Interim Report Q4 2024

KD Pharma Group™
Creating Health Solutions

KD Pharma™ KD Nutra® KD Biopharma™ KD Phyto®

Contents

KD Pharma Group™

A Year of Transformation

Dear Stakeholders,

As we reflect on the transformative journey of 2024, I am very happy to highlight two pivotal milestones that have significantly reshaped the trajectory of KD Pharma Group.

In October 2024, we successfully completed the acquisition of dsm-firmenich's Marine Lipids business, a strategic move that has positioned the KD Pharma Group as the largest vertically integrated omega-3 manufacturer globally and we have begun strengthening our positioning to become one of the most competitive companies in the industry. This acquisition encompasses dsm-firmenich's omega-3 fish oil operations, including the renowned MEG-3® brand, and state-of-the-art production facilities in Piura, Peru, and Mulgrave, Canada. By acquiring these assets, we have expanded our footprint and enhanced our capabilities across the entire value chain—from refined oils to pharmaceutical APIs and softgel capsule manufacturing. This integration not only broadens our product portfolio but also reinforces our commitment to delivering innovative health solutions with unparalleled quality and service.

Complementing this strategic expansion, we undertook a successful refinancing of our debt facilities in October 2024. We secured a €180 million senior secured bond with a five-year maturity, listed on the Open Market of the Frankfurt Stock Exchange and expected to be listed on the regulated market of the Oslo Stock Exchange in the course of 2025. This has not only strengthened our balance sheet but also provided liquidity necessary to support the integration of the combined company. The confidence shown by institutional investors in the bond placement underscores the trust in the outlook of the enlarged KD Pharma Group.

These strategic initiatives underscore our unwavering dedication to advancing our mission of creating innovative health solutions that enhance lives globally.

As we move forward, we remain committed to integrating the new sites and business seamlessly, ensuring that our expanded capabilities translate into superior value for our customers, consumers, partners, and stakeholders.

Oscar Groet
Chief Executive Officer
KD Pharma Group

Highlights Fourth Quarter and Full Year 2024 results

- Revenues reaching € 48m in Q4, including the first sales from the dsm-firmenich acquired customer/product portfolio. This is 19% below Q4 last year, due to unusually low sales in our Pharma segment compared to previous periods, whereas the Nutra segment demonstrated robust growth. This means reported sales for the year reach € 193m, and € 325m on a Pro Forma combined basis.

- Adjusted EBITDA in Q4 amounted to € 1m, which is below last years' Q4 performance, reflecting the effects of the unusually slow sales in our Pharma segment, as well as the slow ramp-up of sales of the marine lipids' portfolio acquired from dsm-firmenich as customers transition to the KD Pharma Group. This brings the Reported Adjusted EBITDA for the year to € 18m, and € 38m on a Pro Forma combined basis.

- Net cash outflow for the quarter was € 61m, reflecting an increase in Trade Working Capital specifically in inventories and a replenishment of stocks by seasonal purchases of raw fish oils during the fishing season in Q4.

- Cash and cash equivalents at the end of the year reached € 29m, with Net Interest-Bearing debt at € 167m.

Key Figures

				Pro Forma 2024			
		Q4 2024	Q4 2023	Reported	Pro-forma adjustments	Combined	2023
Net Sales	**k€**	**47,965**	**58,999**	**192,761**	**132,042**	**324,803**	**194,046**
Pharma	k€	3,584	30,067	48,523		48,523	82,903
Nutra	k€	44,381	28,932	144,239	132,042	276,280	111,143
of which KD legacy	*k€*	*31,099*	*28,932*	*130,957*		*130,957*	*111,143*
of which dsm-f legacy	*k€*	*13,282*	*0*	*13,282*	*132,042*	*145,323*	*0*
Adjusted EBITDA	**k€**	**1,167**	**12,272**	**18,052**	**20,370**	**38,422**	**42,253**
Adjusted EBITDA %	%	2%	21%	9%	15%	12%	22%
Net Interest Bearing Debt	k€	167,369	127,073	167,369		167,369	127,073
Cash and cash equivalents end of period	k€	28,896	36,797	28,896		28,896	36,797

Notes:

Pro Forma figures reflect the Q1-Q3 2024 unaudited dsm-firmenich management accounts including carve-out and due diligence adjustments. They are presented for illustrative purposes only, subject to change and not necessarily indicative of the actual results of operations.

Fourth Quarter Financial Review

Revenues reaching € 48m in Q4, including the first sales from the dsm-firmenich acquired customer/product portfolio. This is 19% below Q4 last year, due to unusually low sales in our Pharma segment, whereas the Nutra segment demonstrated robust growth.

Main driver for the unusual slow quarter in Pharma comes from the fact that we renewed the supply agreement with one of our key customers. Sales to this customer shifted to later periods therefore impacting Q4 2024. At the same time, the new agreement extends their supply commitments by seven years, increases overall minimum purchase quantities, and includes a return of API stock from the customer at no cost to the KD Pharma Group.

Sales in the Nutra segment remained strong particularly for our Finished Dosage Form softgel products. First sales of the extended Nutra marine lipids` portfolio acquired from dsm-firmenich contributed to the Q4 sales of Nutra as well, albeit at a somewhat depressed level compared to the historical sales of these products. We believe this to be a temporary effect following the acquisition that closed on September 30th 2024, as some customers built bridging stocks perceiving possible temporary supply delays from the transition. Also, several countries will continue to be supplied by dsm-firmenich for some period of time, as the transfer of these customers require further carve out and transfer of certain registrations and licenses that could only be started after closing.

Adjusted EBITDA in the Fourth Quarter amounted to € 1m, reflecting the effects of the shifted Pharma sales. Margins in the Nutra segment remained stable, positively contributing to the adjusted EBITDA of the Group. The reduced Pharma demand in Q4 clearly impacted the results of the segment, bearing the costs of the unused capacity for pharmaceutical manufacturing.

To bring down operational costs for pharmaceutical manufacturing, we started the consolidation of manufacturing at KD Pharma Group’s enlarged Site network after the acquisition of the dsm-firmenich`s manufacturing sites. By streamlining production in fewer sites, the company aims to enhance efficiency, reduce operational complexity, and drive cost savings. These new facilities have the scale to produce marine lipid oils and concentrates at a low cost and will play a crucial role in supplying cost-effective intermediates, supporting the production of high-concentrate and API-grade omega-3 oils at lower cost.

