

DISTRIBUTION OF AN INTERIM  
DIVIDEND BY RECORDATI S.p.A. FOR THE  
FINANCIAL YEAR 2021 IN ACCORDANCE  
WITH ARTICLE 2433-*BIS* OF THE ITALIAN  
CIVIL CODE

**RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA S.p.A.****Company subject to management and co-ordination by Rossini Luxembourg S.à r.L.**

Registered Office: 1 Via Matteo Civitali, Milan

Fully paid up share capital: € 26,140,644.50

Tax identification number and Milan Company Registration No. 00748210150

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**DIRECTORS' REPORT ON THE  
DISTRIBUTION OF AN INTERIM  
DIVIDEND FOR THE FINANCIAL YEAR  
2021 TO THE SHAREHOLDERS OF  
RECORDATI S.P.A.**

## Directors' considerations on the distribution of an interim dividend

An interim dividend may be distributed if the conditions specified in the relative legislation (Art. 2433-*bis* of the Italian Civil Code) are met.

Recordati S.p.A. ("Recordati") is in possession of the requirements to exercise that right for the following reasons:

- a) the financial statements are subject by law to a statutory audit in accordance with the provisions of special laws for entities of public interest;
- b) the distribution of interim dividends is permitted by Art. 29 of the Corporate By-Laws;
- c) the external auditors have issued a positive opinion on the financial statements for the previous year, which were subsequently approved by the shareholders;
- d) no losses relating to the current year or to prior years have been incurred since the last financial statements were approved.

The distribution of the dividend must be approved by the Board of Directors on the basis of financial statements and a report showing that the capital, operating and financial position of the Company would allow that distribution to be made. Additionally, an opinion of the external auditors on those documents must be obtained.

Art. 2433-*bis* of the Italian Civil Code also states that the amount of an interim dividend cannot be greater than the lower of the net income earned at the end of the previous financial year, less the amounts allocated to the statutory or by-law reserves, and the reserves available for distribution.

In Recordati's case, because both net income and available reserves at and for the period ended 30 June 2021 were lower than the amounts reported at and for the period ended 31 December 2020, amounting to € 234,664 thousand and € 429,009 thousand respectively, the distribution of the interim dividend has been determined on the basis of the accounts at 30 June 2021 for the six-month period then ended, prepared according to IAS 34 "Interim Financial Statements" endorsed by the European Union.

The available reserves resulting from the accounts at 30 June 2021 amounted to € 419,665 thousand, while the net income available at 30 June 2021 amounted to € 144,939 thousand consisting of the net income earned, since an amount equal to one fifth of the share capital had already been allocated to the statutory reserve and no other obligations for allocations to reserves existed.

A summary of the relevant data for determining the amount of the interim dividend distributable is given in the following table:

• net income for the period ended 30 June 2021	€ 144,939 thousand
• net income available	€ 144,939 thousand
• reserves available at 30 June 2021	€ 419,665 thousand

Therefore, in accordance with Art. 2433-*bis*, paragraph 4, of the Italian Civil Code, the maximum interim dividend distributable for the financial year 2021 is € 144,939 thousand, equivalent to € 0.69 per share calculated on total shares representing the share capital.

Having taken account of the above, and in light of the information reported in the following paragraphs concerning the operating, capital and financial performance of Recordati S.p.A. and the Recordati Group (the “Group”) at and for the period ended 30 June 2021, the Board of Directors intends to distribute an interim dividend for 2021 amounting to € 0.53 on each share outstanding on the ex dividend date of 22 November 2021, to be paid from 24 November 2021 (record date of 23 November 2021).

Milan, 28 October 2021

On behalf of the Board of Directors  
the Chief Executive Officer  
Andrea Recordati

## Operating and financial review of Recordati S.p.A. in the first half of 2021

The income statement included in the financial statements of Recordati S.p.A. at and for the period ended 30 June 2020 shows net income of € 144,939 thousand.

The items in the income statement are given below with the relative percentage of revenue and the change compared with the first six months of the previous year:

€ (thousands)	First half 2021	% of revenue	First half 2020	% of revenue	Changes 2021/2020	%
<b>Revenue (1)</b>	<b>257,434</b>	<b>100.0</b>	<b>245,485</b>	<b>100.0</b>	<b>11,949</b>	<b>4.9</b>
Cost of sales	(91,966)	(35.7)	(95,644)	(39.0)	3,678	(3.8)
<b>Gross profit</b>	<b>165,468</b>	<b>64.3</b>	<b>149,841</b>	<b>61.0</b>	<b>15,627</b>	<b>10.4</b>
Selling expenses	(34,624)	(13.5)	(24,341)	(9.9)	(10,283)	42.2
R&D expenses	(22,409)	(8.7)	(19,555)	(8.0)	(2,854)	14.6
G&A expenses	(17,977)	(7.0)	(14,905)	(6.0)	(3,072)	20.6
Other income (expense), net	(1,458)	(0.6)	(2,410)	(1.0)	952	(39.5)
<b>Operating income</b>	<b>89,000</b>	<b>34.5</b>	<b>88,630</b>	<b>36.1</b>	<b>370</b>	<b>0.4</b>
Dividends	71,215	27.7	125,085	50.9	(53,870)	(43.1)
Financial income (expense), net	(8,268)	(3.2)	(5,710)	(2.3)	(2,558)	44.8
<b>Pre-tax income</b>	<b>151,947</b>	<b>59.0</b>	<b>208,005</b>	<b>84.7</b>	<b>(56,058)</b>	<b>(27.0)</b>
Taxes	(7,008)	(2.7)	(21,844)	(8.9)	14,836	(67.9)
<b>Net income</b>	<b>144,939</b>	<b>56.3</b>	<b>186,161</b>	<b>75.8</b>	<b>(41,222)</b>	<b>(22.1)</b>

(1) The revenue reported in the reclassified income statement includes other income of € 22 thousand (€ 22 thousand in 2020), relating in particular to training grants and rents, which in the statutory balance sheet are classified under the item Other revenue and income.

In the first six months of 2021 revenue came to € 257,434 thousand, up € 11,949 thousand on the same period in the previous year due to sales of Eligard® (leuprorelin acetate) generated in January following the conclusion of a licensing agreement with Tolmar International Ltd, which offset the reduction in sales of other products affected, amongst other things, by market distortions in the first half of 2020 as a result of substantial demand for medicines by the Company's customers when the pandemic began.

Selling expenses increased by € 10,283 (42.2%) due to royalties and expenses incurred for the invoicing and distribution of Eligard® and also due to higher advertising expenses compared with the first half of the previous year as a result of greater restrictions caused by the Covid-19 epidemic with a consequent increase in this as a percentage of revenue compared with the same period in the previous year.

R&D expenses came to € 22,409 thousand accounting for 8.7% of revenue, up 14.6% compared with the first half of the previous year, caused mainly by the costs incurred while waiting for the transfer of marketing authorisations for Eligard® in various countries and by an increase in amortisation for the rights on that same product acquired under licence from Tolmar International in January 2021.

General and administrative expenses increased by 20.6% due to improvements to the general coordination of operations designed to manage an increasingly complex portfolio and in particular to support the management of new corporate products.

Other net income and expenses amounted to € 1,458 thousand and included costs of € 838 thousand in relation to the Covid-19 health emergency.

Operating profit of € 89,000 thousand accounted for 34.5% of revenue, compared with 36.1% in the first half of the previous year.

Dividends from subsidiaries came to € 71,215 thousand, down € 53,870 thousand compared with the first six months of 2020.

The reduction in taxes of € 14,836 thousand compared with the same period in the previous year was mainly due to the ACE (Aid to Economic Growth) tax benefit resulting from the project to merge the Company's parent companies into it, for which the company inherited a benefit of € 12.9 million from Rossini Investimenti S.p.A..

Net profit came to € 144,939 thousand.

## NET FINANCIAL POSITION

The net financial position is set out in the following table:

€ (thousands)	30.06.2021	31.12.2020	Changes 2021/2020
Cash and cash equivalents and current receivables	197,625	160,526	37,099
Current debt	(669,706)	(651,056)	(18,650)
Net current financial position (1)	(472,081)	(490,530)	18,449
Loans and receivables – due after one year	142,170	150,693	(8,523)
Borrowings – due after one year (2)	(830,074)	(707,078)	(122,996)
<b>Net financial position</b>	<b>(1,159,985)</b>	<b>(1,046,915)</b>	<b>(113,070)</b>

(1) This includes the current portion of medium to long-term borrowings

(2) Including the recognition at fair value of derivative instruments to hedge foreign exchange rate risk (cash flow hedges).

The net financial position at 30 June 2021 was debt of € 1,160.0 million compared with debt of € 1,046.9 million at 31 December 2020.

€ 35.0 million was paid to Tolmar International Ltd. during the period as a result of the license agreement for Eligard. Treasury stock totalling € 40.5 million, net of sales due to the exercise of stock options, was purchased and dividends of approximately € 108.7 million were distributed.

Analysis of the financial position net of these impacts the Company's solid generation of cash flows which stood at approximately € 71.0 million.

Expenditure on property, plant and equipment came to € 7.0 million and related to investments made at the Milan headquarters (€ 3.2 million), which included investments in the plant and in pharmaceutical research, as well as in the Campoverde plant (€ 3.8 million).

## MANAGEMENT REVIEW

In view of the importance of Recordati S.p.A. within the results achieved by the Group, it is considered that an

exhaustive report on operating performance and financial analysis can be obtained from the section “Management Review” in the Half-year Management Review of the Recordati Group at and for the period ended 30 June 2021, published on 29 July 2021, to which reference is made. The report shows that Group revenue amounted to € 770.8 million, an increase of € 10.6 million compared with the first half of 2020. Furthermore, operating income came to € 250.4 million, to record growth of 4.3% compared with the same period in the previous year, while net income, amounting to € 207.1 million and accounting for 26.9%, of revenue, recorded growth of 5.2% compared with the same period in the previous year.

## OTHER INFORMATION

Company is subject to management and co-ordination by Rossini Luxembourg S.à.r.l, in accordance with Art. 2497 and following of the Italian Civil Code.

Key figures from the financial statements for the year ended 31 December 2020 approved by the company that exercises management and co-ordination are reported in Attachment 5.

No decisions were taken by the Board of Directors that were deemed “decisions influenced by management and co-ordination activities” during the course of the first half of 2021.

A merger deed was drawn up in April for the merger of Rossini Investimenti S.p.A. and FIMEI S.p.A. into Recordati S.p.A., which was subsequently filed with the Company Registrar which finalised the operation with effect for accounting and tax purposes from 1 April 2021. The merger, which was approved by a Shareholders’ Meeting on 17 December 2020, did not determine any change in the share capital of the merging company, nor did it result in the payment of any cash settlement. Furthermore, Recordati S.p.A.’s post merger balance sheet and income statement remained substantially unchanged compared with the position prior to the transaction and, more specifically, the merger did not alter Recordati’s net financial position and therefore its investment capacity, nor did it alter its capital allocation strategy or policy.

On 16 July 2021, the Board of Directors approved Recordati's new corporate governance structure with the appointment of Rob Koremans as the new Chief Executive Officer (CEO) from 1 December 2021. Andrea Recordati, the current CEO, will be appointed Chairman. The Company confirmed that Recordati will continue to consolidate its current trajectory under the leadership of Rob Koremans, as set out in the recent three year plan, by combining organic growth in the current portfolio’s volume of business with the creation of value through business development transactions and M&A. As future Chairman Andrea Recordati will continue to participate in the development of the Group's strategy, supporting the new CEO and the senior management team. In light of other important appointments conferred on him by the Italian Government and having completed the process of transition towards a new corporate governance structure, the Chairman Alfredo Altavilla tendered his resignation on 16 July 2021, again with effect from 1 December 2021.

## Business outlook for Recordati S.p.A

The financial results for the first half of the year were in line with expectations and enabled us to confirm expectations for 2021, even though a greater level of uncertainty over market performance remains due to the development of the pandemic.

Considering the sector to which the Company belongs and recent operating performance, no specific significant events were observed subsequent to 30 June 2021, which might require modifications to be made to the value of assets and liabilities recognised in the balance sheet or which might affect the positive performance in the first six months of the year for the achievement of the results forecast for 2021.



