferred tax liabilities:

- the temporary differences in non-current assets mainly regard the effect of accounting for leases (IFRS 16) and the effect of allocating part of the acquisition cost of Santo Stefano Group to the assets of said company, as occurred in 2007;
- the temporary differences in provisions for personnel are mainly due to the different treatment of the post-employment benefit for IFRS purposes (IAS 19).

Tax loss carryforwards not used for deferred tax computation purposes amount to € 26,633 thousand and mainly refer to the German subsidiary. For reasons of prudence, no deferred tax assets have been recognised on such losses. A detailed analysis is provided below:

	31/12/2024	31/12/2023
Prior year losses	27,131	4,801
of which:		
- tax losses that generate deferred tax assets	498	1,133
- tax losses that did not generate deferred tax assets	26,633	3,668

It is considered that tax loss carryforwards totalling € 498 thousand at 31 December 2024 could generate deferred tax assets based on the contents of the Business Plan and the participation of the companies in the CIR group taxation arrangement. The losses refer to the company Jesilab S.r.l.. The decrease of € 635 thousand compared to 31 December 2023 regards the utilisation of tax losses by KOS S.p.A..

Deferred taxes recorded directly in equity during the year were negative and amounted to € 16 thousand. They refer to the tax effect of the actuarial gains (losses) from application of IAS 19 (€ 10 thousand negative) and to the measurement of the derivatives of the parent KOS S.p.A (65 thousand negative).

Changes in deferred tax assets and liabilities compared to 31 December 2023 are analysed below, inclusive of equity effects not recycled through profit or loss.

Movements in deferred tax assets and liabilities

(eur/000)	31/12/2023	Use of deferred taxes from previous year	Deferred taxes for the year	Changes in consolidation scope	Other changes	31/12/2024
Deferred tax assets						
- in profit or loss	23,283	(1,891)	1,682			23,074
- in equity	640	(6)	6			640
Total	23,923	(1,897)	1,688	-	-	23,714

(eur/000)	31/12/2023	Use of deferred taxes from previous year	Deferred taxes for the year	Changes in consolidation scope	Other changes	31/12/2024
Deferred tax liabilities						
- in profit or loss	(8,348)	490	(398)			(8,256)
- in equity	(6,315)	2	(18)			(6,331)
Total	(14,663)	492	(416)	-	-	(14,587)
Net deferred taxes	9,260	(1,405)	1,272	-	-	9,127

During the reporting period, deferred tax assets recognised through profit or loss had a negative impact of € 209 thousand while the positive impact of accounting for deferred tax liabilities was € 92 thousand.

The following table shows movements in deferred tax assets and liabilities in 2023.

(eur/000)	31/12/2022	Use of deferred taxes from previous year	Deferred taxes for the year	Changes in consolidation scope	Other changes	31/12/2023
Deferred tax assets						
- in profit or loss	25,069	(4,887)	3,101			23,283
- in equity	578	(6)	68			640
Total	25,647	(4,893)	3,169	-	-	23,923

(eur/000)	31/12/2022	Use of deferred taxes from previous year	Deferred taxes for the year	Changes in consolidation scope	Other changes	31/12/2023
Deferred tax liabilities						
- in profit or loss	(8,372)	486	(462)			(8,348)
- in equity	(6,347)	32	(18)			(6,331)
Total	(14,719)	518	(462)	-	-	(14,663)
Net deferred taxes	10,928	(4,375)	2,707	-	-	9,260

CURRENT ASSETS

24) Inventories

At 31 December 2024, inventories amounted to € 4,182 thousand and decreased by € 1,192 thousand compared to 31 December 2023. The decrease mainly relates to the ending of the concession with *Fondazione Presidio Ospedaliero F.lli Montecchi di Suzzara* and the resulting transfer of inventory to the new hospital management company.

The table contains a breakdown of the categories of goods in inventory together with comparative figures at 31 December 2023.

<i>(eur/000)</i>	31/12/2024	31/12/2023	Var.
Other goods	407	549 (	142)
Healthcare goods	3,157	4,280 (	1,123)
Food product inventory	618	545	73
Total	4,182	5,374 (	1,192)

Inventories include healthcare products and other items normally utilised in the Group's core business.

Inventory turnover is adequate, also considering the type of goods, and no write-down was necessary.

25) Financial assets with the parent

<i>(eur/000)</i>	31/12/2024	31/12/2023	Var.
Financial assets with the parent	1,636	3,474 (	1,838)
Total	1,636	3,474 (	1,838)

The financial assets with the ultimate parent CIR S.p.A. were generated by the inclusion of the IRES tax receivables arising from the participation of several KOS Group companies in the group taxation arrangement.

26) Trade receivables

At 31 December 2024, trade receivables amounted to € 94,832 thousand, an increase of € 3,502 thousand on 31 December 2023.

The balance is analysed as follows:

<i>(eur/000)</i>	31/12/2024	%	31/12/2023	%	Var.
Trade receivables from private customers	20,601	19%	21,939	17% (	1,338)
Trade receivables from public-sector customers	88,979	81%	90,098	83% (	1,119)
Loss allowance	(14,748)		(20,707)		5,959
Total	94,832	100 %	91,330	100 %	3,502

A specific loss allowance is created to bring trade receivables into line with their estimated realisable amount. Accruals to the loss allowance are made based on a detailed assessment of each receivable balance, taking account of overdue balances. During the year, € 1,115 thousand was allocated to the allowance, excluding the amount provided for interest on arrears.

Note that the loss allowance includes a prudent accrual made upon invoicing interest on arrears, mainly to public sector customers. This accrual, amounting to € 1,310 thousand at 31 December 2024, has decreased compared to 31 December 2023 (€ 5,748 thousand). In accordance with IFRS 9, the impairment losses have been calculated based on an expected credit loss model. The Group's trade receivables of all age bands were adjusted by means of percentage provisions ranging from 1% for receivables not overdue, up to 100% for the oldest receivables. As a percentage of gross trade receivables, the loss allowance has decreased from 18.5% at 31 December 2023 to 13% at 31 December 2024.

For details of movements on the loss allowance, see Note "3.3 Additional disclosures on financial assets".