Our cash position at the end of the year stood at € 29m, a € 61m cash outflow for the quarter in following the increase in Trade Working Capital specifically in inventories, reflecting seasonal purchases of raw fish oils during the fishing season in Q4 needed to replenish the stocks of the dsm-firmenich business, which was financed by a shareholder loan received from dsm-firmenich as part of the transaction closing on September 30th. In addition, one-time effects related to the acquisition of the marine lipids business from dsm-firmenich, as well as the transaction costs related to the refinancing, were part of the net cash outflow in Q4.

With this, Net Interest-Bearing debt at the end of the quarter stood at € 167m.

Full Year 2024 Financial Review

- Despite the lower sales in Q4 2024, reported sales for the year ended at € 193m, roughly in line with last year, and at € 325m on a Pro-forma combined basis. It reflects the strong momentum in the Nutra segment that has shown resilience amidst a highly volatile market environment driven by unprecedented disruptions in the fish oil supply chain in recent years. Our diversified offerings to the Nutra customers, including the finished dosage form (FDF) softgel segment, have helped manage volatility in the Pharma sales.
- The Pharma market has been facing strong headwinds in 2024 after a period of rapid expansion, clearly impacting our sales to this segment. As key players in this segment are repositioning themselves to capture a share in the Omega-3 pharmaceutical market, we believe we are well positioned to serve these customers with superior offerings as the market demand picks up again.
- Adjusted EBITDA for the year was € 18m on a reported basis, and € 38m on a Pro-forma combined basis, somewhat below the 2023 reported adjusted EBITDA of € 42m, with the shortfall mainly being caused by the impact of the fourth quarter.
- Our cash position at the end of the year of € 29m compares to a € 37m balance at the end of 2023, a net cash outflow of € 8m year on year. The acquisition of the dsm-firmenich Marine Lipids business as well as the refinancing of the company increased the net cash balance. On the other hand, the net cash balance decreased by offsetting effects from operating and investing activities, most notably by an increase of inventories of € 124m, reflecting the effects of the acquired dsm-firmenich Marine Lipids business, both in terms of the take-over of existing stocks as well as the subsequent replenishments of raw materials stocks required for this business.

Balance Sheet

		2024	2023
Trade Working Capital	k€	208,575	123,664
Cash and cash equivalents	k€	28,896	36,797
Total assets	k€	666,019	422,926
Interest Bearing debt	k€	196,265	163,870
Total liabilities	k€	330,046	240,666
Equity	k€	335,973	182,260
Equity ratio	%	50%	43%
Net Interest Bearing Debt	k€	167,369	127,073

Notes:

Interest Bearing Debt includes drawn debt facilities to non-related parties, as well as Lease Liabilities according to IFRS 16.

Net Interest Bearing Debt calculated as interest bearing debt subtracted for cash on balance sheet.

- Total assets of the enlarged company at the end of the year were € 666m, a significant increase from adding the two manufacturing sites from dsm-firmenich, as well as the inventory at closing related to that business.
- The equity similarly increased as a result of the business combination. The equity ratio thereby increased from 43% in 2023 to 50% by the end of 2024.
- Total Interest-Bearing Debt increased to € 196m, reflecting the extended loan facilities of the Group after the refinancing of the company in 2024. The current debt structure includes a € 180m bond loan placed on the Open Market of the Frankfurt Stock Exchange.
- The bond was issued on the 10th of October 2024 by O3 Holding GmbH with a five-year maturity, listed on the Open Market of the Frankfurt Stock Exchange (ISIN NO0013360552) and expected to be listed on the regulated market of the Oslo Stock Exchange in the course of 2025.
- The bond terms include a financial covenant of a minimum liquidity of € 10m, tested quarterly.
- An existing Revolving Credit Facility of € 25m with DNB remained undrawn by the end of 2024.

Cash Flow

		Q4 2024	Q4 2023	2024	2023
Net cash flow from operating activities	k€	-51,703	16,397	-82,452	28,139
Net cash flow from investing activities	k€	-1,269	-3,199	-134,892	-17,257
Net cash flow from financing activities	k€	-8,320	-3,783	209,166	7,179
Change in net cash & cash equivalents	**k€**	**-61,292**	**9,415**	**-8,178**	**18,061**
Effect of exchange gains / (losses) on cash and cash equivalents	k€	477	86	278	89
Net cash & cash equivalents at the start of the period	k€	89,712	27,295	36,797	18,647
Net cash & cash equivalents at the close of the period	**k€**	**28,896**	**36,797**	**28,896**	**36,797**

- Our cash position ended at € 29m, with a € 61m cash outflow during Q4 2024, and a net cash outflow of € 8m for the whole year.
- The net cash outflow from operating activities during these periods is mainly the result of the increase in Trade Working Capital (€ 38m and € 120m for Q4 and FY 2024 respectively). At the closing at the end of Q3 2024, the acquired inventories via the dsm-firmenich transaction increased Trade Working Capital. Subsequently and specifically for Q4, the inventories of raw fish oils were replenished during the fishing season in Q4.
- The net cash outflow from investing activities as shown during 2024 is a result of the acquisition of the two manufacturing sites and the marine lipids business from dsm-firmenich.

- As this was a non-cash transaction, dsm-firmenich received a 29% minority stake in MidCo Omega GmbH (the Parent company of O3 Holding GmbH) as consideration rather than cash. This consideration is part of the net cash flow from financing activities as a share capital increase.
- The net cash flow from financing activities also includes the redemption and refinancing of the company's former debt package by a € 180m Bond loan placed on the Frankfurt Open Market.
- Additionally, a subordinated Shareholder Loan was granted by dsm-firmenich to the KD Pharma Group as part of the transaction and is included in the cash flow from financing activities as well.

Market Review

Turbulent Market Environment Showing Signs of Stabilization

The past few years have seen unprecedented disruptions in the fish oil supply chain, driven by lower fishing yields and environmental factors that significantly increased raw material costs. These challenges have constrained market demand, as higher input costs have been passed through the supply chain, impacting both producers and consumers.

However, the situation appears to be improving. The most recent fishing season in Peru—one of the largest global sources of omega-3 fish oils—was strong, leading to a replenishment of global fish oil inventories. This has helped raw material prices return closer to their historical levels, easing some of the pricing pressures that have affected industry. As a result, core business areas within the KD Pharma Group and the broader sector are gradually adjusting to the new market conditions, with suppliers and customers recalibrating their strategies in response to a more stable pricing environment.

Pharma Market Facing Headwinds After a Period of Expansion

After experiencing significant growth over the past decade, the pharmaceutical omega-3 market is now maturing. In the United States, the icosapent ethyl market has encountered growing competition from generic alternatives, which has led to reduced investment in market promotion and efforts to drive patient awareness. This has contributed to a more cautious approach in the sector, as companies navigate the implications of increased generic availability. Additionally, the increase in the number of generic competitors has led to more competitive market conditions as prices for the end product have dropped and established generic competitors needing to work through excess inventory.