Lastly, the results expected for the financial year 2021 are forecast to be much greater than the interim dividend currently being approved.

Milan, 28 October 2021

On behalf of the Board of Directors  
the Chief Executive Officer  
Andrea Recordati

# INTERIM FINANCIAL STATEMENTS OF RECORDATI S.P.A. FOR THE PERIOD ENDED 30 JUNE 2021

RECORDATI S.p.A.  
INCOME STATEMENTS FOR THE PERIODS ENDED  
30 JUNE 2021 AND 30 JUNE 2020

## Income Statement

Amounts in euro	Notes	First half 2021	First half 2020
<b>Revenue</b>	<b>3</b>	<b>257,411,661</b>	<b>245,462,670</b>
Other income	4	480,726	630,105
<b>Total income</b>		<b>257,892,387</b>	<b>246,092,775</b>
Raw materials costs	5	(62,702,789)	(66,390,095)
Personnel costs	6	(45,928,267)	(42,209,572)
Depreciation and amortisation	7	(13,080,812)	(12,585,914)
Other operating expenses	8	(51,987,874)	(40,643,373)
Changes in inventories	9	4,807,091	4,366,224
<b>Operating income</b>		<b>88,999,736</b>	<b>88,630,045</b>
Income from investments	10	71,214,882	125,085,267
Financial income (expense), net	11	(8,266,946)	(5,709,968)
<b>Pre-tax income</b>		<b>151,947,672</b>	<b>208,005,344</b>
Taxes	12	(7,008,397)	(21,844,330)
<b>Net income for the period</b>		<b>144,939,275</b>	<b>186,161,014</b>
<b>Earnings per share</b>			
Basic		0.704	0.906
Diluted		0.693	0.890

Basic earnings per share is calculated on average shares outstanding in the relative periods, consisting of 205,792,226 shares in 2021 and 205,384,957 in 2020. The figures are calculated net of average treasury stock held, which amounted to an average of 3,332,930 shares in 2021 and 3,740,199 shares in 2020.

Diluted earnings per share is calculated taking into account stock options granted to employees.

The notes to the financial statements form an integral part of this financial statement.

RECORDATI S.p.A.

BALANCE SHEETS at 30 JUNE 2021 and at 31 DECEMBER 2020

## Assets

Amounts in euro	Notes	30 June 2021	31 December 2020
<b>Non-current assets</b>			
Property, plant and equipment	13	69,671,423	67,070,471
Intangible assets	14	254,839,800	226,414,210
Investments	15	1,088,849,779	1,092,270,697
Other non-current assets	16	142,169,503	150,691,686
Deferred tax assets	17	20,000,449	21,500,975
<b>Total non-current assets</b>		<b>1,575,530,954</b>	<b>1,557,948,039</b>
<b>Current assets</b>			
Inventories	18	86,496,053	81,688,962
Trade receivables	19	116,891,163	85,205,885
Other receivables	20	83,061,834	17,005,280
Other current assets	21	2,371,554	2,054,164
Derivatives measured at fair value	22	8,273,778	7,004,443
Other short-term receivables	23	68,050,931	75,553,565
Cash and cash equivalents	24	129,573,708	84,972,264
<b>Total current assets</b>		<b>494,719,021</b>	<b>353,484,563</b>
<b>Total assets</b>		<b>2,070,249,975</b>	<b>1,911,432,602</b>

The notes to the financial statements form an integral part of this financial statement.

RECORDATI S.p.A.

BALANCE SHEETS at 30 JUNE 2021 and at 31 DECEMBER 2020

## Equity and Liabilities

Amounts in euro	Notes	30 June 2021	31 December 2020
<b>Equity</b>			
Share capital	25	26,140,645	26,140,645
Additional paid-in capital	25	83,718,523	83,718,523
Treasury shares	25	(115,257,479)	(87,515,607)
Statutory reserve	25	5,228,129	5,228,129
Other reserves	25	307,294,910	302,314,749
Revaluation reserve	25	2,602,229	2,602,229
Interim dividend	25	0	(103,142,677)
Net income	25	144,939,275	234,663,914
<b>Total equity</b>		<b>454,666,232</b>	<b>464,009,905</b>
<b>Non-current liabilities</b>			
Borrowings – due within one year.	26	840,784,669	713,582,983
Employees benefit obligations	27	7,434,028	7,770,535
<b>Total non-current liabilities</b>		<b>848,218,697</b>	<b>721,353,518</b>
<b>Current liabilities</b>			
Trade payables	28	52,639,159	34,971,065
Other current payables	29	31,053,996	22,617,944
Tax liabilities	30	5,646,472	2,845,342
Other current liabilities	31	747,728	922,728
Provisions	32	3,883,803	5,151,230
Derivatives measured at fair value	33	3,687,535	8,504,996
Borrowings – due within one year	34	200,409,649	246,997,314
Short-term liabilities to banks	35	2,105,841	2,088,209
Other short-term liabilities	36	467,190,863	401,970,351
<b>Total current liabilities</b>		<b>767,365,046</b>	<b>726,069,179</b>
<b>Total equity and liabilities</b>		<b>2,070,249,975</b>	<b>1,911,432,602</b>

The notes to the financial statements form an integral part of this financial statement.

**RECORDATI S.p.A.**
**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 JUNE 2021 AND 30 JUNE 2020**

€ (thousands)	First half 2021	First half 2020
<b>Net income</b>	<b>144,939</b>	<b>186,161</b>
Gains/(losses) on cash flow hedges after tax	838	3,806
Adjustment to investments in listed companies, net of tax	(4,485)	(7,724)
Other changes, net of tax	(70)	0
<b>Other items recognised in equity</b>	<b>(3,717)</b>	<b>(3,918)</b>
<b>Comprehensive income</b>	<b>141,222</b>	<b>182,243</b>
<b>Data per share (in euro)</b>		
Basic	0.686	0.887
Diluted	0.675	0.871

Basic earnings per share is calculated on average shares outstanding in the relative periods, consisting of 205,792,226 shares in 2021 and 205,384,957 in 2020. The figures are calculated net of average treasury stock held, which amounted to an average of 3,332,930 shares in 2021 and 3,740,199 shares in 2020.

Diluted earnings per share is calculated taking into account stock options granted to employees.

The notes to the financial statements form an integral part of this financial statement.

RECORDATI S.p.A.  
STATEMENT OF CHANGES IN EQUITY

€ (thousands)	Share capital	Additional paid in capital	Treasury stock	Statutory reserve	Sundry reserves	Other reserves Reserve for derivative instruments	Stock option reserve and/or other IAS reserves	Revaluation reserves	Interim dividend	Net (loss)/Income for the period	Total
<b>Balance at 31 December 2019</b>	<b>26,141</b>	<b>83,718</b>	<b>(93,480)</b>	<b>5,228</b>	<b>127,980</b>	<b>(6,145)</b>	<b>147,054</b>	<b>2,602</b>	<b>(98,764)</b>	<b>241,092</b>	<b>435,426</b>
Allocation of 2019 net income as per shareholder's resolution of 29.04.2020											
<i>Dividends distributed</i>									98,764	(205,423)	(106,659)
<i>Retained earnings</i>					35,669					(35,669)	0
Sales of treasury stock			40,001		(14,640)						25,361
Purchase of treasury stock			(47,871)								(47,871)
Comprehensive income						3,806	(7,724)			186,161	182,243
Stock option valuation reserve							2,840				2,840
<b>Balance at 30 June 2020</b>	<b>26,141</b>	<b>83,718</b>	<b>(101,350)</b>	<b>5,228</b>	<b>149,009</b>	<b>(2,339)</b>	<b>142,170</b>	<b>2,602</b>	<b>0</b>	<b>186,161</b>	<b>491,340</b>
<b>Balance at 31 December 2020</b>	<b>26,141</b>	<b>83,718</b>	<b>(87,516)</b>	<b>5,228</b>	<b>145,527</b>	<b>(2,658)</b>	<b>159,447</b>	<b>2,602</b>	<b>(103,143)</b>	<b>234,664</b>	<b>464,010</b>
Allocation of 2020 net income as per shareholder's resolution of 20.04.2021											
<i>Dividends distributed</i>									103,143	(216,015)	(112,872)
<i>Retained earnings</i>					18,649					(18,649)	0
Sales of treasury stock			39,150		(12,717)						26,433
Purchase of treasury stock			(66,891)								(66,891)
Merger surplus reserve					392						392
Comprehensive income					(70)	838	(4,485)			144,939	141,222
Stock option valuation reserve							2,372				2,372
<b>Balance at 30 June 2021</b>	<b>26,141</b>	<b>83,718</b>	<b>(115,257)</b>	<b>5,228</b>	<b>151,781</b>	<b>(1,820)</b>	<b>157,334</b>	<b>2,602</b>	<b>0</b>	<b>144,939</b>	<b>454,666</b>

The notes to the financial statements form an integral part of this financial statement.

## RECORDATI S.p.A.

## CASH FLOW STATEMENTS FOR THE PERIODS ENDED 30 JUNE 2021 AND 30 JUNE 2020

€ (thousands)	First half 2021	First half 2020*
<b>OPERATING ACTIVITIES</b>		
Net income	144,939	186,161
Income taxes	7,008	21,844
Net interest	7,115	6,894
Income from investments	(71,215)	(125,085)
Depreciation of property, plant and equipment	4,834	4,655
Amortisation of intangible assets	8,247	7,931
Equity-settled share-based payments transactions	855	1,092
Other non-monetary items	(1,538)	4,468
Changes in other assets and liabilities	8,433	9,671
<b>Cash flow from/(used in) operating activities before changes in working capital</b>	<b>108,678</b>	<b>117,631</b>
Change in inventories	(4,807)	(4,366)
Change in trade receivables	(31,685)	(5,515)
Change in trade payables	17,668	(16,097)
<b>Change in working capital</b>	<b>(18,824)</b>	<b>(25,978)</b>
Interest received	1,189	2,459
Interest paid	(9,936)	(8,261)
Income taxes paid	(13,788)	0
<b>Cash flow from/(used in) operating activities</b>	<b>67,319</b>	<b>85,851</b>
<b>INVESTING ACTIVITIES</b>		
Investments in property, plant and equipment	(6,977)	(3,739)
Disposals of property, plant and equipment	129	1
Investments in intangible assets	(36,673)	(3,022)
Change in investments and shares	(3)	0
Dividends received	18,215	85,085
Changes in other short-term receivables	8,330	17,806
Merger surplus	392	0
<b>Cash flow from/(used in) investment activities</b>	<b>(16,587)</b>	<b>96,131</b>



€ (thousands)	First half 2021	First half 2020*
<b>FINANCING ACTIVITIES</b>		
Loans granted	219,098	39,968
Repayment of loans	(141,487)	(112,131)
Payment of lease liabilities	(627)	(679)
Change in short-term liabilities to banks and other lenders	10	313
Changes in other short-term payables	66,034	39,320
Dividends paid	(108,699)	(110,389)
Repurchase of treasury stock	(66,891)	(47,871)
Sales of treasury stock	26,432	25,361
<b>Cash flow from/(used in) financing activities</b>	<b>(6,130)</b>	<b>(166,108)</b>
<b>Change in cash and cash equivalents</b>	<b>44,602</b>	<b>15,874</b>
Net cash and cash equivalents at beginning of period	84,972	85,908
Net cash and cash equivalents at end of period	129,574	101,782

\* A new presentation has been adopted for the cash flow statement. The amounts for 2020 have been reclassified for a consistent comparison.

# RECORDATI S.p.A.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

### 1. GENERAL INFORMATION

These financial statements, available at the headquarters of our Company, have been prepared by Recordati Industria Chimica e Farmaceutica S.p.A. (hereinafter the Company), with registered office at 1 Via Matteo Civitali, Milan and they were approved by the Board of Directors on 28 October 2021, which authorised their publication.

These separate interim financial statements at 30 June 2021 comprise the income statement, the balance sheet, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and these notes to the interim financial statements.

Details of the accounting standards adopted by the Company are given in note 2 to the financial statements.