The carrying amount of trade receivables, net of the allowance, is close to their fair value.

Trade receivables at 31 December 2024 and 2023 are broken down by region in the table below:

<i>(eur/000)</i>	31/12/2024	%	31/12/2023	%	Var.
Lombardy	5,681	6%	5,198	6%	483
Trentino Alto Adige	1,615	2%	1,418	2%	197
Veneto	3,996	4%	3,032	3%	964
Piedmont	3,461	4%	3,796	4% (	335)
Liguria	3,443	4%	3,624	4% (	181)
Tuscany	2,603	3%	2,497	3%	106
Emilia Romagna	10,084	11%	8,934	10%	1,150
Marche	41,924	44%	39,283	43%	2,641
Lazio	3,325	4%	3,084	3%	241
Campania	3,638	4%	5,062	6% (	1,424)
Calabria	485	1%	321	0%	164
Sicily	25	0%	25	0%	-
Other regions	2,616	3%	3,445	4% (	829)
Foreign countries	11,936	13%	11,611	13%	325
Total	94,832	100 %	91,330	100 %	3,502

At 31 December 2024 and 31 December 2023, there were no trade receivables due after more than five years.

27) Other assets

At 31 December 2024, other assets amounted to € 12,962 thousand, a decrease of € 1,151 thousand compared to 31 December 2023, as detailed below:

<i>(eur/000)</i>	31/12/2024	31/12/2023	Var.
Financial assets with associates	105	105	-
Financial assets with others	12,125	12,436 (	311)
Tax assets	732	1,572 (	840)
Total	12,962	14,113 (	1,151)

“Tax assets” includes VAT assets of € 180 thousand (€ 223 thousand at 31 December 2023), receivables for IRES and IRAP payments on account totalling € 196 thousand (€ 25 thousand at 31 December 2023) and a tax credit relating to the 4.0 transition plan.

“Financial assets with others” mainly include the payments on account made to health and safety institution INAIL, advances to suppliers, sundry deposits, prepaid expenses and accrued income mainly consisting of accrued rental and an amount receivable of € 2.8 million relating to an advance in post-employment benefit to employees following their transfer to the new operator of P.O. F.lli Montecchi Suzzara.

At 31 December 2024 and 31 December 2023, there were no other assets due after more than five years.

28) Financial assets

The balance of €8,830 thousand at 31 December 2024 has decreased compared to 31 December 2024 (€ 9,481 thousand). It mainly comprises financial assets from non-recourse factoring.

29) Cash and cash equivalents

Cash and cash equivalents totalled € 39,632 thousand at 31 December 2024, a decrease of € 1,261 thousand compared to 31 December 2023. They can be broken down as follows:

<i>(eur/000)</i>	31/12/2024	31/12/2023	Var.
Bank and postal deposits	39,293	40,515 (	1,222)
Cash and cash equivalents on hand	270	316 (	46)
Cheques	69	62	7
Total	39,632	40,893 (	1,261)

Movements in cash and cash equivalents in 2024 are analysed in the Statement of Cash Flows.

The carrying amount of these assets has been restated at fair value by adjusting bank deposits to take account of the credit rating of the banks used by the Group. This process led to a € 6 thousand increase in the value of these assets.

Cash and cash equivalents consist of amounts whose use or employment is not subject to any restrictions.

The Group's net financial indebtedness is € 902,189 thousand against € 920,678 thousand at 31 December 2023. For further information, see the note on the "Net financial position".

30) Equity

The following table shows changes in consolidated equity during the year:

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	STOCK OPTION RESERVE	HEDGING RESERVE	ACTUARIAL RESERVE	RETAINED EARNINGS/(LOSSES CARRIED FORWARD)	TRANSLATION RESERVE	PROFIT FOR THE YEAR	TOTAL	PROFIT FOR THE YEAR ATTRIBUTABLE TO NC INTERESTS	NON-CONTROLLING INTERESTS	TOTAL
BALANCE AT 31 DECEMBER 2023	8,853	1,771	40,250	2,154	(13)	(1,470)	285,424	0	11,653	348,622	1,066	6,379	356,067
Capital increase										0			0
Profit for the year									20,472	20,472	801		21,273
Other comprehensive income:													
Changes in hedging reserve					13					13			13
Changes in actuarial reserve						33				33		(1)	32
Total other comprehensive income	0	0	0	0	13	33	0	0	20,472	20,518	801	(1)	21,318
Increase in stock option reserve				(16)			16			0			0
Sanatrix Srl third parties purchase							(377)			(377)		(1,899)	(2,276)
Allocation of prior year profit							11,653		(11,653)	0	(1,066)	1,066	0
Dividends paid and reserves distributed			(11,652)							(11,652)		(699)	(12,351)
BALANCE AT 31 DECEMBER 2024	8,853	1,771	28,598	2,138	0	(1,437)	296,716	0	20,472	357,111	801	4,846	362,758

Share capital

Share capital was wholly subscribed and paid at 31 December 2024. It amounts to € 8,853 thousand and is divided into 89,016,543 shares with no nominal value.

The shares are divided into three categories/classes (class “A”, “B” and “C” shares) that have the same equity rights and different circulation rights as well as certain particular prerogatives for the class “B” shares in relation to administrative rights.

Share-based payments

KOS S.p.A. has implemented a number of stock option plans in order to provide the Group with a means of offering incentives to directors and employees while building up their loyalty in such a way that key personnel feel a greater sense of belonging to the business. At the same time, the plans help encourage the creation of value for the parent.

Exercise of the stock options is subject to specific time requirements relating to period of employment or appointment and they will only become effective when these requirements are met.

Details of the various plans and movements therein in 2024 are shown in the following table:

31/12/2024	Outstanding options at 1 January		Granted options during the year		Exercised options during the year		Expired options during the year		Outstanding options at the end of the year			Exercisable options at the end of the year		Vesting and expiry dates	
	Options number	Weighted average price for the year	Options number	Weighted average price for the year	Options number	Weighted average price for the year	Options number	Weighted average price for the year	Options number	Average price for the year	Average time to maturity (years)	Options number	Weighted average price for the year	Vesting date	Expiry date
Stock Option “D” rev plan	1404,583	2.65							1,404,583	2.52	8.4	1,404,583	2.52	31/12/2014	17/05/2033
Stock Option “B” plan	951,000	8.02					13,600	8.16	937,400	8.16	8.4	937,400	8.16	17/05/2023	17/05/2033
Total	2,355,583	4.82					13,600	8.16	2,341,983	4.78	8.4	2,341,983	4.78		

The Parent values its stock options using the Black-Scholes method.