Outside the US, the outlook is more promising. The originator has successfully achieved reimbursement approvals for its icosapent ethyl pharmaceutical product in multiple European countries, with the most recent progress seen in Italy and Austria. While this marks a positive development, the impact on active pharmaceutical ingredient (API) demand is expected to materialize gradually over time.

Additionally, the market for omega-3 acid ethyl esters API has shown signs of slowing down in 2024, as customers take a wait-and-see approach regarding pricing adjustments following the recent fishing season in Peru and external factors like an ongoing physician strike in Korea impact demand.

Nutra Market Demonstrating Resilience

Despite the volatility in raw material costs, the nutraceutical omega-3 market has remained relatively strong. Demand for bulk fish oils has proven to be robust, with producers successfully passing on price increases to customers over time. This resilience has helped stabilize the market, ensuring continued supply and demand equilibrium.

Furthermore, the finished dosage form (FDF) softgel segment has been a bright spot for the KD Pharma Group. The company has seen strong growth in this category, benefiting from increased production capacity and solid demand from customers seeking high-quality omega-3 supplements. As consumers continue to prioritize health and wellness, the nutraceutical segment is expected to remain a key driver of industry stability, providing opportunities for further growth and expansion.

These market dynamics underscore the evolving landscape of the omega-3 industry, with challenges and opportunities shaping the strategies of key players. As KD Pharma Group continues to navigate these changes, its diversified portfolio and expanded capabilities position it well to capitalize on emerging trends and develop long-term growth and underscore the importance of extracting synergies from the dsm-firmenich Marine Lipids acquisition.

Integration dsm-firmenich's Marine Lipids business

Operational Integration

Following the successful acquisition of dsm-firmenich's Marine Lipids business in late 2024, the KD Pharma Group began investing in a comprehensive integration process to align operations, optimize efficiencies, and enhance its global supply chain. This strategic move strengthens KD Pharma Group's position as a leading global player in the omega-3 industry, expanding its production capabilities and reinforcing its commitment to delivering high-quality nutritional and pharmaceutical solutions.

A key focus of the integration process is the consolidation of manufacturing at KD Pharma Group's enlarged site network. Therefore, a key part of integrating dsm-firmenich's Marine Lipids business is bringing the Peru and Canada sites into KD Pharma Group's supply chain and infrastructure. These facilities have the scale, expertise, and efficiency to produce marine lipid oils and concentrates at a low cost while maintaining top quality. They play a crucial role in supplying cost-effective intermediates, which support the production of high-concentrate and API-grade omega-3 oils manufactured in Germany. By tapping into the strengths of these new sites, the KD Pharma Group is optimizing its entire supply chain, with the goal of capturing synergies of the combined businesses.

This implies streamlining production in fewer sites to enhance efficiency, reduce operational complexity, and drive cost savings. Therefore, we started investigating strategic alternatives for some manufacturing sites no longer needed to execute our strategy as we begin to consolidate our manufacturing footprint in Europe.

Product Registrations and Licenses

KD Pharma Group's Q4 results do not include revenue for sales into some countries that dsm-firmenich served prior to closing due to the length of time it will take to transfer product registrations and licenses from dsm-firmenich to KD Pharma Group. These customers will continue to be served by dsm-firmenich until the registration changes are finalized. The timeline to transfer these registrations is expected to take three to twelve months, depending on the country, and revenue is expected to begin to be recognized by KD Pharma Group over this time period.

Governance and Compliance

Governance

We are fully committed to good corporate governance, including all necessary public disclosures. The KD Pharma Group has an Advisory Board at the MidCo Omega GmbH level (see our Corporate Organization Structure). Our Advisory Board consists of four members and its members collectively possess broad knowledge in the pharmaceutical and nutraceutical industries, as well as have a deep background in financial and auditing matters. The Advisory Board operates under the Rules of Procedure adopted by our shareholders. In addition, the KD Pharma Group operates under a set of Rules of Procedure for Management to ensure sufficient oversight of management's discharge of its duties and responsibilities.

KD Pharma Group also maintains an ad hoc committee to ensure that the confidential nature of inside information is properly maintained and timely published.

Good governance is deeply rooted in our corporate culture. The Management and the Advisory Board of the KD Pharma Group uphold the principles of modern corporate governance through policies and practices that promote trust, transparency, accountability and commitment.

Compliance

We are committed to promoting high standards of ethical business conduct and compliance with all applicable laws, rules and regulations that govern our business. For example, we take anti-corruption, conflicts of interests, fair competition, ESG, supply chain regulations, human rights, data privacy, good corporate governance, trade sanctions, etc., very seriously. We have designated individuals to serve as the KD Pharma Group's Chief Compliance Officer as well as the Data Protection Officer to align our practices with industry standards and conform to applicable laws.

We operate in a highly regulated industry, and we are regularly inspected by government agencies as well as our customers. We maintain a library of operating procedures to help ensure that our business operations are conducted in accordance with good manufacturing practices. We also have administrative policies that promote a socially responsible work-place environment, including rules that are intended to deter insider trading.

O³ Holding GmbH, Bexbach

Unaudited consolidated interim financial statement for the Period ending Q4 2024

O³ Holding GmbH
Am Kraftwerk 6
66450 Bexbach

A. Unaudited consolidated statement of financial positions as of Q4 2024[1]

	Dec 31th, 2024	Dec 31th, 2023
	k€	k€
Noncurrent assets		
Goodwill	30,710	27,059
Other intangible assets	135,945	32,583
Property, plant and equipment	179,156	154,693
Other financial assets	765	1,338
Deferred taxes	17,608	8,407
	364,557	**224,080**
Current assets		
Inventories	218,368	129,174
Trade accounts receivable	30,785	25,651
Other receivables	21,077	7,093
Claims for income tax refunds	2,337	-
Cash and cash equivalents	28,896	36,797
	301,462	**198,846**
Total assets	**666,019**	**422,926**

[1] Further details see E.IV.

