

**INFORMATION DOCUMENT  
RELATING TO MAJOR TRANSACTIONS  
WITH RELATED PARTIES**

drawn up pursuant to Article 5 and in accordance with the model set out in Annex 4, of the Regulations approved by Consob Resolution No. 17221 of 12 March 2010, most recently amended by Resolution No. 19974 of 27 April 2017.

**REVERSE MERGER BY ABSORPTION**

OF

**ROSSINI INVESTIMENTI S.P.A.**

AND

**FIMEI S.P.A.**

INTO

**RECORDATI S.P.A.**

Information document made available to the public at the registered office of Recordati S.p.A. at via Matteo Civitali no. 1, Milan, and on the authorised storage mechanism IInfo [www.linfo.it](http://www.linfo.it) and published on the Company's website at [www.recordati.com](http://www.recordati.com).

Published on: 7<sup>th</sup> October 2020

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## GLOSSARY

Below is a list of the terms used in this information document with their definitions. Any additional terms used in this information document will have the meaning ascribed to them and indicated in the text.

<b>“Acquisition”:</b>	The indirect acquisition of Recordati by Rossini Investimenti through the acquisition of the entire share capital of Fimeì.
<b>“Committee”:</b>	The Control, Risk and Sustainability Committee of Recordati S.p.A., which is the Committee for Related Party Transactions pursuant to the Procedure.
<b>“Disappearing Companies”:</b>	Rossini Investimenti and Fimeì.
<b>“Explanatory Reports”:</b>	The reports of the Boards of Directors of the Participants in the Merger (as defined below) prepared pursuant to Article 2501- <i>quinquies</i> of the Italian Civil Code, as well as – in the case of the explanatory report produced by the Board of Directors of Recordati – Article 70, paragraph 2, of the Issuers' Regulation, in accordance with model 1 of the relevant Annex 3A.
<b>“Fimeì”:</b>	Fimeì S.p.A., a company incorporated and existing under Italian law, with registered office at via del Vecchio Politecnico no. 9, Milan, subscribed and paid-up share capital of Euro 10,000,000.00, tax number and registration number with the Companies' Register of Milan-Monza-Brianza-Lodi: 01001630159, VAT number 10042010156, listed in the Milan Economic and Administrative Index under No. 784291, a company subject to the management and coordination activity of Rossini Luxembourg S.à r.l.
<b>“Group”:</b>	The group of companies to which Recordati S.p.A. currently belongs and headed by CVC Capital Partners VII Limited.
<b>“Information Document”:</b>	This information document, drafted pursuant to Article 5 and in accordance with the model set out in Annex 4 of the OPC Regulations (as defined below).
<b>“Issuers' Regulation”:</b>	The regulation adopted by Consob Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented.
<b>“Merger” or “Transaction”:</b>	The proposed reverse merger by absorption of Rossini Investimenti S.p.A. and Fimeì S.p.A. into Recordati S.p.A.

<b>“Merger Plan”:</b>	The Merger plan, drafted pursuant to Article 2501-ter of the Italian Civil Code, approved by the Board of Directors of the Participants in the Merger (as defined below) on 1 October 2020.
<b>“OPC Regulations”:</b>	The regulations adopted by Consob Resolution No. 17221 of 12 March 2010 and most recently amended by Resolution No. 19974 of 27 April 2017.
<b>“Participants in the Merger”:</b>	Recordati, Rossini Investimenti and Fimeì.
<b>“Procedure”:</b>	The procedure for regulating related party transactions approved by the Board of Directors of Recordati S.p.A. at the meeting of 24 November 2010 and updated on 11 February 2014 and subsequently on 9 February 2017.
<b>“Recordati” or “Surviving Company” or “Issuer”:</b>	Recordati S.p.A., a company incorporated and existing under Italian law, with registered office at via Matteo Civitali no. 1, Milan, subscribed and paid-up share capital of Euro 26,140,644.50, tax number, VAT number and registration number with the Companies’ Register of Milan-Monza-Brianza-Lodi: 00748210150, listed in the Milan Economic and Administrative Index under No. 401832, a company subject to the management and coordination activity of Rossini Luxembourg S.à r.l.
<b>“Rossini Investimenti”:</b>	Rossini Investimenti S.p.A., a company incorporated and existing under Italian law, with registered office at via del Vecchio Politecnico no. 9, Milan, subscribed and paid-up share capital of Euro 82,550,000.00, tax number, VAT number and registration number with the Companies’ Register of Milan-Monza-Brianza-Lodi: 10428410962, listed in the Milan Economic and Administrative Index under No. 2530577, a company subject to the management and coordination activity of Rossini Luxembourg S.à r.l.
<b>“Rossini Luxembourg”:</b>	Rossini Luxembourg S.à r.l., a company incorporated and existing under Luxembourg law with registered office at 20 Avenue Monterey, L-2163, Luxembourg (Grand Duchy of Luxembourg), registered with the Luxembourg <i>Registre de Commerce et des Sociétés (RCS)</i> under number B 224498.
<b>“Rossini Sarl”:</b>	Rossini S.à r.l., a company incorporated and existing under Luxembourg law, with registered office in Luxembourg (Grand Duchy of Luxembourg), 20 avenue Monterey, L-2163, registered with the Luxembourg <i>Registre de Commerce et des Sociétés (RCS)</i> under number B 226214.

“TUF”:

Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented.

## WHEREAS

This Information Document was prepared by Recordati, pursuant to Article 5 and in accordance with the model set out in Annex 4 of the OPC Regulations, in order to provide its shareholders and the market with an exhaustive information framework regarding the reverse merger by absorption of Rossini Investimenti and Fimeï into Recordati.

\* \* \*

The Transaction, which is set within the broader process of the Acquisition (to which it is strictly and intrinsically connected), completed through a contribution of capital by Rossini Sarl to Rossini Investimenti for an overall amount of approximately Euro 3 billion, aims - as specified in greater detail in the following Paragraph 2.3 of this Information Document – to shorten the chain of control over the Group's operating companies, leading to a simplification of the corporate governance structure and a reduction in the costs associated with maintaining the Disappearing Companies, for the benefit of the controlling shareholder and the Group as a whole, and lower taxes due to tax benefits transferred from the Disappearing Companies, for the Surviving Company.

As at today's date, Fimeï holds 108,368,721 ordinary shares of Recordati, representing 51.820% of its share capital, while Rossini Investimenti holds 10,000,000 ordinary shares of Fimeï, representing 100% of its share capital. Therefore, the Merger is deemed a so-called reverse merger, i.e. a form of merger by absorption in which the part-owned company merges the companies directly and indirectly owning a shareholding. The decision to proceed with this form of merger will enable the Surviving Company to ensure the continuation of its contractual relations and to maintain the status of a listed company that it would otherwise have lost in the event of the merger of Recordati into Rossini Investimenti or Fimeï.

It should be noted that the Merger does not constitute a “reverse merger” for the purposes of Regulation (EU) No. 2017/1129 (so-called Prospectus Regulation) and Article 117-*bis* of the TUF.

In view of the legal relationship of control existing between Rossini Investimenti and Fimeï and between the latter and Recordati, and the significance of the Merger, it also constitutes a “major” transaction between related parties pursuant to and for the purposes of the OPC Regulations and the Procedure. As further specified in Paragraph 2.8 below, the Committee, acting as a committee for related party transactions, was therefore involved in the negotiation and investigation of the Merger and in the approval of the proposed resolution to be submitted to the extraordinary shareholders' meeting of Recordati and, on 28 September 2020, expressed its reasoned favourable opinion on the existence of the interest of Recordati in carrying out the Transaction, as well as on the expediency and substantial fairness of the terms and conditions of the Transaction, pursuant to the OPC Regulations and the Procedure.

It is hereby recalled that, as announced to the market, the Merger Plan was approved by the Boards of Directors of the Participants in the Merger on 1 October 2020.

On the same date, the Participants in the Merger and Rossini Luxembourg signed a merger agreement, containing certain conditions of the Merger, as well as certain representations and warranties given by Rossini Luxembourg with regard to the Disappearing Companies and the relevant indemnity obligations in the event of their inaccuracy or non-veracity (the “**Merger Agreement**”), as explained in more detail in Paragraph 2.1 below.

As better described in Paragraph 2.1 below, the management bodies of the Participants in the Merger will notify the Presidency of the Council of Ministers of the Transaction, pursuant to the provisions of Legislative Decree No. 21/2012, converted into Law No. 56/2012, containing “*Rules concerning special powers over corporate assets in the defence and national security sector, as well as for activities of strategic importance in the energy, transport and communication sectors*”, and subsequent measures in this regard (“**Golden Power Law**”) and, therefore, the Transaction, and in particular the execution

of the Merger deed pursuant to Article 2504 of the Italian Civil Code, must be deemed subordinate to the non-exercise of the special powers provided for in said law.

It should also be recalled that the extraordinary shareholders' meetings of the Participants in the Merger called to approve the Merger will be convened within the terms of applicable law as soon as the Expert (as defined below) has provided their report certifying the appropriateness of the Exchange Ratio (as defined below), as described in more detail in Paragraph 2.1 below.

If the extraordinary shareholders' meetings of the Participants in the Merger approve the Merger Plan, the shareholders of Recordati who did not vote on the resolution to approve the Merger will not have the right of withdrawal, in any case, pursuant to Article 2437, paragraph 1, letter a), of the Italian Civil Code, or on any other grounds, as the company object of the Disappearing Companies does not provide for the performance of any commercial and/or industrial activity, but exclusively the assumption, holding, management and disposal, in an entrepreneurial and organised form, of the shareholding held (directly or indirectly) in Recordati and in the affiliated companies of Recordati, and therefore, following the Merger, no amendment will be made to the company object clause of Recordati to include a significant change in its activity, nor any exclusion from the listing of Recordati.

This Information Document was prepared following the adoption of the aforementioned Resolution of the Board of Directors of Recordati on 1 October 2020, and was made available to the public in a timely manner, within the period provided for in Article 5, paragraph 3, of the OPC Regulations, at the registered office of Recordati at via Matteo Civitali no. 1, Milan, and on said company's website ([www.recordati.com](http://www.recordati.com)) and on the authorised storage mechanism 1Info.

The additional documentation required by the Italian Civil Code and by the TUF in relation to the Merger procedure will be made available to the shareholders of the Participants in the Merger in the manner and within the time periods provided for by law and regulations.

Recordati, with effect from 20 December 2012, exercised the option of waiving the disclosure obligations referred to in Article 70, paragraph 6, of the Issuers' Regulation, pursuant to Article 70, paragraph 8, of the Issuers' Regulation. It is therefore not necessary to provide the information document pursuant to Annex 3B of the Issuers' Regulation.

## 1. WARNINGS

### 1.1. Risks associated with potential conflicts of interest deriving from the Transaction

As at the date of this Information Document, Rossini Luxembourg performs management and coordination activities over all Participants in the Merger, pursuant to Articles 2497 et seq. of the Italian Civil Code, as:

- (a) it indirectly controls Rossini Investimenti, through Rossini Investments S.à.r.l., Rossini Acquisition S.à.r.l. and Rossini Sarl;
- (b) Rossini Investimenti directly and legally controls Fimeì, holding a 100% shareholding in its share capital;
- (c) Fimeì directly and legally controls Recordati, holding a 51.820% shareholding in its share capital.

As indicated above, and in view of its significance, the Merger is a “major” transaction between related parties pursuant to and for the purposes of the OPC Regulations and the Procedure. Therefore, as better illustrated in the following Paragraph 2.8, Recordati activated the safeguards and measures provided by the OPC Regulations and the Procedure from the outset. In particular, pursuant to the Procedure, the Committee, which is responsible for related party transactions, (i) was promptly informed of the Merger and was also involved in the negotiation and investigation phases of the Merger through the receipt of complete and timely information flows; (ii) requested and received information from the persons in charge of carrying out the negotiations relating to the Merger; (iii) was advised by Prof. Pietro Mazzola, through Partners S.p.A., as an independent financial expert, for the issuance of his opinion on the Merger and by Studio Legale Galbiati, Sacchi e Associati, in the person of senior partner Mr. Aldo Sacchi, as legal advisor to the Committee in the context of the decision-making process resulted in the issuance of the opinion provided by Article 8 of the OPC Regulations. Furthermore, in view of the importance of the tax aspects in the Transaction, the Committee consulted the Studio McDermott Will & Emery, in the person of Mr. Andrea Tempestini, as an independent tax expert.

Finally, the Committee was asked to express - and on 28 September 2020 expressed unanimously - a favourable opinion on the interest of Recordati in carrying out the Merger as well as on the expediency and procedural and substantial fairness of the Merger transaction.

The members of the Board of Directors of Recordati in office on the date of the Information Document are: Alfredo Altavilla (Non-Executive Chairman), Guido Angelo Guidi (Non-Executive Vice-Chairman), Andrea Recordati (Chief Executive Officer), Francesco Balestrieri (Non-Executive Director), Fritz Squindo (Executive Director and Group General Manager), Giampiero Mazza (Executive Director), Cathrin Petty (Executive Director), Giorgio De Palma (Executive Director), Joanna Susan Le Couilliard (Independent Director), Michaela Castelli (Lead Independent Director), Silvia Elisabetta Candini (Independent Director) and Piergiorgio Peluso (Independent Director).

It should be noted that Giampiero Mazza, Cathrin Petty and Giorgio De Palma are qualified as Executive Directors as they have managerial offices in the company indirectly controlling Recordati (*i.e.* Rossini Investimenti) or in other advisory companies which the general partner of private equity funds CVC Capital Partners (ultimately controlling Recordati) avails itself of; however, they have not been granted individual operating powers.