Reserves

Legal reserve

The legal reserve amounts to € 1,771 thousand and has not changed compared to 31 December 2023.

Share premium reserve

The share premium reserve amounts to € 28,598 thousand and has decreased by € 11,652 thousand compared to 31 December 2023 as a result of the distribution during the year.

Valuation reserves

The following table shows movements in valuation reserves during the period:

Valuation reserves (eur/000)	31/12/2023	Increase	Decrease	Changes in intrinsic value	31/12/2024
Hedging reserve	(13)			13	0
Stock option reserve	2,154		(16)		2,138
Actuarial reserve	(1,470)	33			(1,437)
Total	671	33	(16)	13	701

The *Stock option reserve* offsets costs relating to vesting stock options awarded by KOS S.p.A. The decrease compared to prior year regards the cancellation of a number of stock option plans of former Group employees.

The *Hedging reserve* includes the intrinsic value of the KOS Group derivative contracts based on the cash flow hedge method, allocating it to equity reserve at contract date, in relation to only the effective portion for IRS contracts, and to the variation on Collar and Interest Rate Cap contracts (See "*Disclosures on risks and financial instruments*").

The *Actuarial reserve* includes actuarial gains and losses resulting from application of the revised IAS 19 to the Group's post-employment benefits.

Other reserves and retained earnings

This includes the retained earnings (losses carried forward) of consolidated companies and the other reserves of subsidiaries.

Equity – non-controlling interests

Equity attributable to non-controlling interests, amounting to € 5,647 thousand (€ 7,445 thousand at 31 December 2023), mainly regards fully-consolidated companies but with non-controlling investors. The change compared to 31 December 2023 is primarily due to the payment of dividends by Abitare il tempo S.r.l. (€ 699 thousand), to profit for the year (€ 801 thousand) and to the acquisition of non-controlling interests in Sanatrix S.r.l. and Fidias S.r.l. (€ 1,899 thousand).

(eur/000)				
Company	Non-controlling interests	% of direct non-controlling interests	Profit for the year attr. to non-controlling interests	Reserves attr. to NC interests
Abitare il Tempo S.r.l.	46%	46%	760	4,970
KOS Servizi Società Consortile R.L.	2%	0%	-	(18)
Sanatrix Gestioni S.r.l.	1%	0%	41	610
Sanatrix S.r.l.	1%	1%	-	85
Total			801	5,647

31) Financial liabilities

At 31 December 2024, financial liabilities amounted to € 1,008,638 thousand against € 1,077,900 thousand at 31 December 2023, an increase of € 69,262 thousand for the year.

The following table contains a breakdown of these balances by maturity date as at 31 December 2024 and 31 December 2023.

(eur/000)	31/12/2024	Within the year	1-5 years	Over five years	31/12/2023	Within the year	1-5 years	Over five years
Bank overdrafts	-	-	-	-	-	-	-	-
Bank loans and borrowings - collateral	74,311	9,999	64,312	-	77,142	3,025	74,117	-
Bank loans and borrowings	116,173	36,504	79,669	-	100,292	14,134	86,158	-
Bonds	35,252	35,252	-	-	99,666	64,666	35,000	-
Loans and borrowings with other financial backers	-	-	-	-	191	191	-	-
Finance leases	10,300	1,482	3,919	4,899	11,784	1,483	4,957	5,344
Lease liabilities	772,602	60,301	227,470	484,831	788,825	58,014	228,134	502,677
Fair value of derivatives	-	-	-	-	-	-	-	-
Total	1,008,638	143,538	375,370	489,730	1,077,900	141,513	428,366	508,021

The following table shows movements in non-current financial liabilities between 31 December 2023 and 31 December 2024.

(eur/000)	31/12/2023	Increase	Decrease	31/12/2024
Bank loans and borrowings - collateral	77,142	169	(3,000)	74,311
Bank loans and borrowings	100,292	34,384	(18,503)	116,173
Bonds	99,666	-	(64,414)	35,252
Loans and borrowings with other financial backers	191	-	(191)	0
Finance leases	11,784	-	(1,484)	10,300
Lease liabilities	788,825	44,515	(60,738)	772,602
Fair value of derivatives	0	-	-	0
Total	1,077,900	79,068	(148,330)	1,008,638

Bank loans and borrowings

Details of the main movements are provided below:

- On 26 November 2024, € 34 million was drawn down on the Capex line of the financing facility totalling € 150 million arranged with a syndicate of banks on 2 December 2022.
- On 16 December 2024, Kos S.p.A. arranged a five-year RCF for a total of € 40 million with a syndicate of banks (Inesa Sanpaolo and Banco BPM) – the facility has not yet been utilised.
- The private placement of € 64 million was repaid on 18 October 2024.
- The other movements relate to repayments of principal during the year.

At 31 December 2024, available loan facilities included the revolving facilities of € 15 million relating to the syndicated financing arranged in 2022 and € 40 million relating to the revolving facility arranged in 2024.

Further information on the loans and the related covenants is provided in Note 3.5 “*Loans and related covenants*”.

As required by IFRS 9, where considered significant, loans are recorded at amortised cost which is determined using the effective interest method (taking account of explicit market interest and loan related expenses) i.e. considering the rate that discounts future cash flows over the life of the financial instrument in order to arrive at its carrying amount (See Note 4, “*Information on risks and financial instruments*”).

Bonds

The caption “*Bonds*” refers to the issue by KOS S.p.A., in October 2017, of two bonds by means of a private placement subscribed by institutional investors for a total of € 99 million. In detail:

- € 35 million maturing in October 2025 and subject to bullet repayment on maturity. Fixed rate of interest of 3.50%;
- € 64 million maturing in October 2024 and subject to bullet repayment on maturity. Fixed rate of interest of 3.15%.