	Dec 31th, 2024	Dec 31th, 2023
	k€	k€
Equity		
Capital Stock	36	36
Capital reserves	296,835	137,576
Other reserves	32,981	49,822
Accumulated other comprehensive income	5,569	-5,301
Equity attributable to shareholders of O³ Holding GmbH	**335,421**	**182,133**
Non-Controlling Interest	**553**	**127**
	335,973	**182,260**
Noncurrent liabilities		
Other provisions	1,416,312	859,800
Financial liabilities	235,688	12,146
Other liabilities	6,314	6,745
Deferred taxes	10,351	2,444
	253,770	**22,195**
Current liabilities		
Liabilities for short-term employee benefits	8,692	6,208
Other provisions	91	91
Financial liabilities	6,058	151,724
Trade accounts payable	40,577	31,161
Income tax liabilities	16,734	17,731
Other liabilities	4,124	11,557
	76,276	**218,471**
Total equity and liabilities	**666,019**	**422,926**

B. Unaudited consolidated statement of comprehensive income Q4 and Full Year 2024[2]

	Q4/2024	Q4/2023	2024	2023
	k€	k€	k€	k€
Net sales	**47,965**	**58,999**	**192,761**	**194,046**
Cost of goods sold	-56,826	-43,087	-171,252	-131,778
Gross profit	**-8,861**	**15,912**	**21,510**	**62,268**
Selling expenses	-7,203	-3,981	-17,788	-15,284
Research and development expenses	-1,076	-1,192	-2,233	-2,219
General administration expenses	-11,479	-5,349	-33,551	-20,079
Other operating income	418	2,105	80,076	3,641
Other operating expenses	-38,599	-948	-45,221	-1,792
Earnings before financial result and taxes (EBIT)	**-66,800**	**6,547**	**2,793**	**26,536**
Financial income	2,949	527	9,104	8,264
Financial expenses	-11,159	-3,561	-32,714	-24,567
Financial result	**-8,210**	**-3,034**	**-23,610**	**-16,303**
Income before income taxes	**-75,010**	**3,513**	**-20,817**	**10,232**
Income taxes	5,175	-7,893	4,298	-9,619
Income after income taxes = net result	**-69,836**	**-4,380**	**-16,518**	**613**
Attributable to shareholders of O³ Holding GmbH	-69,796	-4,366	-16,400	731
Attributable to non-controlling interests	-39	-14	-118	-118

[2] Further details see E.V.

	Q4/2024	Q4/2023	2024	2023
	k€	k€	k€	k€
Changes in fair value of equity instruments measured at fair value	-657,473	-227,017	-656,753	-223,599
Income taxes	98,726	29,338	98,613	28,922
Other comprehensive income from equity instruments measured at fair value	**-558,747**	**-197,678**	**-558,140**	**-194,678**
Other comprehensive income that will not be reclassified subsequently to profit or loss	**-558,747**	**-197,678**	**-558,140**	**-194,678**
Other comprehensive income (translation difference)	12,557	-3,729	15,080	-2,480
Other comprehensive income (translation difference)	-2,260,097	506,537	-3,108,746	505,000
Other comprehensive income that may be reclassified subsequently to profit or loss	**10,296**	**-3,222**	**11,971**	**-1,975**
Total other comprehensive income	**9,738**	**-3,420**	**11,413**	**-2,170**
Attributable to shareholders of O³ Holding GmbH	9,701	-3,350	10,869	-2,404
Attributable to non-controlling interests	37	-70	544	235
Total comprehensive income	**-60,098**	**-7,800**	**-5,105**	**-1,557**
Attributable to shareholders of O³ Holding GmbH	-60,095	-7,716	-5,531	-1,673
Attributable to non-controlling interests	-2	-84	426	117

C. Unaudited consolidated statement of changes in equity period 2024[3]

	Capital stock	Capital reserves	Other reserves	Cummulated other income	Equity Instruments measured at fair value through other comprehensive income	Equity attributable to shareholders of O³ Holding GmbH	Non-controlling interests	Total Equity
	k€	k€	k€	k€	k€	k€	k€	k€
1. Jan. 2023	**36**	**105,476**	**49,092**	**-3,060**	**163**	**151,707**	**10**	**151,717**
Equity transactions with owner		32,100	0	0	0	32,100	0	32,100
Cash capital increase		32,100	0	0	0	32,100	0	32,100
Total comprehensive income		0	731	-2,209	-195	-1,673	117	-1,557
Income after income taxes = Net income of the year		0	731	0		731	-118	613
Other comprehensive income		0	0	-2,209	-195	-2,404	235	-2,170
Dec. 31, 2023	**36**	**137,576**	**49,822**	**-5,269**	**-31,677**	**182,133**	**127**	**182,260**
Jan. 1, 2024	**36**	**137,576**	**49,822**	**-5,269**	**-32**	**182,133**	**127**	**182,260**
Equity transactions with owner		159,259	0	0	0	159,259	0	159,259
Cash capital increase		0	0	0	0	0	0	0
Non-cash capital increase		159,259	0	0	0	159,259	0	159,259
Change in scope of consolidation		0	-441	0	0	-441	0	-441
Other changes		0	0	0	0	0	0	0
Total comprehensive income		0	-16,400	11,428	-558	-5,531	426	-5,105
Income after income taxes = Net income of the year		0	-16,400	0	0	-16,400	-118	-16,518
Other comprehensive income		0	0	11,428	-558	10,869	544	11,413
Dec. 31, 2024	**36**	**296,835**	**32,981**	**6,159**	**-590**	**335,421**	**553**	**335,973**

[3] For further details, see E.IV.

D. Unaudited consolidated statement of cash flows period Oct. 1,2024 to Dec. 31, 2024[4]

	Q4/2024	Q4/2023	2024	2023
	k€	k€	k€	k€
Income after income taxes	-69,836	-4,380	-16,518	613
Depreciation and amortization	45,410	3,775	56,213	14,020
Changes in provisions	3,086	1,519	2,961	916
Changes in deferred taxes	-4,194	-2,265	-793	-2,351
Other non-cash income and expenses	5,584	5,051	-14,152	1,978
Interest expenses/interest income reclassification	8,851	2,658	24,223	16,289
Drecrease (increase) in inventories	-37,675	3,424	-124,399	-1,334
Decrease (increase) in trade accounts receivable	-9,679	-1,876	-4,573	-9,656
Increase (Decrease) in trade accounts payable	8,906	2,299	8,774	10,902
(Increase) Decrease in other operating receivables and income tax assets	-7,105	247	-15,576	-2,375
Increase (Decrease) in other operating liabilities and income taxes	4,947	5,944	1,387	-862
Net cash provided by (used for) operating activities	**-51,703**	**16,397**	**-82,452**	**28,139**
Cash outflow for additions of property, plant, equipment and intangible assets	-1,677	-3,394	-109,319	-17,484
Cash outflows for noncurrent financial assets	-10	-4	184	-68
Interest received	418	199	1,167	295
Cash outflows for acquisitions less acquired cash	-	-	-26,924	-
Net cash (used in) investing activities	**-1,269**	**-3,199**	**-134,892**	**-17,257**

[4] For further details, see E.VI.