The Committee is composed of the following independent directors: Michaela Castelli (Chairman), Silvia Elisabetta Candini and Piergiorgio Peluso.

In this regard, it should be noted that:

- (a) Directors Giampiero Mazza and Cathrin Petty also sit on the Board of Directors of Fimeï and Rossini Investimenti, in both cases with the role of Chairman and Chief Executive Officer respectively;
- (b) Board Members Giampiero Mazza, Cathrin Petty and Giorgio De Palma carry out their work in various advisory companies used by the General Partner of the private equity funds, CVC Capital Partners;
- (c) Chief Executive Officer Andrea Recordati and Board Member Fritz Squindo have both invested in the capital of Rossini Luxembourg, a company that performs management and coordination activities for all the Participants in the Merger, pursuant to Articles 2497 et seq. of the Italian Civil Code.

## 2. INFORMATION ON THE TRANSACTION

### 2.1. Characteristics, methods, terms and conditions of the Transaction

The Merger will be carried out, pursuant to and for the purposes of Articles 2501 et seq. of the Italian Civil Code, through the absorption of Rossini Investimenti and Fimeï into Recordati, and will be decided using as reference financial data, pursuant to and for the purposes of Article 2501-*quater* the Italian Civil Code, (i) for the Surviving Company, the consolidated half-year financial report as at 30 June 2020, prepared pursuant to Article 154-*ter* of the TUF and approved by the Board of Directors of Recordati on 30 July 2020 and, (ii) for the Disappearing Companies, the balances sheet at 30 June 2020, prepared pursuant to Article 2501-*quater* of the Italian Civil Code and approved by the respective Boards of Directors on 11 September 2020.

The Merger Plan, approved on 1 October 2020 by the Boards of Directors of the Participants in the Merger, is in the process of registration in the Companies' Register of Milan and is attached to this Information Document under Annex A.

Also on 1 October 2020, the Participants in the Merger and Rossini Luxembourg signed the Merger Agreement, which provides for certain conditions of the Merger, as well as certain representations and warranties made by Rossini Luxembourg with respect to the Disappearing Companies and the relevant indemnity obligations in the event of their inaccuracy or untruthfulness.

In particular, the Merger Agreement provides for:

- (a) certain obligations of Rossini Luxembourg concerning the period before the Effective Date (as defined below), including, in particular, the obligation to procure that Rossini Investimenti and Fimeï abstain from any actions that may alter the Exchange Ratio (as defined below) as set forth under the Merger Plan (including, without limitation, the undertaking of any financial indebtedness, unless repaid in full prior to the Effective Date);
- (b) the provision, by Rossini Luxembourg, of certain representations and warranties regarding *inter alia*:
  - (i) the fact that Rossini Investimenti does not have and has never had any employees and that, as at the date of the Merger Plan, Fimeï does not have any employees and, with regard to its former employees and collaborators, Fimeï does not have and will not have any contingent debt or liability;
  - (ii) the fact that Fimeï and Rossini Investimenti have duly submitted all tax returns and paid all taxes due;
  - (iii) the conformity with the accounting principles of the financial statements of Fimeï and Rossini Investimenti as at 31 December 2019 and as at 31 December 2020, of their balance sheets as at 30 June 2020 and of their closing balance sheets as at 31 March 2021;

- (iv) the fact that, on the date of signing the Merger Agreement, the Disappearing Companies are not parties to any litigation that is pending or threatened in writing;
- (v) the absence of any liabilities, including potential liabilities, associated with the Acquisition;
- (c) Rossini Luxembourg's assumption, under the terms and conditions of the Merger Agreement, of indemnification obligations in the event of the inaccuracy or untruthfulness of the aforementioned representations and warranties;
- (d) as also described in the Merger Plan, the right of the parties to the Merger Agreement to withdraw from the Merger Agreement and to interrupt the process aimed at implementing the Transaction if, by the Effective Date (as defined below), one or more events or circumstances take place with a negative effect on the activities, legal relationships, liabilities and/or operating results of the Participants in the Merger, significant and, in any case, such as to alter the risk profile or assessments on the basis of which the Exchange Ratio, as defined below, is determined.

The decision to proceed with the reverse merger by absorption of the Disappearing Companies into Recordati will enable the Surviving Company to ensure the continuation of its contractual relations and to maintain the status of a listed company that it would otherwise have lost in the event of the merger of Recordati into Rossini Investimenti or Fimeì.

The Merger will result in the extinction of Fimeì and Rossini Investimenti and the continuation of Recordati as the company resulting from the Merger: therefore, the Surviving Company will succeed to all the rights and obligations of the Disappearing Companies.

The Articles of Association of the Surviving Company will not be amended as a result of the Merger.

On the assumption that:

- prior to the Effective Date (as defined below), (i) the ordinary shareholders' meeting of Fimeì decides on the distribution and payment to Rossini Investimenti in addition to the approval of the relevant financial statements at 31 December 2020 and (ii) that the ordinary shareholders' meeting of Rossini Investimenti in turn decides on the distribution and payment to Rossini Sarl, in addition to the approval of the relevant financial statements as at 31 December 2020, of an amount of reserves equal to the surplus cash for each of the Disappearing Companies prior to the completion of the Transaction, net of any charge, tax and/or cost that may be due or any debt encumbering the Disappearing Companies on the same date (please note that, for the purposes of calculating the surplus cash to be distributed by Rossini Investimenti, no assets recorded in light of the ACE benefit shall be taken into account);
- as a result of such distributions, the value of the net equity of the Disappearing Companies will essentially coincide with the value of the ordinary shares of Recordati held directly by Fimeì and indirectly by Rossini Investimenti (without prejudice to any assets recorded by Rossini Investimenti in light of the ACE benefit);
- the ACE surplus accrued by Rossini Investimenti and inherited by Recordati as a result of the Merger will generate lower taxes of approximately Euro 12.9 million for the Surviving Company,

the Boards of Directors of the Participants in the Merger decide on the following exchange ratio:

- in return for the cancellation (i) of the 10,000,000 shares representing the entire share capital of Fimeì, all held by Rossini Investimenti, as well as (ii) of the 82,550,000 shares representing the entire share capital of Rossini Investimenti, all held by Rossini Sarl,

- all 108,368,721 ordinary shares of Recordati currently held by Fimei will be reassigned to the Rossini Sarl (or a different number of ordinary shares of Recordati held by Fimei on the Effective Date, as defined below),

with the maintenance by third-party shareholders (i.e. other than Rossini Sarl, following the Merger, and also by the Issuer) of the ordinary shares of Recordati held thereby at that date.

In light of the foregoing, the Merger will not entail any change in the share capital of the Surviving Company or the payment of cash balances.

The ordinary shares of the Surviving Company that will be reassigned to Rossini Sarl in exchange will have the same date of availability as that of the ordinary shares of Recordati in circulation on the Effective Date (as defined below) and will confer on their holder rights equivalent to those held by the holders of the ordinary shares of the Surviving Company in circulation at the time of their assignment.

For further information, please see Paragraph 2.4 of this Information Document.

On 1 September 2020 the management bodies of the Participants in the Merger filed a petition with the Court of Milan for the appointment of the expert pursuant to Article 2501-*sexies* of the Italian Civil Code, making use of the option pursuant to Article 2501-*sexies*, paragraph 4 of the Italian Civil Code to request the appointment of one or more joint experts by the court in the place where the company resulting from the merger is based, with the task of certifying the fairness of the Exchange Ratio (as defined below) in their report (the “**Expert**”).

The explanatory reports of the Boards of Directors of the Participants in the Merger, the aforementioned reference financial data and the report of the joint expert on the appropriateness of the exchange ratio (as defined below) will be made available to the public under the terms and conditions established by law and regulations. As already mentioned, since Recordati exercised the right to derogate from the information obligations referred to in Article 70, paragraph 6, of the Issuers' Regulation pursuant to Article 70, paragraph 8 of the Issuers' Regulation, there is no provision for preparation of the information document pursuant to Annex 3B of the Issuers' Regulation.

It should be recalled that the extraordinary shareholders' meetings of the Participants in the Merger called to approve the Merger will be convened with the terms of the law as soon as the Expert has delivered their report certifying the appropriateness of the Exchange Ratio (as defined below).

If the extraordinary shareholders' meetings of the Participants in the Merger approve the Merger Plan, the shareholders of Recordati who did not vote on the resolution to approve the Merger will not have the right of withdrawal, in any case, pursuant to Article 2437, paragraph 1, letter a), of the Italian Civil Code, or on any other grounds, as the company object of the Disappearing Companies does not provide for the performance of any commercial and/or industrial activity, but exclusively the assumption, holding, management and disposal, in an entrepreneurial and organised form, of the shareholding held (directly or indirectly) in Recordati and in the affiliated companies of Recordati, and therefore, following the Merger, no amendment will be made to the company object clause of Recordati to include a significant change in its activity, nor any exclusion from the listing of Recordati.

The completion of the Transaction is subject to the occurrence of the following conditions or their waiver (where permitted), in addition to the approval of the Merger Plan by the extraordinary shareholders' meetings of the Participants in the Merger, pursuant to Article 2502 of the Italian Civil Code:

- non-receipt of communications from the Presidency of the Council of Ministers concerning the exercise of vetoes and/or irregularities and/or the imposition of conditions regarding the Merger pursuant to the Golden Power Law, by the Effective Date (as defined below);
- issue of a positive opinion on the appropriateness of the exchange ratio by the joint expert (as defined below);
- non-occurrence of one or more events or circumstances with a significant negative effect on the activities, legal relationships, liabilities and/or operating results of the Participants in the Merger, and, in any case, such as to alter the risk profile or assessments on which the Exchange Ratio is based, as defined below (as better identified in Paragraph 2.4 of this Information Document);
- the absence, on the Effective Date, of pledges or other rights in rem of third parties on the shares representing the entire share capital of Fimeit and on the shares representing the entire share capital of Rossini Investimenti, on the bank accounts of Fimeit and Rossini Investimenti, on any receivables of Rossini Investimenti *vis-à-vis* Fimeit, as well as of personal guarantees provided by Rossini Investimenti in the context of the Acquisition.

The trade union information and consultation procedure referred to in Article 47 of Law No. 428 of 29 December 1990, as amended over time, will not apply within the framework of the Transaction, since the Disappearing Companies have no employees.

It is envisaged that the Transaction shall be completed by the end of the first half of FY 2021 and in any event following the date of approval of the financial statements of the Disappearing Companies as at 31 December 2020 and of their closing balance sheets as at 31 March 2021.

Within the technical time strictly necessary immediately after the approval of the abovementioned closing balance sheets, the Participants in the Merger will execute the Merger deed and file it with the competent Companies' Register. The transactions of the Disappearing Companies will be ascribed to the financial statements of the Surviving Company as from 1 April 2021 (the "**Accounting Effective Date**").

The same Accounting Effective Date will be considered the start date for the purposes referred to in Article 172, paragraph 9, of Presidential Decree No. 917 of 22 December 1986.

The Merger will produce its statutory effects as from the last registration required by Article 2504 of the Italian Civil Code (the "**Effective Date**"). As from that date, the Surviving Company will succeed to all the legal rights and obligations of the Disappearing Companies.

## **2.2. Related parties with which the Transaction will be undertaken, nature of correlation and, if the management body is notified thereof, nature and extent of the interests of such parties in the Transaction**

As at the date of publication of this Information Document:

- (a) Rossini Investimenti directly and legally controls Fimeit, possessing a shareholding of 100% of its share capital;
- (b) Fimeit directly and legally controls Recordati, possessing a shareholding of 51.820% of its share capital;
- (c) all Participants in the Merger are subject to the management and coordination of Rossini Luxembourg, pursuant to Articles 2497 et seq. of the Italian Civil Code.

Rossini Investimenti and Fimeit are therefore to be considered related parties of Recordati pursuant to letter (a)(i) of the definition of "*Related Parties*" set out in Annex 1 of the OPC Regulations and the Merger constitutes a "major" transaction between related parties pursuant to the OPC Regulations and the Procedure. Therefore, as already evidenced in Paragraph 1.1 and as more fully

illustrated in the following Paragraph 2.8, Recordati activated the safeguards and measures provided by the OPC Regulations and the Procedure from the outset.

The interests of Rossini Luxembourg, Rossini Investimenti and Fimei in the Transaction are purely attributable to the intention of rationalising the Group structure and simplifying the existing chain of control, thus improving the streamlining of management, in line with national and international practices, generating greater efficiency from a financial standpoint, resulting from a faster rise in dividend flows, reducing administrative costs and obtaining administrative synergies and synergies linked to fixed structural costs, also in light of the economic reasons for and expediency of the Transaction described in the following Paragraph 2.3 of this Information Document.

For the sake of completeness, it should be noted that the Board Members of Recordati Giampiero Mazza and Cathrin Petty also sit on the Board of Directors of Fimei and Rossini Investimenti, in both cases with the role of Chairman and Chief Executive Officer respectively. In addition, Board Members Giampiero Mazza, Cathrin Petty and Giorgio De Palma carry out their work at various advisory companies used by the General Partner of the private equity funds, CVC Capital Partners, while Chief Executive Officer Andrea Recordati and Board Member Fritz Squindo have both invested in the capital of Rossini Luxembourg, a company that performs management and coordination activities for all the Participants in the Merger, pursuant to Articles 2497 et seq. of the Italian Civil Code.