The Private Placement of € 64 million was repaid on 18 October 2024.

Other financial liabilities

The following table contains a breakdown of this item at 31 December 2024 and 31 December 2023.

(eur/000)	31/12/2024	31/12/2023	Var
Regional fund (FRISL)	0	191	(191)
Total	0	191	(191)

At 31 December 2023, other financial liabilities included €191 thousand relating to an interest free “repayable grant” from Lombardy Region to fund the renovation of a care home in Milan; the funding was from the Lombardy Social Infrastructure Reconstruction Fund (*Fondo Ricostruzione Infrastrutture Sociali Lombardia* (FRISL)). The loan was repaid on 17 September 2024.

Finance leases

The Group is party to finance lease agreements which it accounts for in accordance with IFRS 16. The following table contains details of the main finance leases at 31 December 2024 and 31 December 2023. The leases are property leases.

(eur/000)	31/12/2024	31/12/2023	Var
Property lease - Montecosaro	1,434	1,929	(494)
Property lease - Foligno	4,018	4,251	(233)
Property lease - Foligno	2,950	3,107	(157)
Property lease - Ascoli	1,898	2,497	(599)
Total	10,300	11,784	(1,483)

The decrease is due to repayments made during the year.

Lease liabilities

Pursuant to IFRS 16, the Group has recorded a lease liability which totalled € 772,602 thousand at 31 December 2023, a net decrease of € 16,223 thousand compared to 31 December 2023 (€ 788,825 thousand). The decrease is due to repayments for the year which were more than offset by the new contracts entered into by the Group (impact of around € 17.5 million), the revision of existing repayments and the effect of inflation which totalled around € 35.7 million. The liability mainly refer to the rental/lease of buildings and to the hire/rental of cars and other assets.

32) Deferred tax liabilities

Deferred tax liabilities totalled € 14,587 thousand at 31 December 2024, slightly lower than at 31 December 2023 (€ 14,663 thousand).

The deferred tax liabilities relate to temporary differences between the carrying amount of the assets and liabilities recorded in the financial statements and their corresponding tax bases. See note 27 “Deferred taxes” for further information.

33) Provisions for personnel

Provisions for personnel include post-employment benefits (“TFR”) and other employee benefits accruing at the reporting date. Where applicable, they are measured, on a six-monthly basis, under the actuarial method required by IAS 19. At 31 December 2024, the post-employment benefits amounted to € 19,313 thousand, a decrease of € 1,273 thousand compared to 31 December 2023.

The following table shows movements in provisions for personnel in 2024.

<i>(eur/000)</i>	31/12/2024	31/12/2023
Opening balance	20,586	20,077
Service cost	11,753	11,718
Financial expense	577	695
Benefits paid	(2,296)	(1,965)
Transfers to pension funds/treasury fund	(11,259)	(10,386)
Other changes	(11)	23
Net unrealised actuarial gains (losses)	(37)	424
Total	19,313	20,586

In compliance with IAS 19, employee benefits have been reported according to the ‘projected unit credit cost’ method based on the following assumptions:

<i>Economic assumptions</i>	31/12/2024	31/12/2023
Inflation rate	2.00%	2.00%
Discount rate	3,38%*	3,08%*
Remuneration increase rate	0,50% - 1,50%	0,50% - 1,50%
ESI increase rate	3.00%	3.00%
<i>Demographic assumptions</i>		
Mortality rate	ISTAT 2022	RG48
Disability rate	INPS table by age and sex	INPS table by age and sex
Retirement rate	Fulfillment of compulsory general insurance requirements	Fulfillment of compulsory general insurance requirements

*IBOXX Eurozone Corporates AA

The following is also shown for each company:

- sensitivity analysis for each relevant actuarial assumption, showing the effects in absolute terms of variations in the actuarial assumptions that would be reasonably possible at that date;

- details of contribution for next reporting period;
- details of average financial duration of defined benefit plan obligation;
- payments expected by the plan.

	KOS S.p.A.	KOS SERVIZI SOC. CONSORTILE A R.L.	KOS CARE S.R.L.	ABITARE IL TEMPO S.R.L.	SANATRIX GESTIONI S.R.L.	FIDIA S.R.L.	JESILAB S.R.L.
Turnover index +1,00%	503,123.58	5,534,980.68	11,775,738.14	509,353.19	489,932.48	160,862.57	122,778.12
Turnover index -1,00%	496,968.54	5,473,778.59	11,716,054.30	504,267.63	486,925.50	155,991.53	121,032.79
Inflation index +0,25%	508,883.97	5,601,913.84	11,861,672.39	515,848.31	493,849.84	162,402.63	124,221.11
Inflation index -0,25%	491,775.85	5,413,357.44	11,634,001.64	498,297.11	483,223.16	154,871.25	119,770.77
Discount rate +0,25%	488,454.72	5,389,050.37	11,570,226.52	495,535.44	480,198.16	153,581.25	119,112.49
Discount rate -0,25%	512,446.30	5,628,237.86	11,928,803.55	518,824.56	497,041.25	163,813.79	124,935.14

Company	KOS S.p.A.	KOS SERVIZI SOC. CONSORTILE A R.L.	KOS CARE S.R.L.	ABITARE IL TEMPO S.R.L.	SANATRIX GESTIONI S.R.L.	FIDIA S.R.L.	JESILAB S.R.L.
Service Cost pro futuro	31,267.68	916,736.94	0.00	44,455.92	0.00	12,942.41	20,908.52
Duration of the plan	12.7	14.6	6.9	13.2	7.7	17.7	16.5

Years	KOS S.p.A.	KOS SERVIZI SOC. CONSORTILE A R.L.	KOS CARE S.R.L.	ABITARE IL TEMPO S.R.L.	SANATRIX GESTIONI S.R.L.	FIDIA S.R.L.	JESILAB S.R.L.
1	29,606.94	848,965.93	1,965,384.51	30,616.13	47,956.54	17,216.08	10,363.12
2	30,706.33	452,673.32	885,266.97	49,913.95	34,769.98	4,454.86	11,392.54
3	31,735.32	275,749.36	553,062.06	32,429.60	27,815.69	4,796.64	12,289.20
4	32,701.73	495,182.38	1,002,563.18	57,587.56	26,969.85	5,146.12	13,069.59
5	33,615.54	623,757.82	1,347,020.92	53,993.46	49,109.33	5,502.78	13,752.23