	Q4/2024	Q4/2023	2024	2023
	k€	k€	k€	k€
Payments received/made from changes in capital	159,259	2,100	159,259	32,100
Proceeds from financial liabilities	181,342	-	351,337	-
Repayment of financial liabilities	-180,517	-420	-323,742	-6,184
Cash inflow (outflow) related parties	-161,419	284	44,282	-
Interest paid	-6,986	-5,747	-21,971	-18,737
Net cash provided by financing activities	**-8,320**	**-3,783**	**209,166**	**7,179**
Net increase/decrease in cash and cash equivalents	-61,292	9,415	-8,178	18,061
Cash and cash equivalents at beginning of year	**89,712**	**27,295**	**36,797**	**18,647**
Change in cash and cash equivalents due to echange rate movements	477	86	278	89
Cash and cash equivalents at end of year	**28,896**	**36,797**	**28,896**	**36,797**
Supplementary information on operating Cash Flows				
Income taxes paid	-2,442	-5,091	-6,419	-9,029

E. Notes to the condensed unaudited consolidated financial statements for the period Oct. 1, 2024 to Dec. 31, 2024

E.I. General disclosures

Together with its subsidiaries, O³ Holding GmbH (O³) is engaged in the production and sale of products based on Omega-3 fatty acids in the nutraceutical sector and for pharmaceutical applications. The Company is domiciled in Bexbach, Germany, and is entered in the commercial register at the Saarbrücken Local Court under no. HRB 103555.2. The accompanying unaudited condensed consolidated interim financial statements were authorized for issue by management on February 27, 2025. The interim report has not been audited. The interim report does not include all the information required for a complete set of year-end financial statements and should therefore be read in conjunction with the consolidated financial statements for 2023.

E.II. Significant accounting policies

The condensed interim consolidated financial statements of O³ for the 4th quarter of the 2024 financial year ending December 31, 2024 have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU) and in accordance with IAS34, and the additional requirements of German commercial law under section 315e (3) in conjunction with (1) of the Handelsgesetzbuch (HGB – German Commercial Code). The interim report has not been audited. The interim report does not include all the information required for a complete set of year-end financial statements and should therefore be read in conjunction with the consolidated financial statements for 2023.

All amounts in the disclosures and tables are reported in euros unless stated otherwise. Individual amounts and totals all represent the amounts with the smallest rounding difference. The aggregation of individual amounts may therefore result in small differences from the totals reported.

The accounting policies applied in the condensed interim consolidated financial statements are the same as those applied in the last consolidated financial statements as of December 31, 2023, except for the following provisions.

The following agreements of the International Accounting Standards Board (IASB) adopted by the EU are mandatory for the first time in the 2024 financial year:

Standard / Interpretation	
IAS 1	Classification of liabilities as current or non-current
IAS 1	Non-current liabilities with Covenants
IAS 7/ IFRS 7	Reverse factoring agreements
IFRS 16	Sales and leaseback transactions

The regulations to be applied for the first time in the 2024 financial year did not result in any significant changes in accounting for the condensed interim consolidated financial statements. No provisions were applied prematurely.

The estimates and assumptions on which the preparation of the IFRS financial statements is based affect the measurement of assets and liabilities, the disclosure of contingent assets and liabilities at the respective reporting dates, and the income and expenses in the reporting period. Although these assumptions and estimates represent the best of management's knowledge and belief based on current events and actions, actual results may ultimately differ from these estimates. Further information on estimates, assumptions and discretionary decisions can be found in section E.IV. Estimates and discretionary decisions in the consolidated financial statements as of December 31, 2023.

Business combinations

On September 30th, 2024, O3 acquired 100% of the shares in DSM Marine Lipids, Peru, the operating business including the necessary assets of DSM Nutritional Products (DNP), Canada (contributed to the newly founded company KD Pharma Canada Ltd. after the acquisition) as well as intangible assets (in particular customer relationships) and inventories associated with these business operations in a related transaction. With the acquisition, O3 is positioned as the largest vertically integrated omega-3 manufacturer globally.

The fair value of the consideration transferred at the time of acquisition amounts to EUR 159.3 million. The purchase price will be settled by granting shares in the 100% parent company of the acquiring O3 Holding company.

The following table shows the fair values of the assets acquired and liabilities assumed as part of the acquisition of the Marine Lipids Group as at the acquisition date:

in Mio. €	09/30/2024
Intangible assets	106.582
Fixed assets	64.470
Inventories	59.220
Trade receivables	6.4
Cash and cash equivalents	7.6
Total identifiable assets	**244.3**
Trade payables	4.3
Other identifiable liabilities	5.0
Total identifiable liabilities	**9.3**
Total identifiable net worth	**235.0**
Gain on acquisition at a price below market value	**75.7**
Total amount of consideration transferred	**159.3**

The gain from the acquisition at a price below market value arose as part of the valuation of the acquired assets performed by EY as part of the Purchase Price Allocation. It is reported in the consolidated statement of comprehensive income under other income.

The acquired intangible assets mainly comprise customer relationships. The fair value of the acquired trade receivables is approximated by their carrying amounts. It is expected that the contractually agreed amounts will be received in full.

Revenue from the acquired business operations is included in consolidated revenue for the 2024 financial year in the amount of k€ 13,282 on a reported basis (Q4), and k€ 145,323 on a combined Pro Forma basis (Full Year 2024). The first sales contributed to the Q4 sales at a somewhat depressed level compared to the historical sales of these products. We believe this to be a temporary effect following the acquisition that closed on September 30th, 2024, as some customers built bridging stocks perceiving possible temporary supply delays from the transition.

Related to this, the acquired business operations negatively contributed k€ 4,364 to the consolidated reported net profit for the 2024 financial year from the acquisition date, reflecting aforementioned slow start.

If the business operations had been part of the Group since January 1st, 2024, the revenue reported as of December 31st, 2024 would have been k€ 132,042 higher and the consolidated net profit would have been k€ 10,149 higher. For the estimates, we have assumed an average applicable tax rate of 30% and a debt free business.

Adjusted EBITDA in Q4 amounted to k€ 1,167. Reported Adjusted EBITDA for the year came in at k€ 18,052, and k€ 38,422 on a Pro Forma combined basis.

E.III. Consolidation

As of December 31, 2024, O³ included fourteen subsidiaries (prior year: eleven) in its consolidated financial statements. The non-material subsidiary KD Pharma USA Inc. was fully consolidated for the first time as of January 1, 2024, as it is planned to significantly expand its business activities in the future. The initial consolidation was carried out retrospectively. To simplify matters, the positive difference resulting from the accumulated losses of KD Pharma USA from previous periods was offset against Group equity as at 1 January 2024 without affecting profit or loss. One subsidiary is individually and collectively immaterial on the consolidated balance sheet date and is also expected to be immaterial in the future and are therefore reported at cost under investments. Two subsidiaries have just been founded in December 2024 and will be consolidated as soon as they become operational in 2025.