### **2.3. Economic reasons for and expediency of the Transaction for the Surviving Company**

The Merger aims at generating a shortening of the chain of control with reference to the operating companies of the Group, resulting, to the benefit of the controlling shareholder and of the Group as a whole, in a simplification of the corporate governance structure and in lower costs relating to the maintenance of the Disappearing Companies, and, to the benefit of the Surviving Company, in lower taxes deriving from tax benefits transferred by the Disappearing Companies.

As a result of the Merger, indeed, the Surviving Company will be able to use the ACE benefit accrued by Rossini Investimenti and attributable to its capitalisation (in the context of the aforementioned Acquisition) by Rossini Sarl for approximately Euro 3 billion. In particular, following the aforementioned contribution of capital - which the Italian Revenue Agency, in response to a specific petition, confirmed that is to be considered relevant for ACE purposes for the amount of Euro 2.2 billion - Rossini Investimenti during the 2018 and 2019 financial years accrued, and will accrue also during 2020 and 2021 until the Accounting Effective Date, a cumulative ACE benefit which could generate lower taxes of approximately Euro 12.9 million for the Surviving Company (subject to the filing, as a precautionary measure, of an appropriate petition, submitted on 5 August 2020, for which it is reasonable to expect a positive outcome). The Merger would also allow Recordati to make future use of a further ACE benefit, to be calculated for each year on the significant increase in capital transferred by the Disappearing Companies. Given current legislation, this benefit will nevertheless be available within the limit of the amount of the Surviving Company's net equity book value, thereby generating further lower taxes of approximately Euro 1.3 million on an annual basis (except for the first year of effectiveness of the Merger - from the Effective Date until 31 December 2021 - for which the lower taxes resulting from the ACE benefit will amount to approximately Euro 1 million).

Finally, it should be noted that the capital and income profile of the entity resulting from the Merger will be substantially in line with that of the Issuer at present and, in particular, the Merger will not alter the net financial position and, therefore, the investment capacity of Recordati or the strategy or policy of allocation of its capital.

### **2.4. Methods of determining the Exchange Ratio and assessments as to its appropriateness**

As mentioned above, the Merger will be decided using as reference financial data, pursuant to and for the purposes of Article 2501-*quater* the Italian Civil Code, (i) for the Surviving Company, the consolidated half-year financial report as at 30 June 2020, prepared pursuant to Article 154-*ter* of the TUF and approved by the Board of Directors of Recordati on 30 July 2020 and, (ii) for the Disappearing Companies, the balance sheet as at 30 June 2020, prepared pursuant to Article 2501-*quater* of the Italian Civil Code and approved by their Boards of Directors on 11 September 2020.

For the purpose of determining the exchange ratio, it is planned that, prior to the Effective Date, the ordinary shareholders' meeting of Fimeì approves the relevant financial statements as at 31 December 2020 and resolves upon the distribution and payment to Rossini Investimenti, and that the ordinary shareholders' meeting of Rossini Investimenti in turn approves the relevant financial statements as at 31 December 2020 and resolves upon the distribution and payment to Rossini Sarl, of an amount of reserves equal to the surplus cash for each of the Disappearing Companies prior to the completion of the Transaction, net of any charge, tax and/or cost due or any debt encumbering the Disappearing Companies as at the same date (the "**Cash Surplus**"), it being understood that, for the purposes of calculating the surplus cash to be distributed by Rossini Investimenti, no assets recorded in light of the ACE benefit shall be taken into account.

As a result of such distributions, the value of the net equity of the Disappearing Companies will essentially coincide with the value of the ordinary shares of Recordati held directly by Fimeì and indirectly by Rossini Investimenti (without prejudice to any assets recorded by Rossini Investimenti in light of the ACE benefit).

In light of the composition of the net equity of the Participants in the Merger and of the distribution of the Cash Surplus, the exchange ratio (the "**Exchange Ratio**") has been determined as follows: against the cancellation (i) of the 10,000,000 shares representing the entire share capital of Fimeì, all held by Rossini Investimenti, as well as (ii) of the 82,550,000 shares representing the entire share capital of Rossini Investimenti, all held by Rossini Sarl, all 108,368,721 ordinary shares of Recordati currently held by Fimeì (or the different number of ordinary shares of Recordati which will be held by Fimeì on the Effective Date) will be reassigned to Rossini Sarl, with the maintenance by third-party shareholders (*i.e.* other than Rossini Sarl, following the Merger, and the Issuer itself) of the ordinary shares of Recordati held by them before the Effective Date. In other words, as at the date hereof, Rossini Sarl would be reallocated 1.313 ordinary shares of Recordati for each share of Rossini Investimenti.

In light of the foregoing, the Merger will not entail any change in the share capital of the Surviving Company, nor is envisaged any payment of cash balances.

The Exchange Ratio thus determined:

- implicitly assumes, as already mentioned, that the value of the Disappearing Companies coincides with the value of their shareholding in Recordati (without prejudice to any assets recorded by Rossini Investimenti in light of the ACE benefit), calculated as a pro-rata share of the value attributed to Recordati itself;
- safeguards the stability of Recordati's shareholding structure, as Rossini Luxembourg - the company exercising, as anticipated, management and coordination activity over all the Participants in the Merger - upon completion of the Merger, in addition to retaining the role of reference shareholder of Recordati, will maintain (albeit through a different entity) the same indirect shareholding in the share capital of Recordati held before the Effective Date of the Merger (*i.e.*, should the number of Recordati shares held by Fimeì remain the same as on 30 June 2020, a shareholding equal to 51.820% of the share capital of Recordati).

For the determination of the Exchange Ratio, the Boards of Directors of the Participants in the Merger made reference to the following documentation:

- (a) financial statements FY2018 and FY2019 and reference balance sheets (pursuant to Article 2501-*quarter* of the Italian Civil Code) of the Participants in the Merger;
- (b) the document named “*Rossini Investimenti and Fimeì – Tax due diligence*”, prepared by the firm Facchini Rossi Michelutti Studio Legale Tributario on 15 July 2020;
- (c) the document named “*Memorandum su passività potenziali*” (and its annexes), prepared by the firm Studio Legale Gattai Minoli Agostinelli & Partners on 20 July 2020.

The evaluations carried out by the Boards of Directors of the Participants in the Merger for the determination of the aforementioned Exchange Ratio shall be considered in light of certain limits and evaluation difficulties, typical in this area of analysis, and of the assumptions underlying the work carried out. In particular:

- taking into account the different nature and features of the Participants in the Merger, it was preliminarily necessary to develop an evaluation method aimed at identifying homogeneous and comparable values of the Participants in the Merger themselves;
- for the determination of the Exchange Ratio, it was also assumed that there are no further elements pertaining to Fimeì and Rossini Investimenti other than the *pro-rata* value of the shareholding in Recordati and the value of the Cash Surplus, distributed before the Effective Date;
- all the evaluations have been carried out assuming that the Participants in the Merger are and will be going concerns and that there are no facts or circumstances unknown to the Boards of Directors of the Participants in the Merger such as to change the conclusions reached.

On 28 September 2020, the Committee - which considered it appropriate to consult, as to the financial aspects of the Transaction, Prof. Pietro Mazzola (who, on the basis of specific selection process, was deemed to be the most suitable candidate due to his independence and specific professionalism), through Partners S.p.A., who prepared a fairness opinion on the Exchange Ratio - has deemed the Exchange Ratio to be fair and issued a favourable binding opinion on the Surviving Company's interest in carrying out the Transaction, as well as on the expediency and procedural and substantial fairness of the Merger itself. This opinion, together with Prof. Mazzola's fairness opinion on the Exchange Ratio, is attached to this Information Document under Annex B.

It is to be noted that, in view of the fact that the Committee identified, in addition to a legal advisor, both a financial expert and a tax expert, both independent, to support its investigative activities, the Board of Directors of the Surviving Company has decided, also in order to safeguard cost efficiency, not to entrust further professionals with identical tasks, and has vetted that its evaluations as to the Exchange Ratio itself led essentially to the same conclusions of the financial advisor and of the tax advisor identified by the Committee.

For his assessment as to the fairness of the Exchange Ratio, the financial expert of the Committee made reference to the following documentation:

- (a) draft Merger Plan (version dated 26 September 2020);
- (b) dossier relating to major transactions with related parties drawn up pursuant to section 03.03 of the Procedure and schedules thereto (version dated 26 September 2020);
- (c) draft Merger Agreement (version dated 28 September 2020);

- (d) presentation named “Reverse merger by absorption of Fimeï S.p.A. (as disappearing company) and Rossini Investimenti S.p.A. (as disappearing company) in Recordati S.p.A. (as surviving company)” prepared by the firm Studio Legale Gattai Minoli Agostinelli & Partners;
- (e) the document named “Rossini Investimenti and Fimeï – Tax due diligence”, prepared by the firm Facchini Rossi Michelutti Studio Legale Tributario on 15 July 2020;
- (f) the document named “Memorandum su passività potenziali” (and its annexes), prepared by the firm Studio Legale Gattai Minoli Agostinelli & Partners on 20 July 2020;
- (g) draft tax fairness opinion prepared by McDermott Will & Emery on 24 September 2020;
- (h) financial statements of Fimeï and Rossini Investimenti as at 31 December 2019;
- (i) balance sheets of Fimeï and Rossini Investimenti as at 30 June 2020, drafted pursuant to Article 2501-*quater* of the Italian Civil Code and approved by their Boards of Directors on 11 September 2020;
- (j) past and forward-looking economic information relating to the operating costs for the holding activity of Fimeï and Rossini Investimenti;
- (k) broker reports relating to Recordati;
- (l) market information relating to Recordati (for example, prices and volumes) obtained from the FactSet databank;
- (m) information in the public domain.

In his fairness opinion on the appropriateness of the Exchange Ratio (in this respect, it is hereby confirmed that the following information is consistent with the content of such fairness opinion, in any event attached to this Information Document in its entirety, and that, as far as the Issuer is aware of, there are no omissions which may cause such information to be incorrect or misleading), Prof. Mazzola - based on (i) the assumption that the Merger represents a reverse merger between a listed operating company and two unlisted holding companies, characterised by a full shareholding bond, the main asset of which is represented by the stake held (directly and indirectly) in the operating company, (ii) the assumption that the Merger Agreement, containing certain representations and warranties provided by Rossini Luxembourg, as stated, was entered into prior to the Effective Date, and (iii) a valuation of the Participants in the Merger performed assuming them to be going concerns and standalone entities (*i.e.* considering these companies as autonomous valuation objects, without taking into account any synergies that might originate following the Merger, in order to allocate, *pro rata*, any benefit deriving from such synergies among all the shareholders of the company resulting from the merger) - adopted the following methodological procedure:

- (a) identification of a Recordati value range via multiple methods (in order to provide reciprocal evidence of the reliability of the individual valuations and the range of values identified) consistent with its nature as a listed operating company and identification of the corresponding value range per share;
- (b) consequent identification of a value range of Fimeï and the corresponding value range per share, and in light of the values of Recordati as identified above. Bearing in mind its nature as an unlisted investment holding company, the value range of Fimeï was identified using the Net Asset Value method, that is, the analytical and equity method that, according to doctrine and practice, lends itself better to determining the value of a company configured in that way. According to this method, the NAV of a holding company is determined: (i) by adding algebraically the current value of the operating assets and liabilities, within which, in this case, the value of the stake in Recordati assumes an absolutely predominant importance; (ii) subtracting from the value obtained the current value of the net operating

- costs incurred by the holding company in the performance of its activity (that is, costs not included in the analytical valuation of the different equity items); *(iii)* then subtracting the holding company's net financial position;
- (c) consequent identification of a value range of Rossini Investimenti and the corresponding value range per share (again using the Net Asset Value method in this case), and in light of the values of Fimeì as identified above;
  - (d) determination of the range of exchange ratios resulting from the values identified in the previous points, that is, the value per share of Recordati and the value per share of Rossini Investimenti;
  - (e) any sensitivity analysis of the exchange ratio identified should any of the important elements in the valuations conducted vary;
  - (f) assessment of the appropriateness of the Exchange Ratio proposed with respect to the results of the valuation procedure defined in this way.

On the basis of the assumptions and the valuation method set out above and by virtue of *(i)* the projected distribution, prior to the Effective Date, of a dividend for an amount corresponding to the value of the Cash Surplus, as well as *(ii)* the identification of an Exchange Ratio which assumes that the value of the Disappearing Companies after such distribution coincides with the value of the shareholding held (directly and indirectly) in Recordati, calculated *pro rata* to the value attributed to Recordati itself, Prof. Mazzola then verified the existence of other elements pertaining to Fimeì and Rossini Investimenti (the “**Other Elements**”) - different from the *pro rata* value of the shareholding in Recordati, valued in the Exchange Ratio, and from the amount corresponding to the value of the other (i.e. different from the abovementioned direct and indirect shareholding in Recordati) assets recorded in the balance sheets as at 30 June 2020 of the Disappearing Companies, net of the value of the other liabilities recorded in such balance sheets (the “**Other Net Assets**”), to be distributed prior to the Effective Date - the value of which could change the NAV of Fimeì and/or of Rossini Investimenti compared with that assumed as a reference for determining the Exchange Ratio; all the foregoing on the assumption that, substantially, the appropriateness of the Exchange Ratio can be said to be verified if the value of all the Other Elements assumes values close to zero or is identified using a range of values that precisely includes zero (whilst, for values above zero, the Exchange Ratio will be progressively favourable to the Recordati shareholders other than Rossini Sarl, after the Effective Date, and, vice versa, for values below zero, the Exchange Ratio will be progressively favourable to the current shareholders of Rossini Investimenti).