34) Provisions for risks and charges

The following table shows changes during the reporting period:

(eur/000)	31/12/2023	Increase	Utilisation Re classification	31/12/2024
NON-CURRENT				
Provisions for sundry risks	4,176	90 (209)		4,057
Total "NON-CURRENT"	4,176	90 (209)	-	4,057
CURRENT				
Provisions for sundry risks	37,298	6,904 (8,841)		35,361
Total "CURRENT"	37,298	6,904 (8,841)	-	35,361
TOTAL PROVISIONS FOR RISKS AND CHARGE	41,474	6,994 (9,050)	-	39,418

The Group is involved in various civil lawsuits regarding medical and surgical practice that could lead to its being ordered to pay compensation. The Group has valued the contingent liabilities that could arise in relation to the pending litigation and has created a related provision for risks. Litigation and claims against the Group can arise as a result of complex, difficult problems involving varying degrees of uncertainty and several appeal levels over a long period of time. The estimated contingent liability was determined after a detailed process with external legal and medical consultants assisting company management to make its objective assessments. Based on the assessments performed, the consolidated financial statements include provisions of € 10,130 thousand for litigation and claims with third parties and personnel; € 9,073 thousand of this total is classified under current provisions for sundry risks.

The doctors working at Group healthcare facilities have insurance policies that partially cover the risk of compensation claims made by patients or their relatives for damages suffered as a result of events taking place during their stays at the facilities because of alleged problems with the healthcare services rendered and errors by the personnel working at the facilities.

We also note that provisions for sundry risks include provisions for personnel totalling € 12,351 thousand.

Utilisation of the provision mainly refers to bonuses paid to Group employees and to the utilisation of the provision for contractual renewals following the passage – in 2023 - from the former ANASTE contract to the new National Collective Agreement for employees in the social care, healthcare and post-intensive care sector which involved Care Home employees.

35) Liabilities with the parent

<i>(eur/000)</i>	31/12/2024	31/12/2023	Var.
Liabilities with the parent	8,435	4,514	3,921
Total	8,435	4,514	3,921

At 31 December 2024, liabilities with the parent CIR S.p.A. mainly included the IRES tax payables relating to the participation of several KOS Group companies in the Group Taxation Arrangement (€ 4,514 thousand at 31 December 2023).

36) Trade payables

The following table shows trade payables at 31 December 2024 and the change on 31 December 2023:

<i>(eur/000)</i>	31/12/2024	31/12/2023	Var.
NON CURRENT			
Trade payables	710	784 (	74)
Total "NON CURRENT"	710	784 (	74)
CURRENT			
Trade payables	67,229	68,565 (	1,336)
Advance payments	3,427	3,001	426
Total "CURRENT"	70,656	71,566 (	910)
Total trade payables	71,366	72,350 (	984)

Trade payables include liabilities for purchases of goods or services. They are reported net of discounts and/or contributions received, as well as of credit notes to be received for various reasons.

Advance payments mostly regard advances on fees received from customers.

The carrying amount of trade payables and other liabilities approximates their measurement at amortised cost.

At 31 December 2024 and 31 December 2023, there were no liabilities due after more than five years.

37) Other liabilities

At 31 December 2024, other liabilities decreased to € 73,821 thousand from € 81,493 thousand at 31 December 2023:

(eur/000)	31/12/2024	31/12/2023	Var.
NON CURRENT			
Other sundry liabilities	147	146	1
Total "NON-CURRENT"	147	146	1
CURRENT			
Tax liabilities	1,688	2,478 (	790)
VAT liabilities	96	-	96
Withholding taxes	6,116	6,879 (	763)
Other tax liabilities	628	519	109
Liabilities with social security institutions	12,744	13,877 (	1,133)
Liabilities with personnel	35,369	37,414 (	2,045)
Guarantee deposits	5,258	4,875	383
Other sundry liabilities	11,775	15,305 (	3,530)
Total "CURRENT"	73,674	81,347 (	7,673)
Total other liabilities	73,821	81,493 (	7,672)

“Withholding taxes” include the liability for withholding taxes for employees and free-lance personnel.

“Other tax liabilities” includes, *inter alia*, the liability for stamp duty settled in a virtual manner and the liability for taxes on waste.

“Liabilities with personnel” include payroll liabilities (holiday pay, 14th month’s salaries, bonuses, salaries) accruing but not yet paid.

“Liabilities with social security institutions” include employee and employer’s social security and pension contributions due.

38) Guarantees, commitments and risks

Commitments and contingent risks

The following table summarises the Group’s commitments and contingent risks at 31 December 2024 and 31 December 2023:

(eur/000)	31/12/2024	31/12/2023	Var.
Surety (building rent)	28,157	27,674	482
Surety for key money	225	225	-
Other commitments	1,427	5,093 (	3,666)
Total	29,809	32,993 (	3,184)

At 31 December 2024, bank guarantees and other guarantees given by KOS SpA and/or the subsidiaries in relation to borrowing facilities of KOS S.p.A. totalled approximately € 28,382 thousand, as follows:

- Guarantee on behalf of KOS S.p.A for lease of offices in via Durini - around €46 thousand
- Guarantees on behalf of KOS Care S.r.l. for leases - around € 28,110 thousand;
- Guarantee in favour of the Municipality of Sanremo for security deposits on planning permission/urbanisation costs - € 225 thousand.

At 31 December 2024, other commitments and risks amounted to € 1,427 thousand and mainly related to the following:

- calls for tender of around € 1,056 thousand
- other contractual commitments for around € 371 thousand

The Group operates out of owned and leased/rented facilities. Its lease/rental agreements are for between three and twelve years and are generally renewable. At the reporting date, out of 112 care homes for the elderly, 7 were owned by the Group as were 7 of the 33 functional and psychiatric rehabilitation facilities. The remaining facilities (out-patient clinics, psychiatric rehabilitation communities, diagnostics departments) are generally leased/rented.