The presentation adopted by the Company for the income statement in these interim financial statements classifies revenues and expenses by nature. The distinction between the principle of current and non-current has been adopted for the presentation of assets and liabilities in the balance sheet.

These interim financial statements are presented in euro (€) and all amounts in the notes to the statements are rounded to the nearest thousand euro unless otherwise stated.

A merger deed was drawn up in April for the merger of Rossini Investimenti S.p.A. and FIMEI S.p.A. into Recordati S.p.A., which was subsequently filed with the Company Registrar which finalised the operation with effect for accounting and tax purposes from 1 April 2021. The merger, which was approved by a Shareholders' Meeting on 17 December 2020, did not determine any change in the share capital of the merging company, nor did it result in the payment of any cash settlement. Furthermore, Recordati S.p.A.'s post merger balance sheet and income statement remained substantially unchanged compared with the position prior to the transaction and, more specifically, the merger did not alter Recordati's net financial position and therefore its investment capacity, nor did it alter its capital allocation strategy or policy.

The table below shows the impacts of the merger on the Company's balance sheet at 1 April 2021.

€ (thousands)	ASSETS	EQUITY LIABILITIES	AND
<b>Non-current assets</b>		<b>Equity</b>	
Other investments and shares	3	Merger surplus reserve	392
Other non-current assets	199		
<b>Total non-current assets</b>	<b>202</b>	<b>Total equity</b>	<b>392</b>
<b>Current assets</b>		<b>Current liabilities</b>	
Other receivables	49	Trade payables	175
Other current assets	13	Provisions	176
Cash and cash equivalents	479		
<b>Total current assets</b>	<b>541</b>	<b>Total current liabilities</b>	<b>351</b>
<b>Total assets</b>	<b>743</b>	<b>Total equity and liabilities</b>	<b>743</b>

## SEGMENT REPORTING

The Company's only operating segment is the specialty and primary care segment. Furthermore, the pharmaceutical chemicals business is considered an integral part of the specialty and primary care segment because from an organisational and strategic viewpoint it is involved principally in the production of the active ingredients required to produce pharmaceuticals.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements at 30 June 2021 have been prepared in shortened form, in compliance with IAS 34 "Interim financial reporting" endorsed by the European Union. The interim financial statements do not therefore include all the information required of annual financial statements and must be read together with the annual report for the full year ended 31 December 2020, prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the EU in accordance with Regulation No. 1606/2002.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgement, differ from the actual circumstances, they will be modified in accordance with the changes in the circumstances. Account has been taken of the impacts, and also the potential impacts, resulting from the Covid-19 pandemic when making estimates and the related assumptions required to draft this financial report.

These measurement activities, and especially the more complex calculations such as those required to measure impairment loss, are carried out in depth only for the preparation of the year-end financial statements, except when there is an indication that an asset has suffered an impairment loss which would require an immediate estimate of the loss.

IFRS 13 requires the fair value of financial instruments to be measured by classifying them on the basis of a hierarchy of levels laid down by the standard itself, which reflects the degree of observability of the market inputs used in the calculation of the fair value. The following levels are identified:

- Level 1: unadjusted quotations recorded on active markets for assets or liabilities subject to measurement;
- Level 2: inputs that are not quoted prices as per level 1, but which are observable on the market, either directly (as in the case of prices) or indirectly (i.e. because they are derived from prices);
- Level 3: inputs that are not based on observable market data.

These financial statements have been prepared using the same accounting standards as those applied in the last annual report, except for the adoption of new standards and amendments which came into force on 1 January 2021. The Company has not adopted any new standard, interpretation or amendment in advance that has been issued but is not yet in force.

Various amendments and interpretations are applicable for the first time in 2021, but have not had any impact on the financial statements of the Company for the period ended 30 June 2021

### **AMENDMENTS TO IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2**

The amendments include the temporary easing of the requirements in relation to their impacts on balance sheets when the interest rate offered on the interbank market (IBOR) is replaced by an alternative rate that is essentially risk free (the Risk Free Rate - RFR).

The amendments include the following practical expedients:

- a practical expedient that allows contractual changes, or changes in cash flows that are directly required by the reform to be treated as changes in a variable interest rate, equivalent to a change in an interest rate in the market;
- to allow changes required by the IBOR reform to be made as part of a hedging designation and hedging documentation with no discontinuation of the hedging relationship;
- the provision of temporary relief to entities with their separate identification requirements when an RFR is designated as a hedge against a component of risk.

These amendments have had no impact on the separate financial statements of the Company, nor is any future impact expected for the Company.

### 3. REVENUE

Net revenue came to € 257,412 thousand in the first six months of 2021 (€ 245,463 thousand in the same period of 2020) and was composed as follows:

€ (thousands)	First six months 2021	First six months 2020	Changes 2021/2020
Net sales	245,286	233,515	11,771
<i>Royalties and up-front payments</i>	858	940	(82)
Revenue from services	11,268	11,008	260
<b>Total revenue</b>	<b>257,412</b>	<b>245,463</b>	<b>11,949</b>

Revenue from net sales by geographical area was as follows:

€ (thousands)	First six months 2021	First six months 2020	Changes 2021/2020
Europe	244,081	228,522	15,559
<i>of which Italy</i>	<i>103,077</i>	<i>106,517</i>	<i>(3,440)</i>
Australasia	7,159	9,669	(2,510)
America	5,425	6,257	(832)
Africa	747	1,015	(268)
<b>Total revenue</b>	<b>257,412</b>	<b>245,463</b>	<b>11,949</b>

Net sales included € 25,308 thousand, corresponding to the margin on sales of Eligard, a medicine indicated for the treatment of prostate cancer, made by Astellas Pharma Europe Ltd., as the previous license holder, which was transferred to Recordati as a consequence of the contract finalised with Tolmar International Ltd. in January 2021 for the re-licensing of the product.

Revenue for royalties and up-front payments, which amounted to € 858 thousand, included € 175 thousand in relation to the adoption of the accounting standard IFRS 15 for up-front payments resulting from contracts for the licensing and distribution of portfolio products received in prior years.

### 4. OTHER REVENUE AND INCOME

Other income in the first six months of 2021 amounted to € 481 thousand, compared with € 630 thousand in the first six months of 2020. It mainly includes non-recurring income, prior year receivables, grants for training courses, insurance refunds and employees' charges for the use of hired cars.

## 5. RAW MATERIALS COSTS

Costs for raw materials and goods amounted to € 62,703 thousand in the first six months of 2021 (€ 66,390 thousand in the same period of 2020) and were composed as follows:

€ (thousands)	First six months 2021	First six months 2020	Changes 2021/2020
Raw materials and goods for resale	55,162	58,640	(3,478)
Packaging materials	3,709	4,082	(373)
Others and consumables	3,832	3,668	164
<b>Total</b>	<b>62,703</b>	<b>66,390</b>	<b>(3,687)</b>

The change in purchases of raw materials, goods and other materials correlates with the changes in the sales mix for each product.

## 6. PERSONNEL COSTS

Personnel costs amounted to € 45,928 thousand (€ 42,210 thousand in the same period of 2020) and were composed as follows:

€ (thousands)	First six months 2021	First six months 2020	Changes 2021/2020
Wages and salaries	31,836	29,049	2,787
Social security payments	10,165	9,541	624
Salary resulting from stock option and other incentive plans	1,257	1,495	(238)
Other costs	2,670	2,125	545
<b>Total personnel costs</b>	<b>45,928</b>	<b>42,210</b>	<b>3,718</b>

The expense for stock option plans is a result of the application of IFRS 2, which requires the valuation of those options as a component of the wages of the beneficiaries and recognition of the cost determined in that manner in the income statement.

As of 2019, some employees of the Recordati Group were designated as beneficiaries of an incentive scheme with a vesting period of five years under which they purchased shares of Rossini Luxembourg S.à r.l., an indirect shareholder of Recordati S.p.A., at the nominal value and they will benefit from a return at the end of the life of the scheme. On the basis of the accounting standard IFRS 2 recognition of this in the accounts for the period ended 30 June 2021 resulted in an expense in the income statement of € 403 thousand.

Other costs include the portions of the leaving indemnity charges for the period destined to pension funds in accordance with the legislation introduced by Law No. 296 of 27 December 2006.

## 7. DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to € 13,081 thousand in the first six months of 2021 (€ 12,586 thousand in the same period of 2020) and was composed as reported below:

### Amortisation of intangible assets

€ (thousands)	First six months 2021	First six months 2020	Changes 2021/2020
Patent rights and marketing authorisations	4,689	5,030	(341)
Distribution, licenses, trademarks and similar rights	3,558	2,901	657
<b>Total</b>	<b>8,247</b>	<b>7,931</b>	<b>316</b>

### Depreciation of property, plant and equipment

€ (thousands)	First six months 2021	First six months 2020	Changes 2021/2020
Industrial buildings	607	623	(16)
General plant	335	314	21
Accelerated depreciation machinery	1,494	1,494	0
Normal depreciation machinery	829	771	58
Miscellaneous laboratory equipment	617	539	78
Office furnishings and machines	45	46	(1)
Electronic equipment	277	247	30
Vehicles for internal transport	3	5	(2)
Rights of use (IFRS 16)	627	616	11
<b>Total</b>	<b>4,834</b>	<b>4,655</b>	<b>179</b>

## 8. OTHER OPERATING EXPENSES

Other operating expenses amounted to € 51,987 thousand in the first six months of 2021 (€ 40,643 thousand in the same period of 2020). They were composed as follows:

€ (thousands)	First six months 2021	First six months 2020	Changes 2021/2020
Services	37,581	32,520	5,061
Lease expenses	11,769	3,682	8,087
Use of group assets	646	256	390
Sundry expenses	1,991	4,185	(2,194)
<b>Total</b>	<b>51,987</b>	<b>40,643</b>	<b>11,344</b>

Other operating expenses include the following:

- the item services mainly included costs incurred for scientific meetings and publications, market research, expenses for medical and scientific communications, advertising, clinical and drugs trials, professional advice and sanitisation services. The increase in the amount stated compared with the first six months of the previous year is mainly due to the services provided by Astellas

Pharma Europe Ltd. for the sale and distribution of the new product Eligard during the transitional period pending the completion of the regulatory formalities for the transfer of the marketing authorisations in the various countries for which the license was acquired.

- the use of leased and group assets consists mainly of hire car charges and also royalties payable, which increased by € 8,258 compared with the first six months of the previous year. The increase was primarily due to royalties paid to Tolmar International Ltd. for the relicensing of the Eligard product.

## 9. CHANGES IN INVENTORIES

Changes in inventories recorded a net increase of € 4,807 thousand in the first six months of 2021 (a positive balance of € 4,366 thousand in the same period of 2020). The item was composed as follows:

€ (thousands)	First six months 2021	First six months 2020	Changes 2021/2020
Raw materials	(3,615)	17	(3,632)
Supplies	183	(464)	647
Intermediates and work-in-process	(2,329)	(4,281)	1,952
Finished products	954	362	592
<b>Total</b>	<b>(4,807)</b>	<b>(4,366)</b>	<b>(441)</b>

## 10. INCOME FROM INVESTMENTS

Income from investments amounted to € 71,215 thousand (€ 125,085 thousand in the same period of 2020) and related to dividends declared by subsidiaries.

## 11. FINANCIAL INCOME (EXPENSE), NET

Net financial income (expense) showed net expense of € 8,267 thousand for the first six months of 2021 (net expense of € 5,710 thousand in the same period of 2020). The main items are summarised in the table below.

€ (thousands)	First six months 2021	First six months 2020	Changes 2021/2020
Foreign exchange gains (losses)	(142)	119	(261)
Interest income from subsidiaries	2,009	2,361	(352)
Interest expense payable to subsidiaries	(1,235)	(1,752)	517
Interest expense on loans	(6,802)	(6,658)	(144)
Net interest on short-term financial positions	(927)	1,156	(2,083)
Bank charges	(1,131)	(886)	(245)
Interest cost in respect of defined benefit plans (IAS 19)	(7)	(18)	11
Interest expense on lease liabilities (IFRS 16)	(32)	(32)	0
<b>Total</b>	<b>(8,267)</b>	<b>(5,710)</b>	<b>(2,557)</b>

Interest income from subsidiaries, amounting to € 2,009 thousand, relates to interest of € 1,868 thousand on loans granted to subsidiaries and to € 141 thousand from the centralised cash pooling treasury system in operation at the Parent Company since 2007 on the basis of which monthly interest



receivable and payable is recognised at market rates.