EIV. Notes on individual items in the consolidated financial statements

Intangible assets

The customer relationship as of Dec. 2024 has increased significantly (k€ 102,157) due to the acquisition of the Marine Lipids Business in the financial year with acquisition costs of k€ 106,582.

Property, plant and equipment and assets under construction

The property, plant and equipment as per Dec. 2024 have increased significantly (k€ 54,752) due to the acquisition of the Marine Lipids Business in the financial year with acquisition costs of k€ 64,470.

The financial position prepayments and assets under construction decreased (k€ 30,289) because we anticipated an impairment of k€ 36,996 on assets under construction in one of the entities following an initiative to streamline production in fewer sites to enhance efficiency, reduce operational complexity, and drive cost savings, enabled by the acquisition of the dsm-firmenich manufacturing sites.

Inventories

The O^3 Group's inventories comprise the following:

in k€	2024	2023
Raw materials and supplies	53,229	46,799
Unfinished products	60,823	50,940
Finished Products	104,409	30,926
Advance payments	-92	509
Total	**218,368**	**129,174**

Herein included are inventories with acquisition costs of k€ 59,220 from the Marine Lipids Business acquisition in 2024.

Cash and cash equivalents

Cash and cash equivalents were valued as follows in the following currencies:

in k€	12/31/2024	12/31/2023
EUR	19,817	12,075
USD	7,602	23,321
CHF	181	142
GBP	647	872
PEN	71	-
CAD	165	-
NOK	413	386
Total	**28,896**	**36,797**

Equity

The new shareholder MidCo Omega GmbH contributed the assets from the Marine Lipid Acquisition as part of non-cash capital increase (159,259 k€) into the capital reserve.

Financial liabilities

The O3 Holding Group repaid its previous short-term bank loans in September (k€ 155,000) and obtained interim financing from a new lender (k€ 180,000). This was repaid in October and replaced by corporate bonds listed on the Open Market of the Frankfurt Stock Exchange (ISIN NO0013360552). These non-current financial liabilities are also secured by liens and assignments of collateral and stipulates certain financial indicators with the creditors that were adhered to during the financial year under review.

In September, the Group received a shareholder loan from DSM Nederland B.V. in the amount of k€ 44,286.

Provision for long-term employee benefits

Liabilities to employees increased by k€ 2,485 year-on-year due to pro rata allocations and additional special payments granted.

Trade accounts payable

Trade payables increased by k€ 9,417 compared to the balance sheet date of 31.12.2023 due to increased raw material purchases, among other things.

E.V. Notes on individual items in the income statement

Revenue

Revenue is almost exclusively generated from the supply of products. It is allotted to the following product categories:

in k€	Q4/2024	Q4/2023	2024	2023
Pharmaceuticals	3,584	30,067	48,523	82,903
Nutraceuticals	44,381	28,932	144,239	111,143
Total	**47,965**	**58,999**	**192,761**	**194,046**

Revenue was generated in the following markets:

in k€	Q4/2024	Q4/2023	2024	2023
North America	32,360	26,216	121,368	130,496
Europe	9,404	27,047	51,614	34,430
Asia	3,523	5,463	16,113	28,862
Other	2,678	272	3,666	259
Total	**47,965**	**58,999**	**192,761**	**194,046**

Cost of Sales

Cost of sales comprised the following components:

in k€	Q4/2024	Q4/2023	2024	2023
Cost of materials	37,970	30,145	114,031	81,637
Personnel costs	9,583	7,069	29,251	26,315
Utilities and other rent expenses	2,451	1,446	9,469	7,657
Amortization/Depreciation	4,578	3,003	12,994	10,961
Maintenance and waste disposal	1,647	1,014	3,927	3,271
Other Costs	598	410	1,580	1,936
Total	**56,826**	**43,087**	**171,252**	**131,778**

Herein included is an impairment of inventory of k€ 17,297. The majority of the impairments related to inventories that were acquired specifically in relation to two customer contracts. In one case the customer contract included take-or-pay provisions for these specific materials, which the customer doesn't honor and for which there is no alternative outlet at the contracted prices. As such the net realizable value for these products has been reassessed on the basis of current external market prices for comparable products. Similarly, a write-down was necessary for materials produced at a cost on the basis of the previous contract, which after the contract amendment exceeded the achievable selling price. In both cases, we have adjusted these impairments as part of our reported to adjusted EBITDA calculations.

Selling and distribution costs

Selling and distribution expenses included the following cost components:

in k€	Q4/2024	Q4/2023	2024	2023
Cost of goods sold	1,722	1,047	5,127	4,682
Personnel costs	1,143	900	3,717	3,649
Advertising expenses	628	595	2,226	2,047
Amortization/Depreciation	2,339	408	3,555	1,618
External services	803	816	2,247	2,204
Legal and consulting costs	348	87	366	275
Other Costs	220	127	550	809
Total	**7,203**	**3,981**	**17,788**	**15,284**

The increase in amortization is largely due to the regular amortization of customer relationships from the acquisition of the Marine Lipids Business in September 2024.

Income taxes

Compared to the previous period, income taxes decreased by k€ 13,429 from k€ -9,619 (tax expense) to k€ 4,298 (tax income).

E.VI. Statement of cash flows

The net cash outflow from operating activities during Q4 2024 and Fully Year 2024 of k€ 51,703 and k€ 82,452 respectively is mainly the result of the increase in Trade Working Capital (k€ 38,448 and k€ 120,198 for Q4 and FY 2024 respectively). At the closing at the end of Q3 2024, the acquired inventories via the dsm-firmenich transaction increased Trade Working Capital. Subsequently and specifically for Q4, the inventories of raw fish oils were replenished during the fishing season in Q4.

The net cash outflow from investing activities of k€ 134,892 for Fully Year 2024 mostly reflects the result of the acquisition of the two manufacturing sites and the marine lipids business from dsm-firmenich.

Net cash flow from financing activities was k€ 209,166 for the year and include both the effects of the refinancing done in the course of 2024, as well as aforementioned acquisition of the dsm-firmenich Marine Lipids business.