With regard to the additional guarantees given, it should be recalled that the secured facility originally for Euro 100 million and utilised to the extent of Euro 75 million is guaranteed by mortgages on several Group properties. Said facility is also guaranteed by the assignment to the lending banks of KOS's intercompany financial assets with the Group companies that have utilised the facility. Meanwhile, corporate loans and bonds are secured by the assignment of financial assets with its subsidiaries, financial assets due to the fact that KOS has lent the proceeds from these loans to the other Group companies.

39) Related party transactions

In compliance with IAS 24, we note that the following entities are considered “related parties” for the purposes of these Notes:

- a) companies which, directly or indirectly through one or more intermediary companies, control or are controlled by, or are under joint control with the company preparing the financial statements;
- b) associates;
- c) physical persons who directly or indirectly hold voting powers in the company preparing the financial statements, such as to give them a dominant influence on the company, and their close relatives¹;
- d) executives with strategic responsibilities, i.e. those who have powers and responsibilities for planning, managing and controlling the activities of the company preparing the financial statements, including the company directors and officers and their close relatives;
- e) companies where significant voting powers are directly or indirectly held by any individuals described under c) or under d), or where such individuals can exercise significant influence.

Case e) above includes companies owned by the directors or major shareholders of the company preparing the financial statements and companies having an executive with strategic responsibilities in common with the company preparing the financial statements.

KOS S.p.A. and the other Group companies carry out transactions of a commercial and financial nature with some related parties, regulated at market conditions, i.e. at such conditions as would be applied to independent parties.

KOS Group's related party transactions mainly involve:

- financial transactions;
- service agreements;
- trade transactions;
- transactions regarding the CIR Group group taxation arrangements

The following table contains details of the statement of financial position and statement of profit or loss captions of the KOS Group with other entities identified as related parties and belonging to the KOS Group at both 31 December 2024 and 31 December 2023:

¹ An individual's close relatives are defined as those who can be expected to influence or be influenced by the said individual in their relations with the company.

INTERCOMPANY ASSETS / LIABILITIES	Assets			Liabilities			Assets			Liabilities		
(eur/000)	Trade	Finan.	Other assets	Trade	Finan.	Other liabilities	Trade	Finan.	Other assets	Trade	Finan.	Other liabilities
Parent company												
CIR S.p.A.			1,636			8,435			5,374			4,514
Associates												
Osimo Salute S.p.A.		105						105				
Other related parties					1,596						1,152	
Total	-	105	1,636	1,596	-	8,435	-	105	5,374	1,152	-	4,514

	31/12/2024						31/12/2023					
INTERCOMPANY REVENUE/COSTS	Revenue			Costs			Revenue			Costs		
(eur/000)	Sales revenue	Other revenue	Financial income	Purchase costs	Other costs	Financial expense	Sales revenue	Other revenue	Financial income	Purchase costs	Other costs	Financial expense
Parent company												
CIR S.p.A.					134						134	
Associates												
Other related parties				5,783						5,833		
Total	-	-	-	5,783	134	-	-	-	-	5,833	134	-

“Other related parties” mainly includes trade transactions with labour cooperatives and other companies. The main other related parties include Coo.s.s. Marche Onlus (costs of € 5,783 thousand for 2024 and liabilities of € 1,596 thousand at 31 December 2024; costs of € 5,778 thousand for 2023 and liabilities of € 1,148 thousand at 31 December 2023).

Note that the above-mentioned entity is considered a related party of the KOS Group for the following reasons:

- Coo.S. S. Marche Onlus Sooc. Coop. p. A., as, together with KOS Care S.r.l., it holds a 54% investment in Abitare il Tempo s. r. l. and the Chairman and Deputy Chairman of Coo. S. S. Marche are members of the Board of Directors of Abitare il Tempo. The Cooperative is also entrusted with care and nursing services in several KOS Care S.r.l. facilities in the Marche Region;

The fees of the members of the Boards of Directors of the KOS Group companies amounted to € 813 thousand (€ 1,235 thousand in 2023).

The fees of the members of the Boards of Statutory Auditors of the KOS Group companies amounted to € 108 thousand (€ 112 thousand in 2023).

Gross remuneration of the key managers totalled € 1,525 thousand in 2024 (€ 1,908 thousand in 2023). The decrease is due to the different make-up of individuals considered key managers compared to prior year.

40) Net financial position

At 31 December 2024, the net financial position was as follows:

(eur/000)	31/12/2024	31/12/2023
(A) Cash and cash equivalents	39,632	40,893
(B) Other cash equivalents	-	-
(C) Liquidity (A) + (B)	39,632	40,893
(D) Securities, derivatives and other financial assets	66,817	116,329
(E) Total current financial assets (C) + (D)	106,449	157,222
(F) Account overdrafts	-	-
(G) Collateral loans	9,999	3,025
(H) Bank loans	36,504	14,134
(I) Bonds	35,252	64,666
(J) Finance leases	1,482	1,483
(K) Lease liabilities	60,301	58,014
(L) Loans and borrowings with other financial backers	-	191
(M) Derivatives	-	-
(N) Current financial indebtedness (F) + (G) + (H) + (I) + (J) + (K) + (L) + (M)	143,538	141,513
(O) Net current financial position (N) - (E)	37,089	(15,709)
(P) Collateral loans	64,312	74,117
(Q) Bank loans	79,669	86,158
(R) Bonds	-	35,000
(S) Finance leases	8,818	10,301
(T) Right of use loans	712,301	730,811
(U) Loans and borrowings with other financial backers	-	-
(V) Non-current financial indebtedness (P)+(Q)+(R)+(S)+(T)+(U)	865,100	936,387
(W) Net financial indebtedness (O)+(V)	902,189	920,678

The Group's net financial indebtedness is € 902 million against € 921 million at 31 December 2023. The improvement of around € 18.5 million is mainly due to the increase in working capital as only partially countered by the distribution of dividends of € 12.3 million

The Group's financial indebtedness includes: (i) cash and cash equivalents of € 39.6 million; (ii) current financial assets (factoring) of € 8.8 million; (iii) Time Deposits of € 58 million (iv) current financial indebtedness (advances on invoices and bank overdraft) of zero while total available short term credit facilities amount to € 33 million; (v) non-current financial indebtedness of € 1,008.6 million which totals € 236 million if lease liabilities are excluded. The Group also has the possibility of using additional medium/long term lines of credit totalling € 55 million.