Interest expense paid to subsidiaries, totalling € 1,235 thousand, includes € 46 thousand for loans granted by subsidiaries and € 1,189 thousand for the centralised cash pooling system.

Interest expense in respect of personnel leaving indemnities (Italian *trattamento fine rapporto* scheme) relates to the interest cost component of the adjustment to the relative provision in compliance with IAS 19.

## 12. TAXES

Taxes recognised in the income statement in the first six months of 2021 amounted to € 7,088 thousand (€ 21,844 thousand in the same period of 2020). They were composed as follows:

€ (thousands)	First six months 2021	First six months 2020	Changes 2021/2020
Current taxation:			
IRES (corporate income tax)	3,142	19,222	(16,080)
IRAP (regional production tax)	4,004	4,439	(435)
"Patent box" tax relief	(1,375)	(1,508)	133
Prior year taxation	(53)	360	(413)
<b>Total current taxation</b>	<b>5,718</b>	<b>22,513</b>	<b>(16,795)</b>
Deferred taxation:			
Movement in deferred tax assets/liabilities, net	(257)	(287)	30
Use of prior year deferred tax assets/liabilities	4,298	2,635	1,663
"Patent box" tax relief	(2,751)	(3,017)	266
<b>Total deferred tax (assets)/liabilities</b>	<b>1,290</b>	<b>(669)</b>	<b>1,959</b>
<b>Total</b>	<b>7,008</b>	<b>21,844</b>	<b>(14,836)</b>

Provisions for taxes were made on the basis of estimated taxable income.

Following the completion in April of the merger of Rossini Investimenti S.p.A. and FIMEI S.p.A. into Recordati S.p.A., the latter inherited both Rossini Investimenti S.p.A.'s basic ACE (Aid to Economic Growth) and its surplus ACE with a non-recurring tax benefit in 2021 of € 12,885 thousand and a recurring tax benefit of approximately € 1,200 thousand per year. ACE is a form of tax relief for companies governed by Art. 1 of Decree Law No. 201/2011 and by a Ministerial Decree dated 3.8.2017. It consists of a reduction in taxation on taxable income in proportion to increases in equity.

Following the preliminary agreement signed on 19 December 2019 with the Preliminary and Dispute Agreements Office of the tax authority to determine the economic contribution in the event of the direct use of intangible assets with effect for the tax years 2015 to 2019, the Company decided, as an alternative to renewing this, to opt for the new optional "self-assessment" regime provided for by Art. 4 of Decree Law No. 34 of 30 April 2019. It will therefore calculate the income eligible for the "Patent box" relief for the current financial year directly in the tax return, continuing to operate with the criteria agreed with the tax authorities for the previous five-year period and providing the necessary information for the aforementioned calculation and the appropriate documents.

The benefit relating to the first half of 2021, recognised as a reduction in taxes, amounted to € 4,126 thousand.

### 13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net of accumulated depreciation, at 30 June 2021 and 31 December 2020 amounted to € 69,671 thousand and € 67,071 thousand respectively. The table below shows the composition with details of movements and it includes amounts for right-of-use lease assets in application of accounting standard IFRS 16.

€ (thousands)	Land and buildings	Plant and machinery	Other fixtures	Construction in progress	Total
<b>Cost of acquisition</b>					
Balance at 31.12.20	41,519	178,503	45,164	20,635	285,821
Additions	26	254	656	6,627	7,563
Disposals	0	(1,545)	(437)	0	(1,982)
Reclassifications	175	1,473	530	(2,300)	(122)
<b>Balance at 30.06.21</b>	<b>41,720</b>	<b>178,685</b>	<b>45,913</b>	<b>24,962</b>	<b>291,280</b>
<b>Accumulated depreciation</b>					
Balance at 31.12.20	33,739	149,298	35,713	0	218,750
Depreciation for the period	636	2,744	1,454	0	4,834
Disposals	0	(1,545)	(430)	0	(1,975)
Reclassifications	0	0	0	0	0
<b>Balance at 30.06.21</b>	<b>34,375</b>	<b>150,497</b>	<b>36,737</b>	<b>0</b>	<b>221,609</b>
<b>Carrying amount</b>					
<b>at 30 June 2021</b>	<b>7,345</b>	<b>28,188</b>	<b>9,176</b>	<b>24,962</b>	<b>69,671</b>
at 31 December 2020	7,780	29,205	9,451	20,635	67,071

In the first six months of 2021 additions amounted to € 7,563 thousand and consisted of € 6,976 thousand of investments in the Milan headquarters and plants in Milan and at Campoverde and of € 587 thousand for motor vehicle finance leases taken out during the year.

Disposals amounted to € 1,982 thousand and consisted mainly of the disposal of fully depreciated plant (€ 1,545 thousand) and motor vehicle finance leases terminated during the year (€367 thousand).

Depreciation for the period amounted to € 4,834 thousand and was calculated on all depreciable assets using rates which are held to be representative of the estimated useful life of the assets.

The table below shows the amounts for right-of-use lease assets determined on the basis of the rules of the accounting standard IFRS 16.

€ (thousands)	Land and buildings	Plant and machinery	Other fixtures	Total
<b>Cost of acquisition</b>				
Balance at 31.12.20	701	858	3,812	5,371
Additions	0	0	587	587
Disposals	0	0	(367)	(367)
Reclassifications	0	0	0	0
<b>Balance at 30.06.21</b>	<b>701</b>	<b>858</b>	<b>4,032</b>	<b>5,591</b>
<b>Accumulated depreciation</b>				
Balance at 31.12.20	58	114	1,498	1,670
Depreciation for the period	29	86	512	627
Disposals	0	0	(367)	(367)
Reclassifications	0	0	0	0
<b>Balance at 30.06.21</b>	<b>87</b>	<b>200</b>	<b>1,643</b>	<b>1,930</b>
<b>Carrying amount</b>				
<b>at 30 June 2021</b>	<b>614</b>	<b>658</b>	<b>2,389</b>	<b>3,661</b>
at 31 December 2020	643	744	2,314	3,701

## 14. INTANGIBLE ASSETS

Intangible assets net of accumulated amortisation at 30 June 2021 and at 31 December 2020 amounted to € 254,840 thousand and € 226,414 thousand respectively. Movements in this item are given below.

€ (thousands)	Patent rights and marketing authorisations	Distribution, licenses, trademarks and similar rights	Other	Assets under construction and advances	Total
<b>Cost of acquisition</b>					
Balance at 31.12.20	212,280	104,034	13,234	12,640	342,188
Additions	0	35,000	0	1,551	36,551
Disposals	0	0	(3)	0	(3)
Reclassifications	0	601	0	(479)	122
<b>Balance at 30.06.21</b>	<b>212,280</b>	<b>139,635</b>	<b>13,231</b>	<b>13,712</b>	<b>378,858</b>
<b>Accumulated amortisation</b>					
Balance at 31.12.20	62,056	40,484	13,234	0	115,774
Amortisation for the period	4,689	3,558	0	0	8,247
Disposals	0	0	(3)	0	(3)
Reclassifications	0	0	0	0	0
<b>Balance at 30.06.21</b>	<b>66,745</b>	<b>44,042</b>	<b>13,231</b>	<b>0</b>	<b>124,018</b>
<b>Carrying amount</b>					
<b>at 30 June 2021</b>	<b>145,535</b>	<b>95,593</b>	<b>0</b>	<b>13,712</b>	<b>254,840</b>
at 31 December 2020	150,224	63,550	0	12,640	226,414

Additions in the first six months of 2021 amounted to € 36,551 thousand and included € 35,000 thousand relating to the license agreement with Tolmar International Ltd for the purchase of the licence for the marketing rights to Eligard (leuprorelin acetate), a medicine indicated for the treatment of prostate cancer, in Europe, Turkey, Russia and other countries.

All intangible assets have a finite useful life and are amortised over a period of not longer than 20 years.

## 15. INVESTMENTS

Investments amounted to € 1,088,849 thousand at 30 June 2021 (€ 1,092,270 thousand at 31 December 2020). Movements in the item are shown in the table in Attachment 1.

The percentage of ownership and the number of shares or quotas possessed are reported in Attachment 2.

The decrease of € 3,421 thousand is mainly due to the combined effect of:

- an increase of € 1,115 thousand due to the application of IFRS 2 which requires a change in the value of investments corresponding to the cost of stock options granted to the employees of subsidiaries;
- the fair value adjustment at 30 June 2021 to the investment in PureTech Health Plc, a company listed on the London stock exchange (-€ 4,539 thousand );

## 16. OTHER NON-CURRENT ASSETS

Other non-current assets amounted to € 142,170 thousand at 30 June 2021 (€ 150,692 thousand at 31 December 2020) and related mainly to the non-current portion of loans granted by the Company to Recordati AG (€ 142,083 thousand).

## 17. DEFERRED TAX ASSETS

At 30 June 2021 these amounted to € 20,000 thousand (€ 21,501 thousand at 31 December 2020), a decrease of € 1,501 thousand.

## 18. INVENTORIES

Inventories at 30 June 2021 and at 31 December 2020 amounted to € 86,496 thousand and € 81,689 thousand respectively, as shown in the following table:

€ (thousands)	30.06.2021	31.12.2020	Changes 2021/2020
Raw materials, ancillary materials, consumables and supplies	22,821	19,389	3,432
Intermediates and work-in-process	23,531	21,202	2,329
Finished products and goods	40,144	41,098	(954)
<b>Total</b>	<b>86,496</b>	<b>81,689</b>	<b>4,807</b>

## 19. TRADE RECEIVABLES

Trade receivables at 30 June 2021 and 31 December 2020 amounted to € 116,891 thousand and € 85,206 thousand respectively, as shown below.

€ (thousands)	30.06.2021	31.12.2020	Changes 2021/2020
Trade receivables from subsidiaries	59,229	49,060	10,169
Trade receivables from others	58,757	37,253	21,504
	<b>117,986</b>	<b>86,313</b>	<b>31,673</b>
less:			
Allowance for doubtful accounts	(1,095)	(1,107)	12
<b>Total trade receivables</b>	<b>116,891</b>	<b>85,206</b>	<b>31,685</b>

Movements in the allowance for doubtful accounts were as follows:

€ (thousands)	30.06.2021	31.12.2020
Balance at 1 January	1,107	1,147
Use for losses on receivables	(31)	(150)
Addition for the period	19	110
<b>Balance at end of period</b>	<b>1,095</b>	<b>1,107</b>

The allowance is considered appropriate in relation to potential risks of insolvency.

## 20. OTHER RECEIVABLES

Other receivables at 30 June 2021 amounted to € 83,062 thousand (€ 17,005 thousand at 31 December 2020). The composition is given in the following table:

€ (thousands)	30.06.2021	31.12.2020	Changes 2021/2020
Tax income	19,087	12,635	6,452
From parent companies	0	24	(24)
From subsidiaries	56,048	419	55,629
Advances to employees and agents	6,549	1,330	5,219
Other	1,378	2,597	(1,219)
<b>Total other receivables</b>	<b>83,062</b>	<b>17,005</b>	<b>66,057</b>

The increase in the balance compared with the previous year relates primarily to receivables for dividends declared and not yet distributed from the subsidiary Recordati Ireland Ltd (€ 50,000 thousand) and from Natural Point S.r.l. (€ 3,000 thousand).

Tax assets include taxes prepaid on account in excess of taxes for the year calculated on the basis of estimated taxable income. Account is taken in the calculation of taxes of the ACE tax benefits resulting from the merger operation already described under Note 12.

These receivables also include the receivables transferred to the Company by the subsidiary Italchimici S.p.A. as a result of it joining the tax consolidation.

The merger resulted in the termination of the group taxation regime between Recordati S.p.A. and FIMEI S.p.A. and its continuation by Recordati S.p.A. as the consolidating company of Italchimici S.p.A..