With regard to the Other Elements taken into consideration in Prof. Mazzola's *fairness opinion*, these can be summarised as: *(i)* the holding costs, not included in the accumulation of Other Net Assets, which, rather, must be considered within the NAV method; *(ii)* any assets/liabilities not recorded in the balance sheets of the Disappearing Companies as at 30 June 2020 (including any ACE benefit with respect to Rossini Investimenti), not included in the accumulation of Other Net Assets (which only consider items entered in the financial statements), but also to be calculated for the purposes of the estimated NAV of Fimeì and Rossini Investimenti (net of the guarantees received pursuant to the Merger Agreement); *(iii)* any consideration of elements (i.e. control premium, holding company discount and latent tax effects) that may adjust the valuation of Fimeì and Rossini Investimenti based on the *pro rata* share of the stake held in Recordati, which, in the specific fact-situation, have not been deemed to be material in a view of management continuity.

On the basis of the aforementioned, Prof. Mazzola concluded that “*Taking into account the range of values identified through the analyses carried out with regard to the valuation of the Other elements, taking also into account that the Exchange Ratio falls within this range and the reasonableness of the hypothesis with regard to the period necessary to ensure the fairness of the Exchange Ratio, also considering the existence of further net benefits achievable, according to this Exchange Ratio, by Recordati's shareholders (see § 2 above), the Exchange Ratio as at the reference date of 30 June 2020, as determined through the calculation method*”

*submitted to the Committee, can be deemed fair from a financial standpoint. It is understood that the value of the Exchange Ratio, in light of the calculation method proposed in the Merger plan, may vary depending on the number of Recordati shares that will be held by Fimej as at the effective date of the Merger. In such a circumstance, it will be possible to affirm the fairness of the identified value from a financial standpoint and in Recordati's shareholders' perspective, provided that, without prejudice to all the other circumstances pinpointed in the Fairness Opinion, also in that case the value of the Other elements is equal to, or higher than, zero".*

The fairness opinion prepared by Prof. Mazzola, and therefore the conclusions reached by the latter, shall be considered in light of certain limits, evaluation difficulties, and of the assumptions underlying the work carried out. In particular:

- the fairness opinion has been prepared with the aim of supporting the Committee's evaluations, so that its contents and conclusions cannot be used for purposes and in a context other than those indicated. Furthermore, the conclusions reached are based on all the assessments contained therein, so that no part of the fairness opinion can be used separately from the document in its entirety;
- the fairness opinion has been prepared assuming that the Merger will be carried out in the terms represented to Prof. Mazzola and reported in the draft Merger Plan analysed by him, as well as fully relying on the truthfulness, accuracy and completeness of the information elements examined, without proceeding to any independent verification, or other control, on the information elements received. Therefore, no representations, whether express or implied, nor warranties relating to the accuracy, the completeness and the truthfulness of the information received and used have been given;
- Prof. Mazzola's assignment did not provide for the performance of audit procedures, as defined in the Auditing Standards, nor an examination of internal controls or other verification procedures. Consequently, the fairness opinion does not express any opinion or any other form of assessment on the financial statements of the Participants in the Merger or on any other financial information;
- the fairness opinion is also based on specific analyses - commissioned by the Surviving Company to its advisors - concerning the assets and liabilities, including potential ones, pertaining to Fimej and Rossini Investimenti, the results of which were assumed by Prof. Mazzola for the purposes of his own analysis without carrying out a specific check on them;
- taking into account what is indicated in the analysed draft Merger Plan, for the purposes of applying the NAV method for Rossini Investimenti and Fimej, it has been assumed that, prior to the Effective Date, Rossini Investimenti and Fimej will distribute the Cash Surplus, thus making the value of their respective net equity substantially the same as the value of the Recordati shares held directly and indirectly (without prejudice to any assets recorded by Rossini Investimenti in light of the ACE benefit). Therefore, should, at the time of the Merger, the net equity of Rossini Investimenti and Fimej significantly differ from the assumption above, the valuations indicated in the fairness opinion could significantly vary too;
- the fairness opinion has been prepared assuming that the Participants in the Merger are and will be going concerns and that there are no facts or circumstances not shared with Prof. Mazzola such as to change the conclusions reached;
- the valuations and opinions expressed in the fairness opinion are grounded on the data and knowledge available as at the cut-off date (i.e. 24 September 2020). Any subsequent facts or events may therefore bring about a significant variation of the valuations and opinions expressed in the fairness opinion itself;

- the fairness opinion regards the fairness of the Exchange Ratio as at the identified reference date (i.e. 30 June 2020), and points out the necessary requirements for it to be deemed fair also in case of variations of the value thereof resulting from variations of the number of Recordati shares held by Fimeit.

The appropriateness of the Exchange Ratio will also be submitted to the Expert for assessment pursuant to and for the purposes of Article 2501-*sexies* of the Italian Civil Code. In this regard, it should be recalled that on 1 September 2020, the management bodies of the Participants in the Merger filed a petition with the Court of Milan for the appointment of the Expert, making use of the option pursuant to Article 2501-*sexies*, paragraph 4 of the Italian Civil Code to request the appointment of one or more joint experts by the court in the place where the company resulting from the merger is based.

## 2.5. Illustration of the impacts on profit and loss, equity and financial position

The Merger is a major transaction pursuant to the OPC Regulations and the Procedure, as at least one of the significance indicators set out in Annex 3 of the OPC Regulations has exceeded the threshold of 5%. In particular:

Indicator	Value
Countervalue importance indicator	51.82%
Assets importance indicator	112.43%
Liabilities importance indicator	1.42%%

The Merger is also to be considered significant within the meaning of Article 70 of the Issuers' Regulation. However, as mentioned above, Recordati has exercised the option provided for in Article 70, paragraph 8, of the Issuers' Regulation to derogate from the information obligations referred to in Article 70, paragraph 6, of the Issuers' Regulation and, therefore, no provision is made for the preparation of the information document pursuant to Annex 3B of the Issuers' Regulation.

The Merger does not entail a public offering of securities and cannot be classed as a reverse merger pursuant to Article 117-bis of the TUF and IFRS 3, paragraph B.19; a prospectus therefore does not have to be published.

As anticipated, within the technical time strictly necessary immediately after the approval of the closing balance sheets of the Disappearing Companies, the Participants in the Merger will execute the Merger deed and file it with the competent Companies' Register, and the transactions of the Disappearing Companies will be ascribed to the financial statements of the Surviving Company as from the Accounting Effective Date.

The same Accounting Effective Date will be considered the start date for the purposes referred to in Article 172, paragraph 9, of Presidential Decree No. 917 of 22 December 1986.

The Merger will have its statutory effects as from the Effective Date. As from that date, the Surviving Company will succeed to all the rights and obligations of the Disappearing Companies.

The proposed Merger is tax-neutral pursuant to Article 172 of Presidential Decree No. 917/1986.

As already stated, due to the Merger, Recordati will inherit the ACE surplus accrued by Rossini Investimenti, subject to the outcome of an appropriate petition (filed as a precautionary measure on 5 August 2020 and for which it is reasonable to expect a positive outcome), as well as the possibility of benefiting from a further ACE benefit in future, to be calculated for each year on the significant increase in capital transferred by the Disappearing Companies (given the current

regulations, this benefit will nevertheless be calculated on the lower amount of the net equity book value of the Surviving Company).

Given that Fimei and Recordati have opted, together with the subsidiary of Recordati Italchimici S.p.A., for tax consolidation in accordance with Articles 117 et seq. of Presidential Decree No. 917 of 22 December 1986, valid for the three-year period 2019-2021 for Fimei and Recordati and 2018-2020 for Fimei and Italchimici S.p.A., it should be noted that, following the Merger of the consolidating company Fimei into the Surviving Company, group taxation will continue, pursuant to Article 11, paragraph 2, of Ministerial Decree of 1 March 2018, with Recordati as consolidating entity.

With regard to the accounting aspects of the Merger, it should be noted that mergers between parent companies and subsidiaries are not specifically dealt with in the scope of IFRS 3, so different points of view and approaches in the assessment of accounting profiles may be found in practice.

When the subsidiary is the surviving company and the consolidated financial statements drawn up by the parent company are not public or useful for investors, it may be appropriate, following the merger, to use the subsidiary/surviving company's financial statements as the reference financial statements in order to continue to meet the needs of those who use this instrument for their decisions.

On the basis of such conditions, the so-called "legal approach" represents the preferable method to account for the accounting effects of the Transaction. In particular, in this circumstance and on the basis of the structure of the Transaction, the legal approach with the use of the "book value" is considered applicable, as an alternative to the "fair value" method, since the absorbed parent entities do not meet the definition of "business" contained in IFRS 3.

On the basis of such approach:

- the financial statements after the Merger will reflect this Transaction from the perspective of the subsidiary;
- the amounts relating to the acquisition of the merging subsidiary by the parent company, which are previously recorded in the consolidated financial statements, will not be recognised by the subsidiary;
- the subsidiary will recognise the Transaction as a contribution by the parent company to book values, entering the assets acquired that are identifiable and the liabilities assumed by the parent company at their historical book value and the difference as equity;
- the book value of the assets and liabilities held by the subsidiary is the same both before and after the Merger and there is no accounting of any fair value adjustments or recognitions of goodwill relating to the assets and liabilities of the subsidiary that were registered by the parent at the time of the acquisition of the subsidiary in its consolidated financial statements;
- in the separate financial statements, the comparative information must not be restated in order to include the values of the absorbed parent and its assets and liabilities and financial performance are reflected in the separate financial statements only from the date on which the Merger took place.

The financial statements of the entity resulting from the Merger will therefore be substantially in line with the current financial statements of the Issuer.

Also in light of the considerations set out under Paragraph 2.4 above, the Merger will not entail any change to the share capital of the Surviving Company and the capital and income profile of the entity resulting from the Merger will be substantially in line with that of the Issuer and, in particular,

the Merger will not alter the net financial position and hence the investment capacity of Recordati or the strategy or policy of allocation of its capital.

The ordinary shares of the Surviving Company that will be reassigned to Rossini Sarl in exchange will have the same date of availability as that of the ordinary shares of Recordati in circulation on the Effective Date and will confer on their holder rights equivalent to those held by the holders of the ordinary shares of the Surviving Company in circulation at the time of the assignment.

Neither the Surviving Company nor the Disappearing Companies have issued securities other than the shares for which particular treatment is reserved in the context of the Merger.

## **2.6. Change in the amount of the remuneration of the members of the management body of the Surviving Company and/or its subsidiaries as a result of the Transaction**

No particular advantage in connection with the transaction is provided for the directors of the Participants in the Merger.

As a result of the Merger, no provision is made for any change in the remuneration of the members of the management body of Recordati or of any of the companies that it controls.

## **2.7. Any members of the management and control bodies, general managers and executives of the Surviving Company involved in the Transaction as related parties**

The Merger does not involve members of the Board of Directors, members of the Board of Statutory Auditors, general directors and/or managers of Recordati, as related parties.

Please refer in any case to the information already observed in the previous Paragraph 1.1.

## **2.8. Approval of the Transaction**

In a communication dated 15 June 2020, Rossini Luxembourg, in its capacity as company exercising management and coordination activity over all of the Participants in the Merger, expressed its intention to proceed with the Merger and invited Recordati, Rossini Investimenti and Fimeì to take the necessary steps to complete the Transaction.

The Board of Directors of Recordati, in its meeting held on 18 June 2020, deemed it to be in the Issuer's interest to start the necessary analyses on the proposed Transaction.

In view of the aforementioned nature of the Merger as a "major" transaction between related parties, the Committee was informed of the Transaction promptly and, as from June 2020, received several drafts of an information dossier relating to the proposed terms and conditions of the Merger, continuously supplemented and updated on the basis of the requests of the Committee, the final version of which was delivered to the Committee on [26] September 2020 (the "**Dossier**").

It should be noted that the Committee - which consists exclusively of unrelated, non-executive and independent Directors, in the persons of Board members Michaela Castelli (Chair), Silvia Elisabetta Candini and Piergiorgio Peluso - is entrusted with the task of issuing a binding opinion on the Issuer's interest in carrying out the Transaction, as well as on the expediency and substantial fairness of its conditions, pursuant to Article 03.03 of the Procedure.

As from receipt of the first draft of the Dossier, the Committee - which in the performance of its work decided to consult (i) Prof. Pietro Mazzola, through Partner S.p.A., as an independent financial expert, for the issuance of his opinion on the Merger, (ii) Studio Legale Galbiati, Sacchi e Associati, in the person of senior partner Mr. Aldo Sacchi, as legal advisor to the Committee in the context of the decision-making process resulted in the issuance of the opinion provided by Article 8 of the OPC Regulations, and (iii) Studio McDermott Will & Emery, in the person of Mr. Andrea Tempestini, as independent tax expert, in view of the importance of the tax aspects of the Transaction, - began the activities preliminary to the examination of the Merger promptly and was

duly involved in the negotiation, investigation and approval of the proposed resolution to be submitted to the extraordinary shareholders' meeting of Recordati through the receipt of a complete, timely and adequate information flow on the terms and conditions of the Transaction. More specifically, this information - which allowed the Committee to be constantly updated on the development of the activities carried out in relation to the Merger - concerned the existence and nature of the correlation, implementation and conditions for carrying out the Merger, the assessment procedure followed, the interests and grounds underlying the Transaction, as well as the risk profiles inherent in the Transaction.