The statement of cash flows shows that cash flows from operating activities amounted to € 131,090 thousand in the year ended 31 December 2024 compared to € 115,236 thousand in the year ended 31 December 2023, mainly thanks to the positive results for the year.

Cash flows used in investing activities went from a negative total of € 113,171 thousand in 2023 to a positive total of € 18,764 thousand in 2024. The change mainly relates to investments and divestments in time deposit contracts.

Cash flows used in financing activities went from € 69,421 thousand in 2023 to € 151,115 thousand in 2024, mainly because of repayments made during the year, in particular the Private Placement of € 64 million.

41) Earnings or loss per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of outstanding shares. Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares during the year adjusted by the dilution effects of options outstanding. The parent has only one category of potential ordinary shares, i.e. those deriving from employee stock option plans. The following table contains information relevant to the calculation of basic and diluted earnings per share.

	2024	2023
	December	December
Earning (loss) for the year		
Profit (loss) for the year attributable to shareholders (A)	20,471,940	11,653,205
Diluted effect (B)	0	0
Diluted earning (loss) attributable to shareholders (E=A+B)	20,471,940	11,653,205
Number of shares		
Weighted average number of ordinary shares outstanding (C)	89,016,534	89,016,534
Diluted effect (D)	966,987	966,987
Weighted average number of ordinary shares outstanding diluted	89,983,521	89,983,521
Basic earning (loss) per share (A/C)	0.230	0.131
Diluted earning (loss) per share (E/m in (F;C))	0.228	0.130

42) Segment reporting

Segment reporting has been prepared in order to provide the information needed to assess the nature and effects on the financial statements of the activities carried out and the different economic sectors (Para 1 IFRS 8).

The operating segments - on which separate information has been provided - have been identified based on internal reporting and on the operating activities that generate revenues and costs, the results of which are regularly examined by senior management responsible for making decisions on resource allocation and performance assessment and for which separate financial information is available.

The operating segments reported on separately by the Group are: Care Homes, as divided between Italy and Germany; Rehabilitation, Psychiatric Care and Non-Residential Care; and Acute Care.

Some profit and loss and statement of financial position information by operating segment for 2024 and 2023 is provided below.

(eur/000)

	Care Homes				Rehabilitation, Psychiatric Care and Non-Residential Care		Acute care		Corporate, other services and IC		Total	
	Italy		Germany		31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Total revenue*	278,481	252,519	251,570	220,851	210,027	203,164	60,439	77,125	(1,710)	(1,703)	798,807	751,956
GROSS OPERATING PROFIT (LOSS) (EBITDA)	76,014	65,016	41,745	29,956	41,644	42,350	8,320	9,907	3,128	(3,239)	164,595	143,990
OPERATING PROFIT (LOSS) (EBIT)	35,541	26,680	9,846	933	23,517	25,581	3,234	4,343	(4,739)	(4,511)	67,399	53,026
NET FINANCIAL EXPENSE											(34,888)	(33,325)
INCOME TAXES											(11,238)	(7,921)
PROFIT (LOSS) FROM CONTINUING OPERATIONS											21,273	11,780
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS											-	939
PROFIT FOR THE YEAR ATTR. TO NON-CONTROLLING INTERESTS											801	1,066
PROFIT FOR THE YEAR ATTR. TO OWNERS OF THE PARENT											20,472	11,653

* The figure includes intercompany balances between operating segments.

	Care Homes				Rehabilitation, Psychiatric Care and Non-Residential Care		Acute care		Corporate, altri servizi comuni e IC		Total	
	Italy		Germany		31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
FINANCIAL POSITION												
Property, plant and equipment*	81,554	81,789	12,604	12,577	114,206	112,823	29,035	26,963	1,422	1,799	238,821	235,951
Intangible assets	145,506	145,288	93,401	93,406	112,485	112,718	17,544	17,590	2,446	1,828	371,382	370,830
Right of use assets	277,219	302,226	388,553	378,032	71,694	79,893	407	604	1,973	1,451	739,846	762,206
Other non current assets	1,428	1,428	15	15	871	871	76	76	25,837	26,157	28,227	28,547
Assets held for sale											0	0
Current assets	19,223	21,822	12,596	12,450	57,658	49,884	11,875	14,321	118,710	173,036	220,062	271,513
Total assets	524,930	552,553	507,169	496,480	356,914	356,189	58,937	59,554	150,388	204,271	1,598,338	1,669,047
Equity									362,758	356,067	362,758	356,067
Non current liabilities	2,410	2,252	0	198	12,471	13,555	519	662	888,515	960,075	903,915	976,742
Liabilities held for sale											0	0
Current liabilities	86,365	86,230	32,414	32,730	59,355	58,447	24,029	27,377	129,502	131,454	331,665	336,238
Total liabilities	88,775	88,482	32,414	32,928	71,826	72,002	24,548	28,039	1,380,775	1,447,596	1,598,338	1,669,047

* Including investment property

43) Significant events after the reporting date

There have been no significant events worth mentioning after 31 December 2024.

44) Going concern

These consolidated financial statements have been prepared on a going concern basis.

In January 2025, the Group drew up a Plan that shows how the profitability the Group enjoyed before the pandemic broke out has been restored and how it will be consolidated in the years ahead (healthy net profit already reported for 2024 albeit still down on pre-Covid levels).

With regard to the available finances, taking account of forecast results and cash flows and considering existing loan maturity dates, the Group has the finances necessary to meet its requirements in the next twelve months. More specifically, in 2024, the Company invested in low-risk, short-term financial instruments the cash needed to cover debt repayments that fell due in 2024 and that will fall due in 2025, especially the two bonds issued in 2017 and 2018, respectively. It also arranged a new medium/long-term loan of € 40 million that will help extend the average debt maturity period.

Loan covenants were comfortably complied with as at 31 December 2024. The recovery in operating profitability, together with liquidity currently available and new finance obtained in 2022 and 2024 will guarantee sufficient cash for the Group to finance its operating activities and planned capex.