## 21. OTHER CURRENT ASSETS

Other current assets amounted to € 2,372 thousand (€ 2,054 thousand at 31 December 2020) and related mainly to prepaid expenses. They consisted in particular of advance payments for various services and of premiums paid in advance to insurance companies.

## 22. FAIR VALUE OF HEDGING DERIVATIVES (current assets)

The market value (fair value) at 30 June 2021 of the currency swaps entered into by the Company to hedge a bond issued for \$ 75 million on 30 September 2014 totalled € 8,274 thousand. That value represents the potential benefit resulting from a lower value of the future cash flows in United States dollars in terms of principal and interest, due to an appreciation of the foreign currency with respect to the time of finalising the loan and acquiring the hedge instruments. More specifically, the fair value of the derivative to hedge the \$ 50 million tranche of the loan granted by Mediobanca was positive by € 5,506 thousand, while that of the instrument to hedge the \$ 25 million tranche of the loan granted by Unicredit was positive by € 2,768 thousand.

The fair value of these hedging derivatives is measured at level 2 of the hierarchy set out in financial reporting standard IFRS 13. The fair value is equal to the present value of the estimated future cash flows. The estimated future cash flows at a floating interest rate are based on listed interest-rate swaps, futures prices and interbank rates. The estimated cash flows are discounted using a yield curve which reflects the reference interbank rate applied by market participants for the measurement of interest-rate swaps.

## 23. OTHER SHORT-TERM RECEIVABLES

Other short-term receivables amounted to € 68,051 thousand (€ 75,554 thousand at 31 December 2020) and consisted entirely of amounts due from subsidiaries.

These receivables are mainly attributable to a cash pooling treasury system in operation at the Parent Company and to loans granted to some group companies. Interest is paid on these receivables at short-term market rates.

## 24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to € 129,574 thousand at 30 June 2021 (€ 84,972 thousand at 31 December 2020) and consisted of current accounts and short-term bank deposits.

Adequate funding is maintained in order to support the growth strategies of the Group.

## 25. EQUITY

A summary of the changes in the equity accounts is reported in the relative statement.

In accordance with Legislative Decree No. 6/2003, which amended the Italian Civil Code, the table contained in Attachment 4 has been provided which gives the composition of reserves on the basis of availability for use and distribution.

*Share capital* - The share capital at 30 June 2021, amounting to € 26,140,645.00, was fully paid up and consisted of 209,125,156 ordinary shares with a par value of € 0.125 each. It remained unchanged over the first six months of 2021.

### *Additional paid-in capital*

Additional paid-in capital at 30 June 2021 amounted to € 83,718,523 and was unchanged compared with 31 December 2020.

The adoption of international accounting standards resulted in the elimination of revaluation reserves amounting to € 68,644 thousand. The tax obligation on these (untaxed – taxation suspended) was transferred to the additional paid-in capital reserve.

### *Treasury shares*

At 30 June 2021 treasury shares held in portfolio numbered 3,216,052, up by 386,750 compared with 31 December 2020. The change is due to the sale of 1,113,250 shares for valuable consideration of € 26,433 thousand in order to allow the exercise of stock options granted to employees as part of stock option plans and to the purchase of 1,500,000 shares for valuable consideration of € 66,891 thousand. The expense incurred for the purchase of treasury shares held in portfolio totalled € 115,257 thousand at an average price per share of € 35.84.

### *Statutory reserve*

This amounted to € 5,228 thousand and remained unchanged compared with 31 December 2020.

### *Other reserves*

Other reserves totalled € 307,295 thousand. Details are as follows:

€ (thousands)	30.06.2021	31.12.2020	Changes 2021/2020
Merger surplus	30,205	29,813	392
Extraordinary reserve	100,137	94,277	5,860
Reserve under Art. 13 Par. 6 of Legislative Decree 124/1993	99	99	0
Extraordinary VAT concession reserve	517	517	0
Research and investment grants	17,191	17,191	0
Non-distributable reserve for investments in southern Italy	3,632	3,632	0
International accounting standards reserve	157,334	159,445	(2,111)
<b>Total</b>	<b>309,115</b>	<b>304,974</b>	<b>4,141</b>
Fair value of derivative instruments	(1,820)	(2,659)	839
<b>Total other reserves</b>	<b>307,295</b>	<b>302,315</b>	<b>4,980</b>

### *Merger surplus*

This amounted to € 30,205 thousand (€ 29,813 thousand at 31 December 2019). The increase of € 392 thousand relates to the merger of Rossini Investimenti S.p.A. and FIMEI S.p.A. into Recordati S.p.A..



#### *Extraordinary reserve*

At 30 June 2021 and 31 December 2020, this amounted to € 100,137 thousand and € 94,277 thousand, respectively. The reserve increased by a total of € 5,860 thousand as result of the following:

- the allocation to the extraordinary reserve of profit from the previous year amounting to €18,649 thousand in accordance with a shareholders' resolution dated 20 April 2021;
- the difference between the amount paid by Group employees who exercised options as part of stock option plans and the carrying amount of the treasury stock recognised in the balance sheet amounting to € 12,717 thousand, which was charged as a decrease to the extraordinary reserve in accordance with international accounting standards;
- a decrease of € 70 thousand relating to the adjustment to the debt for the acquisition of the shareholding in Opalia Pharma SA.

#### *Reserve under Art. 13, paragraph 6 of Legislative Decree 124/1993*

At 30 June 2021, this amounted to € 99 thousand and was unchanged compared with 31 December 2020.

#### *Extraordinary VAT concession reserve*

This reserve (Laws 675/1977, 526/1982, 130/1983 and 64/1986), amounting to € 517 thousand, relates to special VAT allowances on investments and is unchanged compared with 31 December 2020.

#### *Research and investment grants*

These amounted to € 17,191 thousand, unchanged compared with 31 December 2020.

The grants are subject to taxation if they are used for purposes other than to cover losses, which, however, is not planned by the Company. The assets corresponding to the grants received from the Ministry of Industry and Commerce (formerly Asmez) have been mainly fully depreciated.

#### *Non-distributable reserve for investments in southern Italy*

This amounted to € 3,632 thousand and remained unchanged compared with 31 December 2020.

#### *International accounting standards reserve*

This amounted to € 157,334 thousand (€ 159,445 thousand at 31 December 2020) and is composed as follows:

€ (thousands)	30.06.2021	31.12.2020	Changes 2021/2020
Reversal of fixed asset revaluations	40,479	40,479	0
Revaluation of investments	43,054	43,054	0
Inventories	463	463	0
Employees benefit obligations	(746)	(746)	0
Stock options	23,061	22,205	856
Adjustment to investments for stock options	19,011	17,896	1,115
<i>Rossini Luxembourg S.à r.l. incentive scheme</i>	1,812	1,409	403
Reserve to adjust entries for the merged company	24	24	0
Financial instrument adjustment reserve	30,176	34,661	(4,485)
<b>Total</b>	<b>157,334</b>	<b>159,445</b>	<b>(2,111)</b>

We report with regard to items that changed during 2021 that the change in the stock option reserve amounting to € 856 thousand related to personnel expenses for stock options issued and granted after 7 November 2002 which have not yet been exercised and which were measured in compliance with IFRS

2, while the change in the reserve for the Rossini Luxembourg S.à r.l. incentive scheme, amounting to € 403 thousand, relates to the expense arising from the application of that accounting standard to the incentive plan reported under note 6 of these notes to the financial statements.

The change in the reserve for the adjustment to investments for stock options amounting to € 1,115 thousand relates to the cost for the stock options of employees of subsidiaries, the valuation of which, in agreement with IFRS 2, was recognised as an increase in the value of the investments in the companies in which those employees work.

The “Financial instrument adjustment reserve”, amounting to € 30,176 thousand, was down compared with 31 December 2020 by € 4,485 thousand due to the adjustment at the value date of the investments in Puretech Ventures, Codexis and Fluidigm.

#### *Reserve for derivative instruments*

In accordance with the provisions of IFRS 9, this reserve is comprised of the following: the balancing entry of the amounts for the assets resulting from measurement at market value of cross currency swaps of a cash flow nature, the balancing entry of the amount recognised through profit or loss to offset movements in the exchange rate at the end of the year relating to a hedged loan in foreign currency and the liabilities resulting from the measurement at the market value of interest rate swap transactions also of a cash flow hedge nature. The amount at 30 June 2021, net of tax, was negative by € 1,820 thousand.

#### *Revaluation reserve*

This amounted to € 2,602 thousand (unchanged compared with 31 December 2020) and consisted of revaluation balances within the meaning of Law 413/1991.

#### *Incentive schemes*

Three stock option plans were in place in favour of certain Group employees at 30 June 2021: the 2014-2018 plan with options granted on 29 July 2014 and 13 April 2016, the 2018-2022 plan, with options granted on 3 August 2018 and the 2021-2023 plan options granted on 6 May 2021. The exercise price of the options is the average of the company's listed share price during the 30 days prior to the grant date. The options vest in four tranches over five years, starting in the second year for the earliest grants and three years, in one lump sum, for the 2021 grant and will expire if not exercised by the end of the eighth year following the year granted. Options cannot be exercised if the employee leaves the Company before they are vested.

Details of stock options outstanding at 30 June 2021 are given in the table below.

	Strike price (€)	Options outstanding at 1.1.2021	Options granted during 2021	Options exercised during 2021	Options cancelled and expired	Options outstanding at 30.6.2021
<b>Grant date</b>						
29 July 2014	12.29	778,500	-	(228,500)	-	550,000
13 April 2016	21.93	1,587,500	-	(405,000)	(4,500)	1,178,000
3 August 2018	30.73	3,841,000	-	(479,750)	(58,000)	3,303,250
6 May 2021	45.97	-	3,219,500	-	-	3,219,500
<b>Total</b>		<b>6,207,000</b>	<b>3,219,500</b>	<b>(1,113,250)</b>	<b>(62,500)</b>	<b>8,250,750</b>

During the course of 2019 some employees of the Recordati Group were designated as beneficiaries of an incentive scheme with a vesting period of five years, on the basis of which they purchased shares of Rossini Luxembourg S.à r.l., an indirect shareholder of Recordati S.p.A., and they will benefit from a return at the end of the life of the plan.

## 26. BORROWINGS – DUE AFTER ONE YEAR

Loans outstanding at 30 June 2021 and 31 December 2020 are summarised in the table below.

€ (thousands)	30.06.2021	31.12.2020	Change 2021/2020
Loan granted by Centrobanca (now Intesa Sanpaolo) at a floating interest rate repayable in semi-annual instalments by 2022	0	13,637	(13,637)
Bond subscribed in dollars by the investor Pricoa Capital Group (Prudential)	63,110	61,120	1,990
Loan granted by BNL at a floating interest rate repayable in semi-annual instalments by 2020 (extended until 2021)	0	6,250	(6,250)
Loan granted by Intesa Sanpaolo at a floating interest rate repayable in semi-annual instalments by 2021	4,167	8,333	(4,166)
Bond subscribed in euro by the investor Pricoa Capital Group (Prudential)	125,000	125,000	0
Loan granted by Mediobanca at a floating interest rate repayable in annual instalments by 2024	43,500	43,500	0
Loan granted by UBI Banca (now Intesa Sanpaolo) at a floating interest rate repayable in a single instalment in 2022.	50,000	50,000	0
Loan granted by Unicredit at a floating interest rate repayable in a single instalment in 2021	50,000	50,000	0
Loan granted by Intesa Sanpaolo at a floating interest rate repayable in semi-annual instalments by 2025	48,214	53,571	(5,357)
Loan granted by Banca Passadore at a floating interest rate repayable in annual instalments by 2022	10,000	10,000	0
Loan granted by Banca del Mezzogiorno - Mediocredito Centrale at a fixed and floating interest rate repayable in semi-annual instalments by 2021	863	1,718	(855)
Loan granted by Mediobanca at a floating interest rate repayable in semi-annual instalments by 2023	107,143	128,571	(21,428)
Loan granted by a pool of banks with Mediobanca as the agent at a floating interest rate repayable in semi-annual instalments by 2024	319,300	346,200	(26,900)
Loan granted by Ing Bank at a floating interest rate repayable in semi-annual instalments by 2024	0	22,500	(22,500)
Loan granted by UBI Banca (now Intesa Sanpaolo) at a fixed interest rate repayable in a single instalment in 2021	0	40,000	(40,000)
Loan granted by Allied Irish Bank at a floating interest rate repayable in semi-annual instalments by 2026	40,000	0	40,000
Loan granted by a pool of lenders with Mediobanca acting as the agent at a floating interest rate repayable in a single payment in 2026	180,000	0	180,000
<b>Total amortised cost of loans</b>	<b>1,041,297</b>	<b>960,400</b>	<b>80,897</b>
Portion due within one year	(199,294)	(245,908)	46,614
<b>Portion due after one year</b>	<b>842,003</b>	<b>714,492</b>	<b>127,511</b>
Expenses relating to loans	(3,814)	(3,562)	(252)
<b>Total loans due after one year net of costs</b>	<b>838,189</b>	<b>710,930</b>	<b>127,259</b>
Long-term lease liabilities (IFRS 16)	2,596	2,653	(57)
<b>Total</b>	<b>840,785</b>	<b>713,583</b>	<b>127,202</b>

This item includes liabilities resulting from the application of the financial reporting standard IFRS 16, which represents an obligation to make payments under existing lease contracts. These liabilities amounted to € 2,596 thousand at 30 June 2021 (€ 2,653 thousand at 31 December 2020).