The Committee also exercised the right to request information and submit observations, receiving prompt feedback from the management involved in the review phase.

It should also be noted that the Committee met on several occasions and in particular:

- on 18 June 2020, for a preliminary explanation of the proposed Transaction and to assess whether to seek the advice of an independent external expert to examine the Company's financial, economic and industrial aspects and to prepare an opinion on the appropriateness of the Exchange Ratio, as well as a legal advisor to examine the Transaction from a legal point of view;
- on 30 June 2020, to analyse the first draft of the aforementioned Dossier received on 26 June 2020 from the Company's Financial Department and to formalise the appointment of said financial and legal advisors, start the tax expert's selection and receive an update on the state of progress of the activities carried out in relation to the Merger by the competent company departments;
- on 23 July 2020, for a new update on the state of progress of the activities carried out in relation to the Merger, the analysis of the updated draft Dossier and for a discussion with the experts and advisors appointed;
- on 27 July 2020, for a new update on the state of progress of the activities carried out in relation to the Merger, the preliminary analysis of the draft Merger Agreement and for a discussion with the expert, and advisors appointed; in particular, the financial expert provided a preliminary explanation of the methodologies that could be used to determine the exchange ratio of the Merger;
- on 3 September 2020, for an analysis of the economic and legal aspects of the Merger, based on the updated versions of the draft Dossier and Merger Agreement and for a discussion with the experts and advisors appointed;
- on 8 September 2020, to analyse the draft Merger Agreement and for a discussion with the experts and advisors appointed;
- on 9 September 2020, to analyse the economic and legal profiles of the Merger in light of the new draft Merger Agreement and for a discussion with the experts and advisors appointed;
- on 21 September 2020, to examine the opinions given by the experts and advisors appointed and to initiate the process of preparation and approval of a reasoned favourable opinion on the existence of the interest of Recordati in carrying out the Merger, as well as on the expediency and substantial fairness of the terms and conditions of the Transaction;
- on 25 September 2020, to examine the draft opinion and to assess the remarks and comments thereon on the part of its members, in view of the forthcoming approval of the opinion itself.

Upon conclusion of its activities, on 28 September 2020 and unanimously, the Committee expressed its favourable opinion on the existence of the Issuer's interest in carrying out the

Transaction, as well as on the expediency and substantial fairness of the relevant conditions, as set out in the Merger Plan. As stated, that opinion is appended to this Information Document under Annex B, together with the *fairness opinion* of Prof. Pietro Mazzola, the independent financial expert, engaged by the Committee, on the appropriateness of the Exchange Ratio.

As mentioned above, the Merger Plan was therefore approved by the Board of Directors of the Participants in the Merger on 1 October 2020.

The Boards of Directors of the Participants in the Merger, within the framework of the Transaction and in preparation for the completion of the Transaction, used the support and analysis of the law firm Gattai, Minoli, Agostinelli & Partners (GMAP) for the legal aspects, and the firm Facchini Rossi Michelutti Studio Legale Tributario for the tax aspects.

Furthermore, the Surviving Company was assisted by Studio Gatti, Pavesi, Bianchi and, in particular, by the shareholder Mr. Andrea Giardino, attorney at law, exclusively with regard to matters relating to the negotiation of the Merger Agreement.

As already mentioned, it should also be noted that in view of the fact that the Committee identified, in addition to a legal advisor, both a financial expert and a tax expert, both independent, to support its investigative activities, the Surviving Company has decided, also in order to safeguard cost efficiency, not to entrust further professionals with tasks pertaining to the determination of the Exchange Ratio, and has vetted that its evaluations as to the Exchange Ratio itself led essentially to the same conclusions of the financial advisor and of the tax advisor identified by the Committee.

Following the abovementioned meeting held on 18 June 2020, the Board of Directors of Recordati met again in order to discuss topics relating to the Merger on 30 July 2020 and on 17 September 2020, and, at last, on 1 October to - *inter alia* - approve the Merger Plan.

All Board members participated in such last meeting of the Board of Directors of Recordati, and the resolution approving the Merger Plan was passed with the unanimous favourable vote of all members of the Board of Directors present at the meeting, upon notice, pursuant to and for the purposes of article 2391 of the Italian Civil Code, by directors Mr. Giampiero Mazza, Mrs. Cathrin Petty, Mr. Giorgio De Palma, Mr. Andrea Recordati (Managing Director) and Mr. Fritz Squindo, of their interest in the resolution and more precisely:

- directors Giampiero Mazza and Cathrin Petty are also members of the board of directors of Fimef and Rossini Investimenti, in both cases, respectively, as Chair and Managing Director;
- directors Giampiero Mazza, Cathrin Petty and Giorgio De Palma work for several advisory companies used by the general partner of the private equity funds CVC Capital Partners;
- the Managing Director Andrea Recordati and the director Fritz Squindo have both made an investment in the corporate capital of Rossini Luxembourg S.à.r.l., company exercising, pursuant to article 2497 and followings of the Italian Civil Code, management and coordination activity over all the companies involved in the Merger.

The extraordinary shareholders' meetings of the Participants in the Merger called to approve the Merger will be convened within the terms of the law as soon as the Expert has delivered their report certifying the appropriateness of the Exchange Ratio.

It should be recalled once again that if the extraordinary shareholders' meetings of the Participants in the Merger approve the Merger Plan, the shareholders of Recordati who did not vote on the Resolution to approve the Merger will not have the right of withdrawal, in any case, pursuant to Article 2437, paragraph 1, letter a), of the Italian Civil Code or on any other grounds, as the company object of the Disappearing Companies does not provide for the performance of any commercial and/or industrial activity, but exclusively the assumption, holding, management and disposal, in an entrepreneurial and organised form, of the shareholding held (directly or indirectly) in Recordati and in the affiliated companies of Recordati, and therefore, following the Merger, no

amendment of the company object clause of Recordati will be made to include a significant change in its activity, nor any exclusion from the listing of Recordati.

**2.9. Importance of the Transaction due to the accumulation provided for in Article 5, paragraph 2, of the OPC Regulations**

The importance of the Transaction exists independently and does not arise from aggregation with other transactions.

**ANNEXES**

Annex A: Merger Plan and its annexes;

Annex B: Binding opinion of the Committee and its annexes.

## ANNEX A

*This is a courtesy translation of the executed Italian version of the Merger Plan*

MERGER PLAN RELATING TO THE REVERSE MERGER BY  
ABSORPTION

OF

**ROSSINI INVESTIMENTI S.P.A.**

AND

**FIMEI S.P.A.**

INTO

**RECORDATI S.P.A.**

DRAWN UP PURSUANT TO AND FOR THE PURPOSES OF

ARTICLE 2501-*TER* OF THE ITALIAN CIVIL CODE

1 October 2020

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## **GLOSSARY**

Below is a list of the terms used in this Merger plan with their definitions. Any additional terms used in this Merger plan will have the meaning ascribed to them and indicated in the text.

“ <b>Committee</b> ”:	..... The Control, Risk and Sustainability Committee of Recordati S.p.A., which is the Committee for Related Party Transactions.
“ <b>Disappearing Companies</b> ”:	..... Rossini Investimenti and Fimeì.
“ <b>Fimeì</b> ”:	..... Fimeì S.p.A., a company incorporated and existing under Italian law, with registered office at via del Vecchio Politecnico no. 9, Milan, subscribed and paid-up share capital of Euro 10,000,000.00, tax number and registration number with the Companies’ Register of Milan-Monza-Brianza-Lodi: 01001630159, VAT number 10042010156, listed in the Milan Economic and Administrative Index under no. 784291, a company subject to the management and coordination activity of Rossini Luxembourg S.à r.l.
“ <b>Group</b> ”:	..... The group of companies to which Recordati S.p.A. currently belongs and headed by CVC Capital Partners VII Limited.
“ <b>Issuers’ Regulation</b> ”:	..... The regulation adopted by Consob Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented.
“ <b>Merger</b> ” or “ <b>Transaction</b> ”:	..... The proposed reverse merger by absorption of Rossini Investimenti S.p.A. and Fimeì S.p.A. into Recordati S.p.A.
“ <b>OPC Regulations</b> ”:	..... The regulation adopted by Consob Resolution No. 17221 of 12 March 2010 and most recently amended by Resolution No. 19974 of 27 April 2017.
“ <b>Participants in the Merger</b> ”:	..... Recordati, Rossini Investimenti and Fimeì.
“ <b>Procedure</b> ”:	..... The procedure for governing related party transactions approved by the Board of Directors of Recordati S.p.A. at the meeting of 24 November 2010 and updated on 11 February 2014 and subsequently on 9 February 2017.
“ <b>Recordati</b> ” or “ <b>Surviving Company</b> ” or “ <b>Issuer</b> ”:	..... Recordati S.p.A., a company incorporated and existing under Italian law, with registered office at via Mattèo Civitali no. 1, Milan, subscribed and paid-up share

capital of Euro 26,140,644.50, tax identification number, VAT number and registration number with the Companies' Register of Milan-Monza-Brianza-Lodi: 00748210150, listed in the Milan Economic and Administrative Index under no. 401832, a company subject to the management and coordination activity of Rossini Luxembourg S. à r.l..

- “Rossini Investimenti”**: ..... Rossini Investimenti S.p.A., a company incorporated and existing under Italian law, with registered office at via del Vecchio Politecnico no. 9, Milan, subscribed and paid-up share capital of Euro 82,550,000.00, tax number, VAT number and registration number with the Companies' Register of Milan-Monza-Brianza-Lodi: 10428410962, listed in the Milan Economic and Administrative Index under No. 2530577, a company subject to the management and coordination activity of Rossini Luxembourg S.à r.l.
- “Rossini Luxembourg”**: ..... Rossini Luxembourg S.à r.l., a company incorporated and existing under Luxembourg law with registered office at 20 Avenue Monterey, L-2163, Luxembourg (Grand Duchy of Luxembourg), registered with the Luxembourg *Registre de Commerce et des Sociétés (RCS)* under number B 224498.
- “Rossini Sarl”**: ..... Rossini S. à r.l., a company incorporated and existing under Luxembourg law, with registered office in Luxembourg (Grand Duchy of Luxembourg), 20 avenue Monterey, L-2163, registered with the Luxembourg *Registre de Commerce et des Sociétés (RCS)* under number B 226214.
- “TUF”**: ..... Leg. Dec. No. 58/1998, as subsequently amended and supplemented.

## **WHEREAS**

- A.** In a communication dated 15 June 2020, Rossini Luxembourg, in its capacity as company exercising management and coordination activity over the Participants in the Merger, expressed its intention to proceed with the Merger and invited Recordati, Rossini Investimenti and Fimeì to take the necessary steps to complete the Transaction in the first months of 2021 (it being understood that, in order to allow the distributions described in the following Article 3, the Transaction will have to be completed after the date of approval of the Disappearing Companies' financial statements as at 31 December 2020).
- B.** The Merger in question is part of the broader process of indirect acquisition by Rossini Investimenti, through Fimeì, of the majority of the share capital of Recordati (with which the Merger is strictly and intrinsically connected), which was completed through a contribution of equity capital by Rossini Sarl to Rossini Investimenti for a total amount of approximately Euro 3 billion.
- C.** The Merger achieves the objective of: *(i)* shortening the chain of control with respect to the operating companies and simplifying the Group's corporate structure, in line with national and international practice, which also results in a tax benefit for the operating company deriving from the possibility of using the ACE benefit accrued with respect to Rossini Investimenti and attributable to the contributions made by Rossini Sarl within the context of the acquisition mentioned above. In particular, in view of the capitalisation indicated in recital B, in response to a specific petition, the Italian Revenue Agency recognised its significance as a capital increase for ACE purposes and, for this purpose, Rossini Investimenti accrued during the 2018 and 2019 financial years, and will accrue also during 2020 and 2021 until the Accounting Effective Date (as defined below), a cumulative ACE benefit which will generate lower taxes of approximately Euro 12.9 million for the Surviving Company (the possibility for the Surviving Company to use this tax benefit has been, as a precautionary measure, the subject of a specific petition, filed on 5 August 2020, for which it is reasonable to expect a positive outcome). The Merger would also allow Recordati to make use of the additional ACE benefit, to be calculated for each year on the significant increase in capital transferred by the Disappearing Companies, in future and without any time limit. Given current legislation, this benefit will nevertheless be available within the limit of the amount of the Surviving Company's net equity book value, thereby generating further lower taxes of approximately Euro 1.3 million on an annual basis (except for the first year of effectiveness of the Merger - from the Effective Date until 31 December 2021 - when such lower taxes resulting from the ACE benefit will amount to approximately Euro 1 million); *(ii)* rationalising the corporate structure and simplifying the existing chain of control, resulting in improved streamlining of management, in line with national and international practices; *(iii)* reducing the administrative costs associated with maintaining the Disappearing Companies, with the consequent release of resources for the benefit of the entire Group; *(iv)* obtaining administrative synergies and synergies linked to fixed structural costs, as well as greater financial efficiency resulting from a shortening of the chain of control which will allow for a faster recovery of dividend flows, and resulting in a lower tax cost as a consequence of the elimination of additional tax levels.
- D.** The Boards of Directors of the Participants in the Merger today approved this Merger plan prepared in accordance with Article 2501-*ter* of the Italian Civil Code (the "**Merger Plan**").