Given all of the above, there is no reason to doubt the Group's ability to operate as a going concern. This is also taking account of:

- the scenario used for impairment test purposes which shows the prospect of recovery to the pre-Covid situation as already seen in 2023 and expected in the next few years and the sustainability of debt envisaged in the Plan;
- the fact that the Group has the funds necessary to meet its requirements in the next twelve months;

- the fact that loan conditions have been complied with – especially the covenants measured at six-monthly and annual reporting dates - and the measures identified by management to ensure they will also be complied with at the next measurement dates.

45) Management and coordination activities

Pursuant to Article 2497 bis of the Italian Civil Code, we inform you that the Parent is subject to management and coordination by the ultimate parent CIR S.p.A whose relations with the Parent are limited to coordination, the chargeback of costs for services and participation in the CIR Group consolidated taxation arrangement. Highlights from the latest, approved IFRS financial statements of parent company CIR S.p.A. are set out below (source: <https://www.cirgroup.it/bilanci-e-relazioni>).

<i>(eur)</i>	
ASSETS	31.12.2023
NON-CURRENT ASSETS	672,143,410
INTANGIBLE ASSETS	66,170
PROPERTY, PLANT AND EQUIPMENT	4,826,101
INVESTMENT PROPERTY	15,011
RIGHT-OF-USE ASSETS	68,972
EQUITY INVESTMENTS	580,077,273
OTHER ASSETS	57,926,319
<i>of which with related parties (*)</i>	<i>56,086,448</i>
OTHER FINANCIAL ASSETS	22,100,304
DEFERRED TAX ASSETS	7,063,260
CURRENT ASSETS	15,701,576
OTHER ASSETS	14,231,085
<i>of which with related parties (*)</i>	<i>7,416,567</i>
SECURITIES	--
CASH AND CASH EQUIVALENTS	1,470,491
ASSETS HELD FOR SALE	10,975,641
TOTAL ASSETS	698,820,627
LIABILITIES	31.12.2023
EQUITY	673,146,102
SHARE CAPITAL	420,000,000
RESERVES	259,866,433
RETAINED EARNINGS	--
PROFIT FOR THE YEAR	(6,720,331)
NON-CURRENT LIABILITIES	2,464,419
LEASE LIABILITIES	31,764
OTHER LIABILITIES	--
DEFERRED TAX LIABILITIES	122,090
EMPLOYEE BENEFIT OBLIGATIONS	2,310,565
CURRENT LIABILITIES	15,139,837
LEASE LIABILITIES	27,544
OTHER LIABILITIES	15,112,293
<i>of which with related parties (*)</i>	<i>7,429,995</i>
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE	8,070,269
TOTAL LIABILITIES AND EQUITY	698,820,627

(*) As per Consob Resolution no. 6064293 of 28 July 2006

<i>(eur)</i>	
	2023
SUNDRY REVENUE AND INCOME	1,418,057
of which with related parties (*)	670,860
SERVICES	(5,973,060)
of which with related parties (*)	(12,000)
PERSONNEL EXPENSE	(3,721,064)
OTHER OPERATING COSTS	(1,522,252)
AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES	(306,151)
OPERATING (LOSS)	(10,104,470)
FINANCIAL INCOME	2,596,787
of which with related parties (*)	2,586,862
FINANCIAL EXPENSE	(278,246)
DIVIDENDS	4,000,000
of which with related parties (*)	4,000,000
GAINS FROM SECURITIES TRADING	219,296
LOSSES FROM SECURITIES TRADING	(2,434,425)
NET FAIR VALUE LOSSES ON FINANCIAL ASSETS	(2,373,231)
PRE-TAX LOSS	(8,374,289)
INCOME TAXES	2,827,645
PROFIT FROM CONTINUING OPERATIONS	(5,546,644)
PROFIT FROM DISCONTINUED OPERATIONS	(1,173,687)
PROFIT FOR THE YEAR	(6,720,331)
BASIC EARNINGS PER SHARE (in euro)	(0.0063)
DILUTED EARNINGS PER SHARE (in euro)	(0.0063)
BASIC LOSS PER SHARE FROM CONTINUING OPERATIONS (IN EURO)	(0.0052)
DILUTED LOSS PER SHARE FROM CONTINUING OPERATIONS (IN EURO)	(0.0052)

(*) As per Consob Resolution no. 6064293 of 28 July 2006

The table below provides details of the companies that prepare consolidated financial statements for the largest and smallest groupings of companies of which the Parent forms part as a subsidiary.

	<i>Smallest grouping</i>	<i>Largest grouping</i>
Name	CIR S.p.A. – Compagnie industriali riunite	FRATELLI DE BENEDETTI S.p.A.
City	Milan	Turin
Tax number	01792930016	05936550010
Place of filing of consolidated financial statements	Milan Via Ciovassino, 1	Turin Via Valeggio, 41

Milan, 24 February 2025

For the Board of Directors
The Chairman
 Mauro Miglio



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

*To the shareholders of
KOS S.p.A.*

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the KOS Group (the "group"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the KOS Group as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of KOS S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of directors and the board of statutory auditors ("*Collegio Sindacale*") 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 the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union and, within the terms established by the Italian 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.



KOS Group

Independent auditors' report

31 December 2024

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' 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 auditors' 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 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 these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude 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 auditors' 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 auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate 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;
- obtain 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.



KOS Group

Independent auditors' report

31 December 2024

We communicate with those charged with governance, identified at the appropriate level 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 identify during our audit.

Report on other legal and regulatory requirements

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10

The parent's directors are responsible for the preparation of the group's directors' report at 31 December 2024 and for the consistency of such report with the related consolidated financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the directors' report with the consolidated financial statements;
- express an opinion on the compliance of the directors' report with the applicable law;
- issue a statement of any material misstatements in the directors' report.

In our opinion, the directors' report is consistent with the group's consolidated financial statements at 31 December 2024.

Moreover, in our opinion, the directors' report has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 3 April 2025

KPMG S.p.A.

(signed on the original)

Francesco Cuzzola
Director of Audit