As the acquisition was a non-cash transaction, dsm-firmenich received a 29% minority stake in MidCo Omega GmbH (the Parent company of O3 Holding GmbH) as consideration rather than cash. This consideration is part of the net cash flow from financing activities as a share capital increase for an amount of k€ 159,259. The net cash flow from financing activities also includes the redemption and refinancing of the company's former debt package by a € 180m Bond loan placed on the Frankfurt Open Market. The net cash inflow from the proceeds and repayments for the year amounted to k€ 27,595. Additionally, a subordinated Shareholder Loan of k€ 44,282 was granted by dsm-firmenich to the KD Pharma Group as part of the transaction and is included in the cash flow from financing activities as well.

E.VII. Financial instruments

The O³ Group has numerous financial instruments that are not measured at fair value in the consolidated balance sheet. Due to the predominantly short maturities, the fair values of trade receivables and payables, other financial assets and liabilities and cash and cash equivalents do not differ significantly from the carrying amounts. The same applies to the Group's financial liabilities due to their variable interest rates.

E.VIII. Segment reporting

Segment reporting of O³ follows the approach taken for internal management reporting. In the O³ Group, the management board (as the chief operating decision maker) decides on the allocation of resources to the operational segments and monitors their performance.

The O³ group is managed via its operational segments Pharma and Nutra, which are also the reportable segments.

The Pharma segment concentrates on highly concentrated Omega 3 products with proven clinical effectiveness, for example for the treatment of patients with very high triglyceride. The products are based on a certain ratio of the Omega3 molecules DHA and EPA (Lovaza, Lotriga) or a highly concentrated Omega3 product containing EPA (Vascepa, Epadel).

The Nutra segment mainly encompasses Omega 3 products with lower to medium concentrations in formulations with a variety of health-related claims.

The accounting policies applied in segment reporting are based on the IFRS applied in the consolidated financial statements. Because there were no transactions between the segments and all expenses and income were allocated to the two segments, segment reporting does not contain any reconciliation column for the corresponding Group figures.

Adjusted EBITDA is the key performance parameter applied by the O3 Group. This parameter is not defined in the International Financial Reporting Standards. Within the O3 Group, adjusted EBITDA is defined as earnings before income taxes, financial result, amortization and depreciation, impairments, restructuring expenses, extraordinary income and expenses as well as off-period expenses and income.

The following table presents the key performance parameters used to assess the performance of the segments within the O3 Group:

Segmentinformation	Pharma		Nutra		O³ Group	
in k€	Q4/2024	Q4/2023	Q4/2024	Q4/2023	Q4/2024	Q4/2023
Revenues of segment = Revenues with external	3,584	30,067	44,381	28,932	47,965	58,999
Adjusted EBITDA	-3,979	9,152	5,146	3,120	1,167	12,272
Adjusted EBITDA Marge	-111.0%	30.4%	11.6%	10.8%	2.4%	20.8%

Segmentinformation	Pharma		Nutra		O³ Group	
in k€	2024	2023	2024	2023	2024	2023
Revenues of segment = Revenues with external parties	48,523	82,903	144,239	111,143	192,761	194,046
Adjusted EBITDA	-1,991	27,312	20,043	16,419	18,052	43,731
Adjusted EBITDA Marge	-4.1%	32.9%	13.9%	14.8%	9.4%	22.5%

The following table presents additional performance indicators according to region:

in k€	North America	Germany	Rest of Europe	Asia	Other regions	O³ Group
Revenues Q4/2024	32,360	1,505	7,899	3,523	2,677,731	47,965
Non-current assets as of 31 Dec 2024	87,328	58,087	187,235	–	31,907	364,557

in k€	North America	Germany	Rest of Europe	Asia	Other regions	O³ Group
Revenues Q4/2023	26,216	974	26,073	5,463	272,136	58,999
Non-current assets as of 31 December 2023	50,180	56,548	117,352	–	–	224,080

There was no customer accounting for more than 10% of the sales of the O3 Group in financial year 2024. In the prior year, sales of k€ 51,600 from another customer had been reported in the pharmaceuticals segment and of k€ 20,300 with another customer in the Nutra segment.

Adjusted EBITDA is reconciled with earnings before taxes in the following table:

in K-€		Q4/2024	Q4/2023	2024	2023
Adjusted EBITDA		**1,167**	**12,272**	**18,052**	**43,731**
Business Combinations		–	–	75,725	–
Consulting fees and transaction related expenses	1)	-3,166	37	-9,071	-245
Legal one-offs and similar expenses	2)	-610	-929	-961	-1,901
Restructuring	3)	-171,891	–	-1,450	–
Miscellaneous	4)	-18,783	-1,058	-23,728	-1,029
EBITDA		**-21,564**	**10,322**	**58,567**	**40,556**
Depreciation & Amortization		-45,410	-3,775	-56,213	-14,020
EBIT		**-66,974**	**6,548**	**2,354**	**26,536**
Financial result		-8,210	-3,034	-23,610	-16,303
EBT Earning before taxes		**-75,185**	**3,513**	**-21,256**	**10,232**

1) Reflects mainly consulting fees as well as personnel payments and other expenses related to financing and M&A activities.

2) Reflects legal expenses due to the course of lawsuits and similar legal proceedings.

3) Reflect additions to restructuring provisions and similar expenses related to the consolidation of manufacturing

4) Reflect one-time expenses including bad debt allowances, losses from the disposal of assets, inventory write-offs and similar expenses and income.

A net total of k€ 40,515 profit was adjusted from the reported accounting EBITDA to come to the adjusted EBITDA for the Full Year 2024. Main component of the adjustment relates to the accounting results of the business combination from the acquisition of the dsm-firmenich transaction. Expenses for the refinancing and the acquisition were adjusted for. Main adjustments included under miscellaneous are the impairment of inventories of k€ 17,297 eluded to before, as well as bad debt allowances. The latter included an allowance for eventual non-payment on the customer contract where the take-or-pay provisions were thus far not honored, and related materials needed to be impaired.

E.IX. Related party disclosure

The group of related parties includes all direct or indirect shareholders of O³ Holding GmbH that have a controlling or decisive influence on the Group, the unconsolidated subsidiaries, associates and key management. This also includes the key management employees due to the assumption of Group management and monitoring functions regarding the related parties.

The key management group consists of the CEO of O³ Holding's Group activities, as well as the Business and Functional leaders reporting directly into the CEO. The Business leaders include the CEO of KD Nutra, VP Global Pharma Sales and Global Purchasing. The Functional leaders comprise the CFO, the Chief Business Officer (CBO), the VP Global Operations, VP Global HR, the VP Global Quality & Regulatory, and the Global General Counsel.

Following the change to the shareholder structure in September 2024, the direct parent company of O³ Holding GmbH is now MidCo Omega GmbH. Its direct shareholders are Mellifera Neunte Beteiligungs GmbH, DSM Nederland BV and AcquicoOmega GmbH. The shares of Mellifera Neunte Beteiligungs GmbH are held by Acquico Omega GmbH. TopCo Omega GmbH is the ultimate parent company of O³ Holding GmbH. The shares in TopCo Omega GmbH are largely held by fund companies of the Capiton Group.