- E.** As at the date of this Merger Plan, Fimeï holds 108,368,721 ordinary shares of Recordati, representing 51.820% of its share capital, while Rossini Investimenti holds 10,000,000 ordinary shares of Fimeï, representing 100% of its share capital. Therefore, the Merger is deemed a so-called reverse merger, i.e. a form of merger by absorption in which the part-owned company merges the companies directly and indirectly owning a shareholding. The decision to proceed with this form of merger will enable the Surviving Company to ensure the continuation of its contractual relations and to maintain the *status* of a listed company that it would otherwise have lost in the event of the merger of Recordati into Rossini Investimenti or Fimeï.
- F.** As at the date of this Merger Plan, the share capital of Rossini Investimenti is wholly owned by Rossini Sarl.
- G.** The reference balance sheets pursuant to Article 2501-*quater* of the Italian Civil Code are represented, for the Surviving Company, by the consolidated half-year financial report as at 30 June 2020, prepared pursuant to Article 154-*ter* of the TUF and approved by the Board of Directors of Recordati on 30 July 2020, and, for the Disappearing Companies, by the balance sheet as at 30 June 2020, prepared pursuant to Article 2501-*quater* of the Italian Civil Code and approved by their Boards of Directors on 11 September 2020. Such balance sheets will be made available to the public within the terms and conditions of applicable law and regulations.
- H.** In view of the legal relationship of control existing between Rossini Investimenti and Fimeï and between the latter and Recordati, and the significance of the Merger, it constitutes a “major” transaction between related parties pursuant to and for the purposes of the OPC Regulations and the Procedure. The Committee, which acts as a committee for related party transactions, was therefore involved in the investigation of the Merger and in the approval of the proposed resolution to be submitted to the extraordinary shareholders' meeting of Recordati. On 28 September 2020, the Committee expressed its reasoned favourable opinion on the existence of the interest of Recordati in carrying out the Transaction, as well as on the expediency and substantial fairness of the terms and conditions of the Transaction, pursuant to the OPC Regulations and the Procedure.
- I.** The Merger is to be considered significant within the meaning of Article 70 of the Issuers' Regulation. However, with effect from 20 December 2012, Recordati decided to derogate from the obligations to publish the information documents prescribed for significant transactions involving mergers, demergers and capital increases by means of the contribution of assets in kind, acquisitions and disposals, pursuant to Article 70, paragraph 8, and Article 71, paragraph 1-*bis*, of the Issuers' Regulation. It will therefore not be necessary to provide an information document in accordance with Annex 3B of the Issuers' Regulation.
- J.** It is envisaged that, as at the Effective Date, there will be no pledges or other rights in rem of third parties on the shares representing the entire share capital of Fimeï and on the shares representing the entire share capital of Rossini Investimenti, on the bank accounts of Fimeï and Rossini Investimenti, on any receivables of Rossini Investimenti *vis-à-vis* Fimeï, nor personal guarantees provided by Rossini Investimenti in the context of the indirect acquisition of Recordati by Rossini Investimenti via the acquisition of the entire share capital of Fimeï.

- K.** No debts or liabilities arising from the acquisition of Fimef completed on 6 December 2018 and/or from the full mandatory takeover bid made on 6 December 2018 by Rossini Investimenti for 97,735,180 ordinary shares representing 46.735% of the share capital of Recordati presently encumber Rossini Investimenti.
- L.** On 1 September 2020 the management bodies of the Participants in the Merger filed a petition with the Court of Milan for the appointment of the expert pursuant to Article 2501-*sexies* of the Italian Civil Code, with the option pursuant to Article 2501-*sexies*, paragraph 4 of the Italian Civil Code to request from the court of the place where the company resulting from the merger is based the appointment of one or more joint experts, with the task of certifying the appropriateness of the Exchange Ratio (as defined below), in their report.
- M.** The management bodies of the Participants in the Merger will make available to the public the directors' report drafted pursuant to Article 2501-*quinquies* of the Italian Civil Code, under the terms and conditions established by law and regulations and, with regard to Recordati, Article 70, paragraph 2, of the regulation adopted by CONSOB Resolution No. 11971 of 14 May 1999, in accordance with model 1 of the relevant Annex 3A.
- N.** For the reasons set out in Article 11 of this Merger Plan, the management bodies of the Participants in the Merger will notify the Presidency of the council of Ministers of the Transaction within ten days as from the date hereof, pursuant to Article 15 of Legislative Decree No. 23/2020 and Article 4, paragraph 2, of Presidential Decree No. 85/2014.
- O.** The Transaction will be submitted to the extraordinary shareholders' meetings of the Participants in the Merger for approval, under the terms and by the methods established by law and regulations.
- P.** At the date of the Merger Plan, none of the Disappearing Companies has employees and, therefore, the requirements for application of the trade union information and consultation procedure provided for by Article 47 of Law No. 428/1990 are not met.

## 1. PARTICIPANTS IN THE MERGER

### 1.1. Surviving Company

#### Name and identifiers

Recordati S.p.A., a company incorporated and existing under Italian law, with registered office at via Matteo Civitali 1, Milan, tax number, VAT number and registration number with the Companies' Register of Milan-Monza-Brianza-Lodi: 00748210150, listed in the Milan Economic and Administrative Index under No. 401832, a company subject to the management and coordination activity of Rossini Luxembourg.

#### Share capital

At the date of this Merger Plan, the subscribed and paid-up share capital of the Issuer is Euro 26,140,644.50 and is divided into 209,125,156 ordinary shares with a nominal value of Euro 0.125 each, listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. and subject to the dematerialisation and centralised management regime applicable to Monte Titoli S.p.A. pursuant to Articles 83-*bis* et seq. of the TUF.

#### Shareholders

The following table shows the shareholders of Recordati to date - according to the most up-to-date results of the shareholders' register, supplemented by the notices disseminated pursuant to Article 120, paragraph 2, of the TUF and Part III, Title III, Chapter I, Section I of the Issuers' Regulation.

<b>Declarant</b>	<b>Direct shareholder</b>	<b>% of the share capital</b>	<b>Total</b>
CVC Capital Partners VII Limited	Fimei	51.820%	51.820%
FMR LLC	Fidelity Management & Research (Japan) Limited	0.097%	5.902%
	Fidelity Institutional Asset Management Trust Company	0.308%	
	FIAM LLC	0.238%	
	Fidelity Management & Research Company LLC	4.509%	
	FMR Investment Management (UK) Limited	0.750%	

MAWER INVESTMENT MANAGEMENT LTD	MAWER INVESTMENT MANAGEMENT LTD	5.005%	5.005%
Third-party shareholders (with shareholdings of less than 3% of the share capital) as at the date hereof	-	35.846%	35.846%
Treasury shares as at the date hereof	Recordati	1.427%	1.427%

## 1.2. Disappearing Companies

### Name and identifiers

Fimei S.p.A., a company incorporated and existing under Italian law, with registered office at via del Vecchio Politecnico no. 9, Milan, tax number and registration number with the Companies' Register of Milan-Monza-Brianza-Lodi: 01001630159, VAT number 10042010156, listed in the Milan Economic and Administrative Index under No. 784291, a company subject to the management and coordination activity of Rossini Luxembourg.

### Share capital

At the date of this Merger Plan, the subscribed and paid-up share capital of Fimei is Euro 10,000,000.00 and is divided into 10,000,000 ordinary shares with a nominal value of Euro 1.00 each.

### Activity

Fimei, in accordance with its corporate object, does not perform any commercial and/or industrial activity and is limited to management of its shareholding directly held in Recordati.

The shareholding in Recordati (in addition to minority interests in Fluidigm Corporation, Digital Gene Technologies Inc., and Miacomet Inc., of negligible value) is the only asset owned by Fimei as at today's date.

Fimei's financial statements at 31 December 2019 also indicate a significant receivable from the Tax Authorities of Euro 38,405,286.00 (based on the results of Fimei's balance sheet at 30 June 2020, this receivable at the reporting date amounts to Euro 37,425,691.00), essentially offset by a corresponding payable to Recordati arising from the payment of major advances and settlement of the tax benefits attributed by Recordati to Fimei.

### Shareholders

The following table shows the shareholders of Fimei as at today's date.

<b>Shareholder</b>	<b>% of the share capital</b>
Rossini Investimenti	100%

Name and identifiers

Rossini Investimenti S.p.A., a company incorporated and existing under Italian law, with registered office at via del Vecchio Politecnico no. 9, Milan, tax number, VAT number and registration number with the Companies' Register of Milan-Monza-Brianza-Lodi: 10428410962, listed in the Milan Economic and Administrative Index under No. 2530577, a company subject to the management and coordination activity of Rossini Luxembourg.

Share capital

At the date of this Merger Plan, the subscribed and paid-up share capital of Rossini Investimenti is Euro 82,550,000.00 and is divided into 82,550,000 ordinary shares with a nominal value of Euro 1.00 each.

Activity

Rossini Investimenti, in accordance with its corporate object, does not perform any commercial and/or industrial activity and is limited to the management of its shareholding indirectly held in Recordati, which constitutes the only asset owned thereby through Fimeì.

Shareholders

The following table indicates the shareholders of Rossini Investimenti as at today's date.

<b>Shareholder</b>	<b>% of the share capital</b>
Rossini Sarl	100%

**2. ARTICLES OF ASSOCIATION OF THE SURVIVING COMPANY**

It is not planned that the Articles of Association of the Issuer will undergo amendments and, in particular, that the share capital of the Surviving Company will be increased as a result of the Merger. The text of the current Articles of Association of the Surviving Company is attached to this Merger Plan under **Annex A**.

**3. EXCHANGE RATIO AND CASH BALANCE**

The Merger will be decided on the following basis:

- (a) for the Surviving Company, the consolidated half-year financial report as at 30 June 2020, prepared pursuant to Article 154-ter of the TUF, that was approved by the Board of Directors of Recordati on 30 July 2020, and
- (b) for the Disappearing Companies, the balance sheets as at 30 June 2020, drawn up pursuant to Article 2501-*quater* the Italian Civil Code, that were approved by the Boards of Directors of Rossini Investimenti and Fimeì on 11 September 2020.

The Exchange Ratio was determined on the basis that the ordinary shareholders' meeting of Fimeì decides on the approval of the financial statements for the year ended 31 December 2020 and the distribution and payment to Rossini Investimenti and that the ordinary shareholders' meeting of Rossini Investimenti in turn decides on the approval of the financial statements for the year ended 31 December 2020 and the distribution and payment to Rossini Sarl, prior to the effective date of the Merger, of an amount of reserves equal to the surplus cash for each of the Disappearing Companies prior to the completion of the Transaction, net of any charge, tax and/or cost that may be due or any debt encumbering the Disappearing Companies at the same date, it being understood that, for the purposes of calculating the surplus cash to be distributed by Rossini Investimenti, no assets recorded in light of the ACE benefit shall be taken into account.

As a result of such distributions, the value of the net assets of the Disappearing Companies will essentially coincide with the value of the ordinary shares of Recordati held directly by Fimeì and indirectly by Rossini Investimenti (without prejudice to any assets recorded by Rossini Investimenti in light of the ACE benefit).

In light of the value and composition of the net assets of the Participants in the Merger, and in light of the distributions described above, the Boards of Directors of the Participants in the Merger arrived at the following exchange ratio (the "**Exchange Ratio**"):

- **against the cancellation (i) of the 10,000,000 shares representing the entire share capital of Fimeì, all held by Rossini Investimenti, as well as (ii) of the 82,550,000 shares representing the entire share capital of Rossini Investimenti, all held by Rossini Sarl,**
- **all 108,368,721 ordinary shares of Recordati currently held by Fimeì, or the different number of shares of Recordati that will be held by Fimeì on the Effective Date of the Merger, will be reassigned to Rossini Sarl (in other words, the latter, as at the date hereof, would be reassigned 1.313 shares of Recordati for each share of Rossini Investimenti),**

with the maintenance by third-party shareholders (i.e. other than Rossini Sarl, following the Merger, and by the Issuer itself) of the ordinary shares of Recordati held thereby prior to the Effective Date of the Merger.

In light of the foregoing, the Merger will not entail any change in the share capital of the Surviving Company, or the payment of cash balances.

It should also be noted that the capital and income profile of the entity resulting from the Merger will be substantially in line with that of the Issuer at present and, in particular, the Merger will not alter the net financial position and, therefore, the investment capacity of Recordati or the strategy or policy of allocation of its capital.

For a more detailed explanation of the reasons justifying the Exchange Ratio, please refer to the reports prepared by the Boards of Directors of the Participants in the Merger pursuant to Article 2501-*quinquies* of the Italian Civil Code (and, with regard to Recordati, Article 70, paragraph 2, of the regulation adopted by CONSOB Resolution No. 11971 of 14 May 1999,

in accordance with model 1 of the relevant Annex 3A), which will be made available to the public within the terms and conditions established by law and regulations.

Considering the Exchange Ratio, the share capital of Recordati will be subdivided as follows as a result of the Merger, without prejudice to any communications regarding significant changes in shareholdings and changes to the number of treasury shares independent of the Merger:

<b>Declarant</b>	<b>Direct shareholder</b>	<b>% of the share capital</b>	<b>Total</b>
CVC Capital Partners VII Limited	Rossini Sarl	51.820%	51.820%
FMR LLC	Fidelity Management & Research (Japan) Limited	0.097%	5.902%
	Fidelity Institutional Asset Management Trust Company	0.308%	
	FIAM LLC	0.238%	
	Fidelity Management & Research Company LLC	4.509%	
	FMR Investment Management (UK) Limited	0.750%	
MAWER INVESTMENT MANAGEMENT LTD	MAWER INVESTMENT MANAGEMENT LTD	5.005%	5.005%
Third-party shareholders (with shareholdings of less than 3% of the share capital) as at the date hereof	-	35.846%	35.846%
Treasury shares as at the date hereof	Recordati	1.427%	1.427%

#### **4. PROCEDURE FOR THE ALLOTMENT OF THE SHARES OF THE SURVIVING COMPANY AND DATE OF ENTITLEMENT THEREOF**

As a result of the completion of the Merger, the shares representing the entire share capital of Fimei and the shares representing the entire share capital of Rossini Investimenti will be

cancelled and, given the Exchange Ratio set out in Article 3 of this Merger Plan, Rossini Sarl will receive all 108,368,721 ordinary shares representing 51.820% of the share capital of Recordati currently held by Fimei (or the different number of shares of Recordati which will be held by Fimei on the Effective Date of the Merger).