The loan of € 25.0 million granted by Banca Nazionale del Lavoro was repaid on the contracted due date in March with the payment of the last instalment of € 6.3 million.

The Company repaid the following three loans in advance of the contracted due date with the aim of optimising its management of total debt:

- the loan from Centrobanca, maturing in December 2022, was extinguished in April with the repayment of the remaining debt of € 13.6 million;
- the debt to Intesa Sanpaolo (formerly UBI Banca), amounting to €40.0 million and due in a single instalment in October 2021, was repaid in May;
- the debt of € 22.5 million from ING Bank, maturing in December 2024, was extinguished in June with the repayment of the entire amount.

#### Details of loans outstanding at 30 June 2021

A bond subscribed by the Company on 30 September 2014 for a total of \$ 75 million, divided into two tranches: \$ 50 million at a fixed rate, repayable semi-annually from 30 March 2022 and maturing on 30 September 2026 and \$ 25 million again at a fixed rate, repayable semi-annually from 30 March 2023 and maturing on 30 September 2029. The conversion of the debt at 30 June 2021 determined an increase in liabilities of € 1,990 thousand compared with 31 December 2020, due to an appreciation of the United States dollar against the Company's accounting currency.

The loan was hedged at the same time by two cross currency swap transactions, which involved transformation of the debt into a total of € 56.0 million, of which € 37.3 million at a lower fixed interest rate for the tranche maturing in 12 years and € 18.7 million again at a lower fixed interest for that maturing in 15 years. The measurement of the hedging instruments at fair value at 30 June 2021, was positive on aggregate by € 8,274 thousand and was recognised directly as an increase in equity and an increase in the asset item "Fair value of hedging derivatives " (see note 22).

The bond is subject to covenants and failure to comply with them may result in the immediate call of the bond.

The financial covenants subject to measurement on a quarterly basis are as follows:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were fulfilled.

A loan agreement for € 25.0 million was signed by the Company in December 2016 with Intesa Sanpaolo. The main terms and conditions of the loan are a floating interest rate equal to the 6-month Euribor plus a spread and a life of five years, with semi-annual repayments of the principal by December 2021 commencing from June 2019. The remaining debt at 30 June 2021 was € 4.2 million. The loan was hedged by an interest rate swap (a cash flow hedge), which transformed the debt to a fixed interest rate. Measurement of the fair value of the derivative instrument at 30 June 2021 was negative by € 13 thousand and this was recognised directly as a reduction in equity and an increase in the liability item "Fair value of hedging derivatives" (see note 33).

The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan. The financial covenants subject to measurement on an annual basis are as follows:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;

- the ratio of consolidated EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were fulfilled.

A bond was issued by the Company in May 2017 for a total of € 125.0 million, at a fixed rate, repayable annually from 31 May 2025 and maturing on 31 May 2032.

The bond is subject to covenants and failure to comply with them may result in the immediate call of the bond.

The financial covenants subject to measurement on a quarterly basis are as follows:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were fulfilled.

A loan agreement for € 75.0 million was signed by the Company in July 2017 with Mediobanca. The main terms and conditions of the loan are a floating interest rate equal to the 6-month Euribor plus a spread and a life of seven years with annual repayments of the principal commencing in July 2018 and continuing until July 2024. The remaining debt at 30 June 2021 was € 43.5 million. The loan was hedged by an interest rate swap (a cash flow hedge), which transformed the whole debt to a fixed interest rate. Measurement of the fair value of the derivative instrument at 30 June 2021 was negative by € 697 thousand and this was recognised directly as a reduction in equity and an increase in the liability item “Fair value of hedging derivatives” (see note 33).

The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan.

The financial covenants subject to measurement on an annual basis are as follows:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were fulfilled.

A loan agreement for € 50.0 million was signed by the Company in October 2017 with UBI Banca (now Intesa Sanpaolo). The main terms and conditions of the loan are a floating interest rate equal to the 6-month Euribor plus a spread, with semi-annual repayments of the interest and repayment of the principal in a single instalment on 7 September 2022. The loan was hedged by an interest rate swap (a cash flow hedge), which transformed the whole debt to a fixed interest rate. Measurement of the fair value of the derivative instrument at 30 June 2021 was negative by € 514 thousand and this was recognised directly as a reduction in equity and an increase in the liability item “Fair value of hedging derivatives” (see note 33).

The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan. The financial covenants subject to measurement on an annual basis are as follows:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were fulfilled.

A loan agreement for € 50.0 million signed by the Company in September 2017 with UniCredit. The main

terms and conditions of the loan are a floating interest rate equal to the 6-month Euribor plus a spread, with semi-annual repayments of the interest and repayment of the principal in a single instalment on 29 September 2021. The loan was hedged by an interest rate swap (a cash flow hedge), which transformed the whole debt to a fixed interest rate. Measurement of the fair value of the derivative instrument at 30 June 2021 was negative by € 169 thousand and this was recognised directly as a reduction in equity and an increase in the liability item “Fair value of hedging derivatives” (see note 33).

The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan.

The financial covenants subject to measurement on an annual basis are as follows:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were fulfilled.

A loan agreement for € 75.0 million was signed by the Company in October 2017 with Intesa Sanpaolo. The main terms and conditions are a floating interest rate equal to the 6-month Euribor plus a spread, semi-annual payment of interest and a life of 8 years with semi-annual repayments of the principal by October 2025 commencing from June 2019. The remaining debt at 30 June 2021 was € 48.1 million. The loan was hedged by an interest rate swap (a cash flow hedge), which transformed the whole debt to a fixed interest rate. Measurement of the fair value of the derivative instrument at 30 June 2021 was negative by € 872 thousand and this was recognised directly as a reduction in equity and an increase in the liability item “Fair value of hedging derivatives” (see note 33).

The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan.

The financial covenants subject to measurement on an annual basis are as follows:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were fulfilled.

A loan agreement for € 15.0 million was signed by the Company in November 2017 with Banca Passadore. The main terms and conditions are a floating interest rate equal to the 3-month Euribor plus a spread, quarterly payment of interest and a life of 5 years with annual repayments of the principal from November 2020 and until November 2022. The remaining debt at 30 June 2021 was € 10.0 million. The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan.

The financial covenants subject to measurement on an annual basis are as follows:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were fulfilled.

A loan granted by Banca del Mezzogiorno-Mediocredito Centrale to the Company in July 2018 for € 4.3 million to support investments in research, of which € 3.9 million at a subsidised fixed interest rate to be repaid in six semi-annual instalments from 30 June 2019 and by 31 December 2021 and € 0.4 million at a floating interest rate equal to the 6-month Euribor plus a fixed spread, to be repaid in two



instalments on 30 June and 31 December 2021. The remaining debt at 30 June 2021 totalled € 0.9 million.

The loan agreement was not subject to compliance with financial covenants.

A loan agreement for € 150.0 million signed by the Company in November 2018 with Mediobanca, at a floating interest rate equal to the 6-month Euribor plus a spread, floating on the basis of a step up mechanism as a function of changes in leverage ratio, with quarterly payments of interest and a life of 5 years with semi-annual repayments of principal starting from November 2020 and until November 2023. The remaining debt at 30 June 2021 totalled € 106.8 million. The loan was hedged by an interest rate swap (a cash flow hedge), which transformed the whole debt to a fixed interest rate. Measurement of the fair value of the derivative instrument at 30 June 2021 was negative by € 1,264 thousand and this was recognised directly as a reduction in equity and an increase in the liability item "Fair value of hedging derivatives" (see note 33).

The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan. The financial covenants subject to measurement on an annual basis are as follows:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were fulfilled.

In June 2019 the Company negotiated a loan for €400.0 million, designed to support the Group's growth strategy. This financing, initially underwritten by Mediobanca, Natixis and Unicredit was subsequently syndicated with the involvement of a pool of national and international banks. The main terms and conditions are a floating interest rate equal to the 6-month Euribor (with a zero floor) plus a spread, floating on the basis of a step up mechanism as a function of changes in the leverage ratio, and a life of five years, with repayments of the principal in semi-annual instalments starting from 30 June 2020 and continuing until June 2024. Disbursement, net of up-front commissions, took place on 30 July 2019. The remaining debt subscribed at 30 June 2021 was € 317.1 million. The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan.

The financial covenants subject to measurement on a semi-annual basis are as follows:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were fulfilled.

A loan agreement for € 40.0 million signed by the Company on 30 March 2021 with Allied Irish Bank at a floating interest rate equal to the 6-month Euribor (with a zero floor) plus a spread, floating on the basis of a step up/step down mechanism as a function of changes in the leverage ratio, with semi-annual payment of interest and principal, again on a semi-annual basis, starting from March 2022 and continuing until March 2026.

The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan.

The financial covenants subject to measurement on a semi-annual basis are as follows:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were fulfilled.

A loan agreement for € 180.0 million was negotiated by the Company in May 2021, provided by a consortium of domestic and international lenders led by Mediobanca. The main terms and conditions of the loan are a floating interest rate equal to the 6-month Euribor (with a zero floor) plus a fixed spread and a life of five years with repayment of the principal in a single instalment. Disbursement, net of structuring and up-front fees, took place on 21 May 2021.

The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan.

The financial covenants subject to measurement on a semi-annual basis are as follows:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were fulfilled.

## 27. EMPLOYEE BENEFIT OBLIGATIONS

The balance at 30 June 2021 was € 7,434 thousand (€ 7,771 thousand at 31 December 2020), down by € 337 thousand.

## 28. TRADE PAYABLES

Trade accounts payable, which are entirely of a business nature and include end-of-period provisions for invoices to be received, amounted at 30 June 2021 and 31 December 2020 to € 52,639 thousand and € 34,971 thousand, respectively.

Balances at 30 June 2021 were as follows:

€ (thousands)	30.06.2021	31.12.2020	Change 2021/2020
Suppliers, subsidiaries	5,529	6,143	(614)
Suppliers, others	47,110	28,828	18,282
<b>Total trade payables</b>	<b>52,639</b>	<b>34,971</b>	<b>17,668</b>

There were no concentrations of large debts to a single or a small number of suppliers.

## 29. OTHER CURRENT PAYABLES

At 30 June 2021 other current payables amounted to € 31,054 thousand (€ 22,618 thousand at 31 December 2020). They were composed as follows:

€ (thousands)	30.06.2021	31.12.2020	Changes 2021/2020
Payables to third parties for the acquisition of Opalia Pharma S.A.	3,980	3,910	70
Employees	9,312	7,944	1,368
Social security	6,997	6,206	791



Commissions to agents	825	601	224
Payables to AIFA (Italian Medicines Agency)	784	940	(156)
Payables to Italcimici S.p.A. for the tax consolidation	1,099	0	1,099
Other	8,057	3,017	5,040
<b>Total other payables</b>	<b>31,054</b>	<b>22,618</b>	<b>8,436</b>

The debt to third parties regards the short-term portion of the debt for the acquisition of the investment in Opalia Pharma S.A.