The following table contains a summary of the transactions with related parties:

in k€	Transactions in the year under review (income statement)			Trade receivables (payables)	Loan receivables (payables) incl. Interest	Cash/non-cash contribution
	Revenues/operating income	Operating expenses	Interest income (expense)			
2024						
MidCo Omega GmbH	–	–	–	–	–	159,259
Mellifera 9. Beteiligungsgesellschaft mbH	–	–	–	–	–	–
Acquico Omega GmbH	–	5	–	-6	–	–
Trigal Pharma GmbH	–	–	17	–	373	–
DSM B.V. and subsidiaries	3,728	-1,856	-905	2,513	45,191	–
Total 2024	**3,728**	**-1,851**	**-888**	**2,507**	**45,564**	**159,259**
2023						
Mellifera 9. Beteiligungsgesellschaft mbH	–	-41	–	-42	–	27,909
Acquico Omega GmbH	446	–	–	–	–	4,191
Trigal Pharma GmbH	–	–	16	–	356	–
KD Pharma USA	–	–	1	–	311	–
Total 2023	**446**	**-41**	**18**	**-42**	**667**	**32,100**

E.X. Events after the reporting period

In January 2025 we received an additional shareholder loan from DSM Nederland B.V. in the amount of € 5.4 Mio.

Risk Factors

Some key risk factors relevant to the business and financial outlook of KD Pharma Group include the following:

Supply Chain & Raw Material Volatility

The company's operations rely heavily on the availability and pricing of fish oil and other marine-based raw materials. The market has experienced significant fluctuations in recent years, largely driven by tightening fishing quotas, environmental factors like El Niño, and rising global demand for fish oil. While the latest fishing season in Peru has helped stabilize supply, any future disruptions or unfavorable quota changes could lead to raw material shortages and price spikes. Additionally, political and economic instability in key sourcing regions, such as Peru and Morocco, may present logistical challenges and impact the cost structure.

Competitive Market Environment

The KD Pharma Group operates in a highly competitive sector, with pressure from both global CDMO players and niche specialists. Large pharmaceutical and nutrition companies with in-house manufacturing capabilities, as well as emerging low-cost competitors from China and India, could continue to put downward pressure on pricing. The launch of generic alternatives, particularly in the icosapent ethyl API segment, has intensified market dynamics, leading to pricing erosion and potential loss of market share.

Risks Related to the Integration of dsm-firmenich’s Marine Lipids Business

The ongoing integration of the acquired marine lipids business introduces operational and financial risks. Challenges may arise in harmonizing production processes across multiple sites, optimizing supply chains, and fully realizing anticipated synergies. If the integration process encounters delays or unforeseen complications, it could lead to inefficiencies, increased costs, or disruptions in customer supply. Additionally, the anticipated cost savings and operational advantages from consolidating manufacturing at the Peru and Mulgrave sites may take longer to materialize than initially projected.

Macroeconomic & Geopolitical Uncertainty

The current global economic climate remains uncertain, with inflationary pressures, rising interest rates, geopolitical tensions, tariffs and other trade barriers affecting supply chains and market demand. A key risk is the potential for new tariffs and trade restrictions under the US administration's evolving trade policy and other governments´ reactions to them, which could impact the cost competitiveness of products manufactured in Canada and Europe for the US market. Any new protective measures, such as increased import duties or regulatory barriers, could reduce margins and limit access to key customer segments. Additionally, inflationary pressures on input costs may not always be fully passed on to customers, putting margins under pressure.

Financial & Liquidity Risks

The company’s refinancing through bond issuance has improved its capital structure, but exposure to interest rate fluctuations and market liquidity risks remain. The floating rate nature of the bonds means that rising interest rates could increase debt servicing costs. Additionally, any delays or setbacks in realizing expected cost synergies from the integration of dsm-firmenich's business could put short-term financial performance under pressure.

Pro Forma Information

The Pro Forma Information in this Interim Report is presented for illustrative purposes only and may not reflect the actual results of operations of the KD Pharma Group following the completion of the dsm-firmenich Transaction. In the past, the KD Pharma Group and dsm-firmenich have operated their respective businesses separately and there are no consolidated results including dsm-firmenich prepared before the planned date for the completion of the dsm-firmenich Transaction on 30 September 2024 available for the KD Pharma Group as the results of dsm-firmenich will be consolidated with the KD Pharma Group from such date onwards. The pro forma financial and other information included in this Interim Report (the “Pro Forma Information”) has been prepared in order to provide an estimate what our results of operations would have been if we had been operating as a combined group. The Pro Forma Information has not been audited by any independent auditor, is presented for illustrative purposes only and is not necessarily indicative of the Company’s actual results of operations as a combined company during the periods presented in the Pro Forma Information. Moreover, the Pro Forma Information does not purport to project the future results of operations of the KD Pharma Group. The Pro Forma Information has been prepared based on unaudited internal management accounts provided by dsm-firmenich and given the fact that the business acquired is an integral part that is carved out of the larger business of dsm-firmenich AG, are not reconcilable to the audited external financial statements of the dsm-firmenich AG entities. Therefore, certain preliminary assumptions, normalization adjustments, consolidation assumptions, and estimates that the KD Pharma Group believes to be reasonable under the current circumstances, have been made in preparing the Pro Forma Information. The actual impacts of the dsm-firmenich Transaction may materially differ from the assumptions used in the Pro Forma Information. In addition, the Pro Forma Information does not reflect any expected cost savings, synergy benefits or future integration costs that are expected to be generated or incurred.

Impairment Risks

Our operating results can vary significantly as a result of the impairment of goodwill and other intangible assets. Under IFRS, we are required to annually test our recorded goodwill and to assess the carrying values of other intangible assets when impairment indicators exist. As a result of such tests, we may be required to recognize impairment losses in our income statement if the carrying value is in excess of the fair value. Factors that could trigger an impairment of such assets include the underperformance of our business relative to projected future operating results, negative industry developments or economic trends, including changes in borrowing rates or weighted average cost of capital, applicable tax rates or changes in working capital. For example, we are currently in the process of evaluating the potential sale of production plants or a part thereof, which may result in impairment losses for some of the related assets. Should we have to book any impairment losses, this could have a material adverse effect on our business, results of operations and financial condition, and ultimately our ability to fulfil our obligations under the Bond Terms, as well as the market price and value of the Bonds.

Bexbach, 27. 02. 2025

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Creating Health Solutions

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