Such reallocation will take place by updating the relevant accounting records. The reassigned shares will be made available to Rossini Sarl in the forms proper to the centralised management of shares in a dematerialised regime by Monte Titoli S.p.A., as from the first working day following the effective date of the Merger. This date will be announced through a notice published on the Recordati's website.

**5. DATE FROM WHICH THE SHARES OF THE SURVIVING COMPANY ALLOCATED IN EXCHANGE WILL PARTICIPATE IN PROFITS**

The ordinary shares of the Surviving Company that will be reassigned to Rossini Sarl in exchange will have the same dividend entitlement date as that of the ordinary shares of Recordati in circulation on the effective date of the Merger and will grant their holders rights equivalent to those held by the holders of the ordinary shares of the Surviving Company in circulation at the time of the assignment.

**6. EFFECTIVE DATE OF THE MERGER FOR STATUTORY, ACCOUNTING AND TAX PURPOSES**

It is envisaged that the Transaction shall be completed by the end of the first half of FY 2021 and in any event following the date of approval of the financial statements of the Disappearing Companies as at 31 December 2020 and of their closing balance sheets as at 31 March 2021.

Within the technical time strictly necessary immediately after the approval of the abovementioned closing balance sheets, the Participants in the Merger will execute the Merger deed and file it with the competent Companies' Register. The transactions of the Disappearing Companies will be ascribed to the financial statements of the Surviving Company as from 1 April 2021 (the "**Accounting Effective Date**").

The same Accounting Effective Date will be considered the start date for the purposes referred to in Article 172, paragraph 9, of Presidential Decree No. 917 of 22 December 1986.

Pursuant to Article 2504-*bis*, paragraph 2, of the Italian Civil Code, the Merger will produce its statutory effects as from the last of the registrations required by Article 2504 of the Italian Civil Code (the "**Effective Date**"). As from that date, the Surviving Company will succeed in all the legal rights and obligations of the Disappearing Companies.

**7. ACCOUNTING ASPECTS OF THE MERGER**

mergers between parent companies and subsidiaries are not specifically dealt with in the scope of IFRS 3, so different points of view and approaches in the assessment of accounting profiles may be found in practice.

When the subsidiary is the surviving company and the consolidated financial statements drawn up by the parent company are not public or useful for investors, it may be appropriate, following the merger, to use the subsidiary/surviving company's financial statements as the reference financial statements in order to continue to meet the needs of those who use this instrument for their decisions.

On the basis of such conditions, the so-called "legal approach" represents the preferable method to account for the accounting effects of the Transaction. In particular, in this circumstance and on the basis of the structure of the Transaction, the legal approach with the use of the "book value" is considered applicable, as an alternative to the "fair value" method, since the absorbed parent entities do not meet the definition of "business" contained in IFRS 3.

On the basis of such approach:

- the financial statements after the Merger will reflect this Transaction from the perspective of the subsidiary;
- the amounts relating to the acquisition of the merging subsidiary by the parent company, which are previously recorded in the consolidated financial statements, will not be recognised by the subsidiary;
- the subsidiary will recognise the Transaction as a contribution by the parent company to book values, entering the assets acquired that are identifiable and the liabilities assumed by the parent company at their historical book value and the difference as equity;
- the book value of the assets and liabilities held by the subsidiary is the same both before and after the Merger and there is no accounting of any fair value adjustments or recognitions of goodwill relating to the assets and liabilities of the subsidiary that were registered by the parent at the time of the acquisition of the subsidiary in its consolidated financial statements;
- in the separate financial statements, the comparative information must not be restated in order to include the values of the absorbed parent and its assets and liabilities and financial performance are reflected in the separate financial statements only from the date on which the Merger took place.

Given that the value of the net assets of the Disappearing Companies will essentially coincide with the value of the ordinary Recordati shares held directly by Fimef and indirectly by Rossini Investimenti (without prejudice to any assets recorded by Rossini Investimenti in light of the ACE benefit), the financial statements of the entity resulting from the Merger will therefore be essentially in line with the current accounts of the Issuer.

## **8. TAX EFFECTS OF THE MERGER**

The proposed Merger is tax-neutral pursuant to Article 172 of Presidential Decree No. 917/1986.

The tax effects of the Merger, as per the above Article 6, will apply from the Accounting Effective Date, pursuant to Article 172, paragraph 9, of Presidential Decree No. 917/1986.

Due to the Merger and subject to the outcome of an appropriate petition (filed as a precautionary measure on 5 August 2020 and for which it is reasonable to expect a positive

outcome), Recordati will inherit the ACE surplus accrued with respect to Rossini Investimenti and the possibility of benefiting from the further ACE benefit in future, to be calculated for each year on the significant increase in capital transferred by the Disappearing Companies (given the current regulations, this benefit will have to be calculated on the lower amount of the net equity book value of the Surviving Company).

Given that Fimef and Recordati have opted, together with the subsidiary of Recordati Italchimici S.p.A., for tax consolidation in accordance with Articles 117 et seq. of Presidential Decree No. 917 of 22 December 1986, valid for the three-year period 2019-2021 for Fimef and Recordati and 2018-2020 for Fimef and Italchimici S.p.A., it should be noted that, following the Merger of the consolidating company Fimef into the Surviving Company, group taxation will continue, pursuant to Article 11, paragraph 2, of Ministerial Decree of 1 March 2018, with Recordati as consolidating entity.

## **9. TREATMENT OF PARTICULAR CATEGORIES OF SHAREHOLDERS AND DIRECTORS**

Special categories of shareholders or holders of securities other than shares to which special treatment may be reserved, depending on the Merger, do not exist in any of the Participants in the Merger.

No particular advantage in connection with the Transaction is provided for the directors of the Participants in the Merger.

## **10. WITHDRAWAL**

Both the Disappearing Companies are holding companies and have as their exclusive corporate object the assumption, holding, management and disposal, in an entrepreneurial and organised form, of the (direct or indirect) shareholding in Recordati and in the affiliated companies of Recordati.

The Merger will therefore not entail any amendment of the corporate object clause to include a significant change in the Surviving Company's activity, nor will it result in any exclusion from the listing of Recordati.

It follows that shareholders who do not vote on the adoption of the merger resolution will not have the right of withdrawal pursuant to Article 2437, paragraph 1, letter a) or Article 2437-*quinquies* of the Italian Civil Code, or on any other grounds.

## **11. NOTIFICATION OF THE MERGER TO THE PRESIDENCY OF THE COUNCIL OF MINISTERS UNDER THE GOLDEN POWER LEGISLATION**

The Merger is subject to the obligation to notify the Presidency of the Council of Ministers under Legislative Decree No. 21/2012, converted into Law No. 56/2012, containing "*Rules concerning special powers over corporate assets in the defence and national security sectors, as well as for activities of strategic importance in the energy, transport and communication sectors*" and subsequent relevant measures; the "**Golden Power Law**") and will only be implemented through the execution of the merger instrument if the special powers provided for in said Laws are not exercised.

## 12. MERGER CONDITIONS

The completion of the Merger is subject to the occurrence of the following conditions or their waiver (where permitted), in addition to the approval by the extraordinary shareholders' meetings of the Participants in the Merger pursuant to Article 2502 of the Italian Civil Code:

- (a) non-receipt of communications from the Presidency of the Council of Ministers concerning the exercise of vetoes and/or irregularities and/or the imposition of conditions regarding the Merger pursuant to the Golden Power Law by the Effective Date;
- (b) issue of a positive opinion on the appropriateness of the Exchange Ratio by the joint expert appointed pursuant to Article 2501-*sexies* of the Italian Civil Code;
- (c) non-occurrence of one or more events or circumstances with a significant negative effect on the activities, legal relationships, liabilities and/or operating results of the Participants in the Merger, and, in any case, such as to alter the risk profile or assessments on which the Exchange Ratio is based by the Effective Date;
- (d) the absence, as at the Effective Date, of pledges or other rights in rem of third parties on the shares representing the entire share capital of Fimeì and on the shares representing the entire share capital of Rossini Investimenti, on the bank accounts of Fimeì and Rossini Investimenti, on any receivables of Rossini Investimenti *vis-à-vis* Fimeì, as well as of personal guarantees provided by Rossini Investimenti in the context of the indirect acquisition of Recordati by Rossini Investimenti via the acquisition of the entire share capital of Fimeì.

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The documentation indicated in Article 2501-*septies* of the Italian Civil Code will be filed under the terms and conditions established by law and regulations.

Without prejudice to updates, variations and additions, including numerical ones, to this Merger Plan and to the Issuer's Articles of Association appended hereto as under Annex A, as permitted by legislation or as may be required by the competent supervisory authorities or by the competent offices of the Companies' Register.

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### Annex:

- A. Existing Articles of Association of Recordati.

Milan, 1 October 2020

**Recordati S.p.A.**

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Andrea Recordati  
Chief Executive Officer

**Rossini Investimenti S.p.A.**

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Giampiero Mazza  
Chairman of the Board of Directors

**Fimeì S.p.A.**

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Giampiero Mazza  
Chairman of the Board of Directors

**ANNEX “C” TO FILE INDEX NO 3452/X866**

**ARTICLES OF ASSOCIATION**

**COMPANY NAME – REGISTERED OFFICE - TERM -PURPOSE**

Article 1) – A joint-stock company named:

**"RECORDATI - INDUSTRIA CHIMICA E FARMACEUTICA S.P.A."** is hereby incorporated. The company name can also be used in the abbreviated form **"RECORDATI S.P.A"**.

Article 2) – The Company has its registered office in Milan and its secondary office in Campoverde, Aprilia (Latina).

The Company can establish in Italy and abroad, secondary offices, branches, sub-offices, agencies and representatives.

Article 3) – For all matters concerning their relations with the Company, the directors elect address for service at the addresses specified in the shareholders' ledger.

Article 4) - The Company term is established at 31 December 2100 and can be extended once or several times.

Article 5) - The corporate purpose of the Company is to research, trade and sell special medicinal products, fine chemical products, and pharmaceutical, medical, biological, diagnostic, galenic, hygiene, food, dietary, nutritional, cosmetic, scent products, as well as products for animals, veterinary science and agriculture; of chemical products and raw materials in general; of alcoholic and soft drinks, liqueurs, of confectionery products; of equipment, plant and tools for industrial use and for medical and scientific use; of products similar to those mentioned above.

The Company can also issue, publish and disseminate non-daily publications of a technical, scientific, industrial, cultural and artistic nature and produce film documentaries of a technical, scientific and industrial nature.

The Company's purpose also includes undertaking, both directly and indirectly, in Italy and abroad, shares, interests and quotas in other companies or organisations which have been or are being established, with any form and corporate purpose, and to run, fund and ensure the technical, scientific, administrative and financial coordination of the same;

- the purchase, sale, possession, administration and assignment of public or private securities of any type listed or not listed on the Stock Exchange and of personal property in general;

- the construction, purchase, sale, possession, administration on its own behalf, and rental of real estate.

The Company can engage, both in Italy and abroad, with no restrictions whatsoever, in all the industrial, commercial, financial operations and all operations concerning personal property and real estate that may be deemed necessary or useful for the fulfilment of the corporate purpose;

It can issue bank guarantees, endorsements and all other kinds of guarantees, including those involving collateral; it can act as the representative, licensee, agency and depositary of other companies and appoint other companies to act in these same roles on its behalf.

## CAPITAL

Article 6) - The share capital is Euro 26,140,644.50, which is divided into 209,125,156 ordinary shares, each with a face value of Euro 0.125.

Shares which entitle the holders to different rights from those conferred by the previous shares can be issued.

The shares are indivisible and the company only recognises one owner per share.

The shares can be registered or, unless otherwise ordered, bearer shares.

Registered shares are transferrable, in line with the procedures dictated by law.

Ownership of shares implies that the bearer accepts these Articles of Association and the resolutions passed by the Shareholders' Meetings.

With the resolution passed on 11 April 2017, the Extraordinary Shareholders' Meeting:

a) invested the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, the right to increase the share capital in one or two transactions, free of charge and/or for payment, for a maximum face value amount of Euro 50,000,000 (fifty million) in registered shares, by issuing ordinary shares in the Company with the same characteristics as those in circulation as of the date of issuance, for a maximum period of five years from the date of the resolution, by issuing ordinary shares and/or warrants valid for the subscription of said shares, to be assigned or offered to the eligible parties with the right of first refusal, with the right, pursuant to Article 2441, last paragraph of the Italian Civil Code, to offer the shares for subscription by employees of Recordati S.p.A. or of companies owned by the same in stock option plans resolved upon by the Shareholders' Meeting;

b) invested in the Board of Directors, pursuant to Article 2420-ter of the Italian Civil Code, the right to issue, in one or two transactions, for a maximum face value amount of Euro 80,000,000 (eighty million), securities that can be converted into ordinary shares, or with warrants valid for the subscription of said shares, with a consequential increase in the share capital to serve the conversion by way of the issuance of ordinary shares in the Company with the same characteristics as those in circulation as of the date of issuance, to be offered to the eligible parties with the right of first refusal for a maximum period of five years from the date of the resolution, in compliance with the legislation in force regarding restrictions on the issuance of securities.