Amounts due to employees include amounts accrued and not paid, vacations accruing and not taken and bonuses for presence and for achieving objectives.

Social security payables not only include contribution expenses for those periods but also the amount due to pension institutes for June.

Amounts payable to agents include € 292 thousand in commissions for foreign agents.

Payables to AIFA (Italian Medicines Agency) relate in particular to the first six months quota of the 2021 “payback” (1.83%).

The payables to Italcimici S.p.A. for the tax consolidation relates to the receivables transferred to the Company as a result of it joining the tax consolidation.

Other payables include those to shareholders for dividends to be paid at 30 June 2021 (€ 5,261 thousand) and those for credit notes to be issued (€ 1,467 thousand). We also report € 1,117 thousand of debt in relation to co-promotion activities carried out by Innova Pharma S.p.A.’s employees, the payback payables to Recordati Ireland Ltd and Innova Pharma S.p.A. and payables for the transfer of VAT regarding Recordati Rare Diseases Italy S.r.l. and Innova Pharma S.p.A..

### 30. TAX LIABILITIES

Tax liabilities amounted to € 5,646 thousand at 30 June 2021 (€ 2,845 thousand at 31 December 2020). The item was composed as follows:

€ (thousands)	30.06.2021	31.12.2020	Changes 2021/2020
VAT liabilities	1,541	260	1,281
Liabilities for employee withholding taxes	3,885	2,320	1,565
Liabilities for self-employed withholding taxes	220	265	(45)
<b>Total tax liabilities</b>	<b>5,646</b>	<b>2,845</b>	<b>2,801</b>

### 31. OTHER CURRENT LIABILITIES

Other current liabilities, amounting to € 748 thousand (€ 923 thousand at 31 December 2020), include upfront payments resulting from licence and distribution agreements received in prior years but relating to the following years.

### 32. PROVISIONS

Provisions amounted to € 3,884 thousand (€ 5,151 thousand at 31 December 2020) and consist of the tax provision, the provision for agent customer indemnities and of provisions for other risks as shown in the table below.

€ (thousands)	30.06.2021	31.12.2020	Changes 2021/2020
For taxes	176	0	176
For agent customer indemnities	1,592	1,757	(165)
For other risks	2,116	3,394	(1,278)
<b>Total other provisions</b>	<b>3,884</b>	<b>5,151</b>	<b>(1,267)</b>

The provision for taxes arises from the merger of the Company and FIMEI S.p.A..

The change in the provision for other risks is due to utilizations of € 1,934 thousand and additional provisions of € 656 thousand.

Utilizations related mainly to the release of a provision set aside in prior years to cover the risk of National Health Service pharmaceutical overspend. Additions to provisions related mainly to the provision for returns from Assinde and the provision for labour litigation risks.

### 33. DERIVATIVES MEASURED AT FAIR VALUE

The balance at 30 June 2021 was € 3,688 thousand (€ 8,505 thousand at 31 December 2020).

The interest rate swaps to hedge the cash flows for medium and long-term loans measured at fair value at 30 June 2021 gave rise to a € 3,529 thousand liability which represents the unrealised benefit of paying the current expected future rates instead of the rates agreed for the duration of the loans. The fair value measurement relates to interest rate swaps entered into by the Company to hedge interest rates on loans granted by Unicredit (€ 169 thousand), Intesa Sanpaolo (€ 1,399 thousand) and Mediobanca (€ 1,961 thousand).

The market value (fair value) at 30 June 2021 of forward contracts entered into to hedge currency risks on loans to the company Recordati AG was negative by € 159 thousand and a balancing entry was recognised against a charge to the income statement to offset foreign exchange gains arising from the valuation of the underlying positions at current exchange rates.

The fair value of these hedging derivatives is measured at level 2 of the hierarchy set out in financial reporting standard IFRS 13. The fair value is equal to the present value of the estimated future cash flows. The estimated future cash flows at a floating interest rate are based on listed interest-rate swaps, futures prices and interbank rates. The estimated cash flows are discounted using a yield curve which reflects the reference interbank rate applied by market participants for the measurement of interest-rate swaps.

### 34. BORROWINGS – DUE WITHIN ONE YEAR

The portions of loans at 30 June 2021 and 31 December 2020 due within one year were composed as follows:

€ (thousands)	30.06.2021	31.12.2020	Changes 2021/2020
Loan granted by Centrobanca (now Intesa Sanpaolo) at a floating interest rate repayable in semi-annual instalments by 2022	0	6,818	(6,818)
Bond subscribed in dollars by the investor Pricoa Capital Group (Prudential)	4,207	0	4,207
Loan granted by BNL at a floating interest rate repayable in semi-annual instalments by 2020 (extended until 2021)	0	6,250	(6,250)
Loan granted by Intesa Sanpaolo at a floating interest rate repayable in semi-annual instalments by 2021	4,159	8,319	(4,160)
Loan granted by Mediobanca at a floating interest rate repayable in annual instalments by 2024	10,500	10,500	0
Loan granted by Unicredit at a floating interest rate repayable in a single instalment in 2021	49,996	49,986	10
Loan granted by Intesa Sanpaolo at a floating interest rate repayable in semi-annual instalments by 2025	10,714	10,714	0
Loan granted by Banca Passadore at a floating interest rate repayable in annual instalments by 2022	5,000	5,000	0
Loan granted by Banca del Mezzogiorno - Mediocredito Centrale at a fixed and floating interest rate repayable in semi-annual instalments by 2021	861	1,715	(854)
Loan granted by Mediobanca at a floating interest rate repayable in semi-annual instalments by 2023	42,857	42,857	0
Loan granted by a pool of banks with Mediobanca as the agent at a floating interest rate repayable in semi-annual instalments by 2024	70,000	61,900	8,100
Loan granted by Ing Bank at a floating interest rate repayable in semi-annual instalments by 2024	0	1,875	(1,875)
Loan granted by UBI Banca (now Intesa Sanpaolo) at a fixed interest rate repayable in a single instalment in 2021	0	39,974	(39,974)
Loan granted by Allied Irish Bank at a floating interest rate repayable in semi-annual instalments by 2026	1,000	0	1,000
<b>Total loans due within one year</b>	<b>199,294</b>	<b>245,908</b>	<b>(46,614)</b>
Current portion of lease liabilities (IFRS 16)	1,116	1,089	27
<b>Total</b>	<b>200,410</b>	<b>246,997</b>	<b>(46,587)</b>

### 35. SHORT-TERM LIABILITIES TO BANKS

Short-term liabilities to banks at 30 June 2021 and at 31 December 2020 amounted to € 2,106 thousand and € 2,088 thousand respectively. These liabilities were composed as follows:

€ (thousands)	30.06.2021	31.12.2020	Changes 2021/2020
Current account overdrafts	55	6	49
Expenses on derivative instruments	883	887	(4)
Interest on loans	265	314	(49)
Interest on bond debt	903	881	22
<b>Total</b>	<b>2,106</b>	<b>2,088</b>	<b>18</b>

### 36. OTHER SHORT-TERM LIABILITIES

The balance on other short-term liabilities consisted entirely of amounts due to subsidiaries and amounted to € 467,191 thousand (€ 401,970 thousand at 31 December 2020).

The liability is composed of € 453,009 thousand resulting from the centralised cash pooling treasury system and of € 14,182 thousand of loans received from subsidiaries.

### 37. LITIGATION AND CONTINGENT LIABILITIES

The Company is party to certain legal actions, the outcomes of which are not expected to result in any liability. The amount for contingent liabilities, currently not considered “possible”, is not significant.

The contract with Tolmar International involves future milestone payments when significant conditions are met, the materialisation of which is still uncertain. As a consequence the payments to be made under the contract up to a maximum of € 105,000 thousand, are deemed merely potential at the reporting date.

### 38. RELATED-PARTY COMPANIES

A merger deed was drawn up in April for the merger of Rossini Investimenti S.p.A. and FIMEI S.p.A. into Recordati S.p.A., which was subsequently filed with the Company Registrar which finalised the operation with effect for accounting and tax purposes from 1 April 2021. The merger, which was approved by a Shareholders’ Meeting on 17 December 2020, did not determine any change in the share capital of the merging company, nor did it result in the payment of any cash settlement. Furthermore, the Company’s post merger balance sheet and income statement remained substantially unchanged compared with the position prior to the transaction and, more specifically, the merger did not alter Recordati’s net financial position and therefore its investment capacity, nor did it alter its capital allocation strategy or policy. In accordance with the merger project, Recordati S.p.A. inherited both Rossini Investimenti S.p.A.’s basic ACE (Aid to Economic Growth) and its surplus ACE with a non-recurring tax benefit in 2021 of € 12,885 thousand and a recurring tax benefit of approximately € 1,200 thousand per year. ACE is a form of tax relief for companies governed by Art. 1 of Decree Law No. 201/2011 and by a Ministerial Decree dated 3.8.2017. It consists of a reduction in taxation on taxable income in proportion to increases in equity. The merger also resulted in the termination of the group taxation regime between Recordati S.p.A. and FIMEI S.p.A. and its continuation by Recordati S.p.A. as the consolidating company of Italchimici S.p.A..

Following the transaction, the direct parent of the Group is now Rossini S.à r.l., based in Luxembourg and owned by a consortium of investment funds controlled by CVC Capital Partners.

At 30 June 2021, intercompany accounts with companies that form the Recordati Group showed payables of € 325,411 thousand and receivables of € 474,936 thousand.

The most significant items were as follows:

- receivables of € 192,743 thousand for loans granted to Group companies;
- payables of € 14,182 thousand for loans received from Group companies;
- trade receivables of € 59,229 thousand from subsidiaries;
- other receivables from subsidiaries amounting € 3,048 thousand;
- trade payables of € 5,529 thousand to subsidiaries;
- other payables of € 2,216 thousand to subsidiaries;
- receivables from subsidiaries for the management of the centralised cash pooling treasury system amounting to € 17,391 thousand;
- payables to subsidiaries for the management of the centralised cash pooling treasury system amounting to € 453,009 thousand;
- receivables from subsidiaries for dividends amounting to € 53,000 thousand.

Sales and services supplied to Group companies in the first half of 2021 amounted to € 123,509 thousand.

Dividends were received during the year as follows: € 50,000 thousand from Recordati Ireland Ltd, € 3,168 thousand from Innova Pharma S.p.A., € 3,000 thousand from Natural Point S.r.l., € 5,500 thousand from Bouchara Recordati S.a.s, € 6,117 thousand from Italcimici S.p.A., € 1,626 thousand from Recordati Romania and € 1,804 thousand from Tonipharm.

### 39. SUBSEQUENT EVENTS

At the date of preparing the financial statements no corporate events had occurred after the end of the period which might require modifications to be made to the value of assets and liabilities and the amounts in the income statement.

On 16 July 2021, the Board of Directors approved the Company's new corporate governance structure with the appointment of Rob Koremans as the new Chief Executive Officer (CEO) from 1 December 2021. Andrea Recordati, the current CEO, will be appointed Chairman. The Company confirmed that it will continue to consolidate its current trajectory under the leadership of Rob Koremans, by combining organic growth in the current portfolio's volume of business with the creation of value through business development transactions and M&A. As future Chairman Andrea Recordati will continue to participate in the development of the Group's strategy, supporting the new CEO and the senior management team. In light of other important appointments conferred on him by the Italian Government and having completed the process of transition towards a new corporate governance structure, the Chairman Alfredo Altavilla tendered his resignation on 16 July 2021, again with effect from 1 December 2021.

**RECORDATI S.p.A.**
**ATTACHMENT 1**
**STATEMENT OF CHANGES IN DIRECT INVESTMENTS**

€ (thousands)	Balance at 31 Dec 2020	Share capital sales and redemptions	Mergers	Acquisitions subscriptions	(Write-downs) Write-ups	Fair value measurement	IFRS 2 Stock option valuation	Balance at 30 June 2021
<b>Investments in subsidiaries</b>								
Casen Recordati S.L.- Spain	272,668	-	-	-	-	-	271	272,939
Innova Pharma S.p.A. - Italy	10,566	-	-	-	-	-	-	10,566
Bouchara Recordati S.a.s. - France	57,857	-	-	-	-	-	178	58,035
Recordati Pharmaceuticals Ltd. - United Kingdom	11,651	-	-	-	-	-	6	11,657
Recordati Hellas Pharmaceuticals S.A. - Greece	4,940	-	-	-	-	-	15	4,955
Herbacos Recordati S.r.o. - Czech Republic	19,846	-	-	-	-	-	23	19,869
Recordati Polska Sp. z o.o. - Poland	19,996	-	-	-	-	-	71	20,067
Italchimici S.p.A. - Italy	106,294	-	-	-	-	-	-	106,294
Natural Point s.r.l. - Italy	83,597	-	-	-	-	-	2	83,599
Recordati AG - Switzerland	153,789	-	-	-	-	-	80	153,869
Recordati Rare Diseases Canada Inc. - Canada	245	-	-	-	-	-	-	245
Recordati Rare Diseases Inc. - United States	2,964	-	-	-	-	-	159	3,123
Recordati Rare Diseases S.A. de C.V. - Mexico	881	-	-	-	-	-	7	888
Recordati Rare Diseases Comercio Medicamentos Ltda - Brazil	207	-	-	-	-	-	2	209
Recordati Ireland LTD - Ireland	1,414	-	-	-	-	-	62	1,476
Recordati Orphan Drugs S.A.S. - France	54,313	-	-	-	-	-	178	54,491
Opalia Pharma S.A. - Tunisia	19,982	-	-	-	-	-	-	19,982
Recordati Romania Srl - Romania	1,578	-	-	-	-	-	12	1,590
Recordati Pharma GMBH - Germany	87,597	-	-	-	-	-	48	87,645
Accent LLC - Russian Federation	66,707	-	-	-	-	-	-	66,707
Tonipharma S.A.S. - France	72,636	-	-	-	-	-	-	72,636
Recordati Bulgaria Ltd - Bulgaria	26	-	-	-	-	-	1	27
	<b>1,049,754</b>	-	-	-	-	-	<b>1,115</b>	<b>1,050,869</b>
<b>Investments in other companies:</b>								
Sifir S.p.A. - Reggio Emilia	-	-	-	-	-	-	-	-
Consorzio Dafne - Reggello (Florence)	2	-	-	-	-	-	-	2
Consorzio Nazionale Imballaggi - Rome	-	-	-	-	-	-	-	-
DGT - United States	-	-	30	-	(30)	-	-	-
Puretech Health p.l.c. - United States	42,509	-	-	-	-	(4,539)	-	37,970
Miacomet Inc.	-	-	2	-	(2)	-	-	-
Fluidigm Corp. - United States	5	-	3	-	-	-	-	8
	<b>42,516</b>	-	<b>35</b>	-	<b>(32)</b>	<b>(4,539)</b>	-	<b>37,980</b>
<b>TOTAL</b>	<b>1,092,270</b>	-	<b>35</b>	-	<b>(32)</b>	<b>(4,539)</b>	<b>1,115</b>	<b>1,088,849</b>

**RECORDATI S.p.A**  
**SUMMARY STATEMENT OF DIRECT INVESTMENTS**
**ATTACHMENT 2**

€ (thousands)	Balance at 30 June 2021	Percentage ownership	Number of shares or quotas possessed
<b>Investments in subsidiaries</b>			
Casen Recordati S.L. - Spain	272,939	100.00	2,389,660
Innova Pharma S.p.A. - Italy	10,566	100.00	960,000
Bouchara – Recordati S.a.s. - France	58,035	100.00	10,000
Recordati Pharmaceuticals Ltd. - United Kingdom	11,657	100.00	15,000,000
Recordati Hellas Pharmaceuticals S.A. - Greece	4,955	100.00	1,005,000
Herbacos Recordati S.r.o. - Czech Republic	19,869	100.00	2,560
Recordati Polska Sp. z o.o. - Poland	20,067	100.00	90,000
Italchimici S.p.A. - Italy	106,294	100.00	7,646,000
Natural Point s.r.l. - Italy	83,599	100.00	1
Recordati AG - Switzerland	153,869	100.00	150,000
Recordati Rare Diseases Canada Inc. - Canada	245	100.00	1,000
Recordati Rare Diseases Inc. - United States	3,123	100.00	100
Recordati Ukraine LLC - Ukraine	0	0.01	1
Recordati Rare Diseases S.A. de C.V. - Mexico	888	99.998	49,999
Recordati Rare Diseases Comercio Medicamentos Ltda - Brazil	209	100.00	166
Recordati Ireland LTD - Ireland	1,476	100.00	200,000
Recordati Orphan Drugs S.A.S. - France	54,491	90.00	51,300
Opalia Pharma S.A. - Tunisia	19,982	90.00	612,000
Recordati Romania Srl - Romania	1,590	100.00	500,000
Recordati Pharma GMBH - Germany	87,645	55.00	1
Accent LLC - Russian Federation	66,707	100.00	1
Tonipharm S.A.S. - France	72,636	100.00	2,577
Recordati Bulgaria Ltd - Bulgaria	27	100.00	50
	<b>1,050,869</b>		
<b>Investments in other companies:</b>			
Sifir S.p.A. - Reggio Emilia	0	0.04	1,304
Consorzio Dafne - Reggello (Florence)	2	1.16	1
Consorzio Nazionale Imballaggi - Rome	0	n.s.	1
DGT - United States	0	n.s.	n.s.
Puretech Health p.l.c. - United States	37,970	4.02	9,554,140
Miacomet Inc.	0	n.s.	n.s.
Fluidigm Corp. - United States	8	n.s.	1,698
	<b>37,980</b>		
<b>TOTAL</b>	<b>1,088,849</b>		

**RECORDATI S.p.A**
**ATTACHMENT 3**
**COMPARISON BETWEEN THE CARRYING AMOUNT OF DIRECT INVESTMENTS IN SUBSIDIARIES AND THE CORRESPONDING PRO-RATA EQUITY**

	Share capital	30.06.2021 Equity	Net income (loss)	% Ownership	Corresponding pro-rata equity	Carrying amount
<b>Investments</b>						
Casen Recordati S.L. - Spain	238,966	454,949	7,056	100	454,949	272,939
Innova Pharma S.p.A. - Italy	1,920	12,754	1,277	100	12,754	10,566
Bouchara Recordati S.a.s. - France	4,600	33,471	3,772	100	33,471	58,035
Recordati Pharmaceuticals Ltd. - United Kingdom	17,481	12,757	(219)	100	12,757	11,657
Recordati Hellas Pharmaceuticals S.A. - Greece	10,050	5,465	316	100	5,465	4,955
Herbacos Recordati S.r.o. - Czech Republic	1,004	13,094	208	100	13,094	19,869
Recordati Polska Sp. z o.o. - Poland	996	9,022	1,153	100	9,022	20,067
Italchimici S.p.A. - Italy	7,646	67,780	2,923	100	67,780	106,294
Natural Point s.r.l. - Italy	10	64,748	3,587	100	64,748	83,599
Recordati AG – Switzerland	13,661	178,491	1,128	100	178,491	153,869
Recordati Rare Diseases Canada Inc. - Canada	238	859	393	100	859	245
Recordati Rare Diseases Inc. - United States	10,080	247,018	18,354	100	247,018	3,123
Recordati Rare Diseases S.A. de C.V. - Mexico	689	791	(181)	99.998	791	888
Recordati Rare Diseases Comercio Medicamentos Ltda - Brazil	0	805	304	100	805	209
Recordati Ireland LTD - Ireland	200	121,368	28,948	100	121,368	1,476
Recordati Orphan Drugs S.A.S. - France	57,000	106,138	4,316	90	95,525	54,491
Opalia Pharma S.A. - Tunisia	2,921	19,315	1,669	90	17,384	19,982
Recordati Romania Srl - Romania	1,015	8,077	1,748	100	8,077	1,590
Recordati Pharma GMBH - Germany	600	109,058	5,458	55	59,982	87,645
Accent LLC - Russian Federation	0	365	13	100	365	66,707
Tonipharm S.A.S. - France	258	24,293	1,498	100	24,293	72,636
Recordati Bulgaria Ltd - Bulgaria	26	70	13	100	70	27
	<b>369,361</b>	<b>1,490,688</b>	<b>83,734</b>		<b>1,429,068</b>	<b>1,050,869</b>

Where applicable the carrying amount of the investment has not been adjusted to bring it into line with the corresponding pro-rata equity because the difference was not considered an indicator of impairment.



**RECORDATI S.p.A.**
**ATTACHMENT 4**
**DETAILS OF ITEMS IN SHAREHOLDERS' EQUITY**

€ (thousands)	Amount	Possibility of use	Amount available	Amount distributable without tax effects	Amount distributable with tax effects	Summary of uses over the preceding three years Replenishment of losses Other reasons	Notes
Share capital	26,141						
Additional paid-in capital reserve	83,718	A B C	83,718	15,074	68,644		1
Revaluation reserve	2,602	A B C	2,602	0	2,602		
Statutory reserve	5,228	B	0	0	0		
Treasury stock reserve	(115,257)		(115,257)	(115,257)	0		
Other reserves							
Merger surplus	30,205	A B C	30,205	30,205	0		
Extraordinary reserve	100,137	A B C	100,137	100,137	0	(65,049)	2
Reserve under Art. 13 Par. 6 of Legislative Decree 124/1993	99	A B C	99	0	99		
Research and investment grants	17,191	A B C	17,191	1,227	15,964		3
Extraordinary VAT concession reserve	517	A B C	517	0	517		
Southern Italy investment fund	3,632						
IAS reserve	155,514	A B C	155,514	155,514	0		
Net income (loss) for the period	144,939	A B C	144,939	144,939	0		
<b>Total equity</b>	<b>454,666</b>		<b>419,665</b>	<b>331,839</b>	<b>87,826</b>		

**Legend:**

A for share capital increase  
B to replenish losses  
C to distribute to shareholders

**Notes:**

- 1 The additional paid-in capital reserve may be distributed when the statutory reserve has reached one fifth of the share capital.
- 2 The decrease is due to the difference between the amount paid by Group employees who exercised options under stock option plans and the value of treasury shares recognised in the financial statements in the last three years.
- 3 The research and investment grant reserve has already been subject to taxation of € 1,227 thousand.

RECORDATI S.p.A.

ATTACHMENT 5

SUMMARY OF THE LATEST FINANCIAL STATEMENTS APPROVED BY THE COMPANY THAT EXERCISES MANAGEMENT AND COORDINATION

**Annual financial statements of the company Rossini Luxembourg S.à.r.l.**

	amounts in euro 31/12/2020	amounts in euro 31/12/2019
<b>INCOME STATEMENT</b>		
REVENUE		0
OPERATING EXPENSES	(84,288)	(177,053)
TAXES	(4,815)	(4,815)
<b>NET INCOME (LOSS) FOR THE YEAR</b>	<b>(89,103)</b>	<b>(181,868)</b>
<b>ASSETS</b>		
NON-CURRENT ASSETS	1,100,028,000	1,100,028,000
CURRENT ASSETS	224,282	393,443
<b>TOTAL ASSETS</b>	<b>1,100,252,282</b>	<b>1,100,421,443</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1,108,568	1,108,568
Reserves	1,099,417,178	1,099,417,178
Prior year losses	(231,273)	(49,405)
Net income (loss) for the year	(89,103)	(181,868)
<b>TOTAL EQUITY</b>	<b>1,100,205,370</b>	<b>1,100,294,473</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES	46,912	126,970
<b>TOTAL LIABILITIES</b>	<b>46,912</b>	<b>126,970</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,100,252,282</b>	<b>1,100,421,443</b>

## DECLARATION OF THE MANAGER APPOINTED TO PREPARE THE CORPORATE ACCOUNTING DOCUMENTS

The manager appointed to prepare the corporate accounting documents, Luigi La Corte, declares, in accordance with paragraph 2 Article 154-*bis* of the Consolidated Finance Law, that the accounting information contained in this financial report corresponds to the amounts shown in the Company's accounts, books and records.

Milan, 28 October 2021

**Luigi La Corte**  
*Manager appointed to prepare  
the corporate accounting documents*