The share capital can also be increased with contributions other than cash within the legal limits.

Article 7) – The payments for the shares must be made in compliance with the law, in the ways and under the terms and conditions established by the Board of Directors.

Any shareholder who delays in making the payments will be liable to pay 5% interest p.a. (five per cent) without prejudice to the provisions of Article 2344 of the Italian Civil Code

Article 8) – When the legal conditions apply, the Shareholders' Meeting, can resolve to reduce the capital without prejudice to the terms of Articles 2327 and 2413 of the Italian Civil Code, also by assigning to individual Shareholders or groups of shareholders certain company activities and shares or quotas in owned in subsidiary companies.

## ASSEMBLEA

Article 9) – The Shareholders’ Meeting can be Ordinary or Extraordinary pursuant to the law. It can also be convened outside the registered office of the company, as long as it takes place in Italy.

The Shareholders’ Meeting will be convened by way of the procedures and the terms and conditions established by the law. The call notice, containing the information envisaged by the regulations in force, must be published within the terms established by the law:

- on the Company website;
- where necessary, due to a mandatory order or when decided so by the directors, in at least one of the following national daily newspapers: “Il Corriere della Sera”; “La Repubblica”, “La Stampa”, “Il Giornale”, “Milano Finanza”;
- by way of the other procedures envisaged by the *pro tempore* laws in force, including those of a regulatory nature.

The notice of call can also contain the date of any calls subsequent to the first. The Board of Directors can establish, should the need arise, that the Ordinary Shareholders’ Meeting and the Extraordinary Shareholders’ Meeting are held following a single call. In case of a single call, the majorities envisaged by the law for this case will be applied. The Ordinary Shareholders’ Meeting for the approval of the Financial Statement is convened within one hundred and twenty days from the closure of the financial year. When the legal conditions apply, the Shareholders’ Meeting can be convened within one hundred and eighty days from the closure of the financial year. The Directors will state the reasons for the extension in the report required by Article 2428 of the Italian Civil Code.

As well as upon the initiative of the Board of Directors, the Shareholders’ Meeting can also be convened pursuant to the law, by the Board of Auditors or even only by two of its members, or upon the request of a number of Shareholders representing at least 5% of the share capital.

Article 10) – Those entitled to participate in the Shareholders’ Meeting can have themselves represented by submitting a proxy drafted in line with the limits and by way of the procedures envisaged by the applicable regulations. The Company can also be notified of the proxy for participation in the Shareholders’ Meeting by sending the document to the email address indicated in the call notice.

Article 11) - The Shareholders’ Meeting is chaired by the Chairperson of the Board of Directors or, should the same be absent or incapacitated for any reason whatsoever, by the Vice-Chairperson; otherwise, the Shareholders’ Meeting will elect its own Chairperson. The Chairperson is assisted by a Secretary appointed by the Shareholders’ Meeting or by a Public Notary and, when deemed appropriate, by two scrutineers, also elected by the Shareholders’ Meeting.

The Chairperson of the Shareholders’ Meeting will be responsible for verifying that the Meeting is quorate, and the identity and right to participate of those present, moderating the discussion and verifying the results of the votes.

Article 12) - The resolutions of the Ordinary and Extraordinary Shareholders’ Meetings, both in the first and any subsequent calls, and if only subject to a single call, are only valid if passed with the presences and majorities established by the law.

Article 13) – When the law deems adequate the absolute majority of the votes in order to declare the resolutions valid, this is calculated without taking into account any abstentions.

### MANAGEMENT

Article 14) - The Company is managed by a Board of Directors composed of from six and sixteen members; the Shareholders' Meeting, pursuant to Article 2380 bis of the Italian Civil Code, will determine the number of components therein.

The Directors cannot be appointed for any longer than three financial years and can be re-elected. Their office expires and they are re-elected or replaced in line with the legal provisions and those of the Articles of Association.

The Directors must have the requirements envisaged by the pro tempore law in force; a minimum of the number of Directors corresponding to the minimum envisaged by the above-mentioned legislation must have the requirements of independence as specified in Article 148, paragraph three of Italian Legislative Decree no.58/1998.

The loss of the requirements will result in the termination of the Director's office. The loss by a Director of the requirements of independence as defined above will not lead to the termination of their office if the requirements continue to be held by the minimum number of Directors required to have these in accordance with the legislation in force.

Article 15) The Board of Directors is appointed, in compliance with the pro tempore regulations in force regarding gender equality, based on lists presented by the Shareholders as detailed below, in which the names of the candidates are listed, each corresponding to a progressive number.

The lists presented by the shareholders, signed by those who present them must be deposited at the Company's legal office, and made available to anyone who requests to view them, at least twenty-five days prior to the date established for the Shareholders' Meeting in the first call and will be subject to the other forms of publication envisaged by the pro tempore law in force.

Each shareholder, the shareholders participating in a significant shareholders' agreement pursuant to Article 122 of Italian Legislative Decree 58/1998, the parent company, subsidiaries and those subject to joint control pursuant to Article 93 of Italian Legislative Decree 58/1998, cannot present or participate in the presentation, not even via an intermediary or a trust company, of more than one list, nor can they vote for different lists and each candidate can only present themselves in a single list, otherwise they will be considered ineligible. Any entries made in lists and votes cast in breach of this regulation will not be attributed to any lists.

In the list, it must be specified whether the individual candidate is being proposed for the office of statutory Auditor or alternative Auditor. The only Shareholders who can present lists are those who, either alone or together with others, account in total for the ownership of shares with voting rights representing 2.5% of the share capital with the right to vote in the Ordinary Shareholders' Meeting, or that represents the lower percentage that may have been established or referred to by mandatory provisions of the law or the regulations. Reference will also be made to this condition in the call notice.

Together with each list, within the terms indicated above, they must deposit, also in line with the provisions of the law in force (i) the statements in which the single candidates accept their proposal and certify, under their own responsibility that there

are no grounds for them to be deemed ineligible or incompatible, and that any specific requirements deemed mandatory for their respective offices exist; (ii) a curriculum vitae with the personal and professional characteristics of each candidate, if applicable, indicating the suitability of the same to be classed as independent.

With the term established by the applicable regulation for the publication of the lists by the Company, specific certificate issued by a legally qualified intermediary proving the ownership of the number of shares required for presenting the list at the time the latter is deposited with the Company must also be deposited.

Any lists that contain a total number of candidates equal to or exceeding three must be composed of candidates belonging to both genders so that a quota of candidates equal to that prescribed by the pro tempore legislation in force regarding gender equality in the composition of the Board of Directors belongs to the gender which is less well-represented.

Any lists for which the rules described above have not been respected are considered as if they had not been presented.

For the election of the Board of Directors the following procedure must be followed:

- a) all the Directors to be elected except one will be elected from the list that obtained the highest number of votes, in the progressive order in which they are listed;
- b) the remaining Director will be the candidate listed at no. 1 of the minority list, which must not be connected in any way, even indirectly with those who presented or voted for the list specified above under letter a), and which obtained the second highest number of votes. To this end, the lists which have failed to obtain a percentage of votes at least equal to half of those required for the presentation of the lists, as specified in the fourth paragraph of this Article, will not be taken into account.

For the purposes of the appointment of the Directors as described under point b) of the previous paragraph, in case of parity between the lists, the one presented by shareholders in possession of the largest shareholding or alternatively, the list with the highest number of shareholders will prevail. Should the election of the candidates performed using the above-indicated procedures, fail to result in the appointment of a number of Directors who hold the independence requirements established for the auditors in Article 148, paragraph three of Italian Legislative Decree no.58 of 28 February 1998, equal to the minimum number established by the law in relation to the total number of the Directors, any non-independent candidates elected last in the progressive order, in the list which has obtained the highest number of votes, as specified under letter a) of the paragraph above, will be replaced by the first independent candidate according to the progressive order, who has not been elected from the same list, or, if this is not possible, by the first independent candidate according to the progressive order, who has not been elected from the other lists, according to the number of votes obtained by each one. This replacement procedure will be used until Board of Directors is composed in a way that ensures the number of members in possession of the requirements specified in Article 148, paragraph three of Italian Legislative Decree no.58/1998 equal at least to the minimum required by law. Finally, should said procedure also fail to ensure the result indicated above, the replacement will be performed based on a resolution passed by the Shareholders' Meeting with relative majority, following the presentation of proposals for candidates in possession of the above-mentioned requirements.

Additionally, Should the election of the candidates performed using the above-indicated procedures, fail to ensure that the Board of Directors is composed in such a way as to comply with the pro tempore law in force regarding gender equality, the candidate of the gender which is better represented elected as the last in progressive order in the list that obtained the highest number of votes will be replaced by the first candidate of the other gender not elected from the same list according to the progressive order. This replacement procedure will be used until Board of Directors is composed in a way that complies with the pro tempore law in force regarding gender equality. Finally, should said procedure also fail to ensure the result indicated above, the replacement will be performed based on a resolution passed by the Shareholders' Meeting with relative majority, following the presentation of proposals for candidates of the gender which is less represented.

If only one list is presented, all the Directors to be elected will be taken from the same list; should no lists be presented, the Shareholders' Meeting will pass resolutions with the legal majority without complying with the above-envisaged procedure. The above is true without prejudice to the compliance of the procedures with the pro tempore laws in force regarding gender equality.

The above is also true without prejudice to any alternative and additional provisions set forth by the provisions of mandatory laws or regulations.

Article 16) – The compensations due to the Board of Directors are established by the Shareholders' Meeting for the entire period of office, or from financial year to financial year, also in the form of a share of the profits.

#### BOARD OF DIRECTORS

Article 17) If during any financial year one or more Directors passes away, provided the majority continues to be composed of Directors appointed by the Shareholders' Meeting, the procedure to be followed will be that specified pursuant to Article 2386 of the Italian Civil Code, in line with the details indicated below:

a) the Board of Directors will replace the Director from members of the same list to which the deceased Director belonged, without being bound by the numbering system in the list, and the Shareholders' Meeting will pass a resolution, with the legal majorities, respecting the same criterion;

b) should the above-mentioned list fail to contain any more candidates who have not been previously elected, or candidates with the requirements needed, or in any case when, for any reason whatsoever it is not possible to comply with the terms of letter a), the Board of Directors will make the replacement, as subsequently envisaged by the Shareholders' Meeting, with the legal majorities without voting for a list.

In any case, the Board and the Shareholders' Meeting will carry out the appointment in such a way as to ensure (i) the presence of the minimum total number of Directors required by the pro tempore laws in force and (ii) compliance with the pro tempore laws in force regarding gender equality.

Article 18) - Should the Shareholders' Meeting not have already done so, the Board will appoint a Chairperson from its members and, if necessary, a Vice-Chairperson. The Board will also appoint one or more Managing Directors from its members. The Chairperson will be invested with the powers envisaged by law; should he be absent

or incapacitated for any reason, these powers will be exercised by the Vice-Chairperson or, should the latter be absent or incapacitated, by the eldest Board Member.

Finally, the Board will appoint a Secretary who need not necessarily be a member of the Board.

Article 19) - The Board can meet both in the registered office and elsewhere, even abroad, each time the Chairperson or, should the latter be absent or incapacitated for any reason, the Vice-Chairperson, or otherwise the eldest Board Member deems it necessary or upon submission of a written request by the majority of the Directors to that effect, specifically indicating the items to be placed on the meeting agenda.

A meeting of the Board of Directors can also be convened, with prior notice served to the Chairperson, by at least one Auditor.

The Board Meeting is convened by sending notice in the form of a registered letter, fax or equivalent means, at least five free days prior to that on which the meeting is scheduled to each Director and each statutory Auditor, or in urgent cases, at least one day in advance.

The members of the Board of Directors may participate from a distance using audiovisual, videoconferencing or telephone system.

In such a case:

- the following conditions must always be ensured:

- a) that all the participants at each point of the connection can be identified;
- b) that each of the participants is able to participate, verbally express their opinions, view, receive or send any documentation and that the matters are examined and resolved upon at the same time;

- the meeting of the Board of Directors will be considered as having been held in the location which the Chairperson and the Secretary are both in attendance at the same time.

Article 20) - The Board of Directors is quorate and validly passes resolutions with the majority of the board members in office. The minutes are signed by the Chairperson and the Secretary.

Article 21) - The Board can establish, pursuant to Article 2389 of the Italian Civil Code, particular payments for any Directors invested with particular offices and for the members of the Executive Committee.

Article 22) - The Board of Directors is invested with the fullest powers for the administration and the ordinary and extraordinary management of the Company, with no exceptions whatsoever, and has the right to perform all the actions that it may deem appropriate for the implementation and fulfilment of the corporate purposes, with the sole exception of those for which the law mandatorily requires the Shareholders' Meeting to perform.

The Board of Directors will also be responsible for passing the resolutions concerning:

- merger, in the cases envisaged by Articles 2505 and 2505 bis of the Italian Civil Code;
- the establishment or closure of secondary offices;
- the indication of which Directors will represent the Company
- capital reductions in case of withdrawal of a Shareholder;
- the adaptation of the company's Articles of Association to fulfil the legal provisions in force;

- the transfer of the registered office to another municipality within Italy.

During the meetings and at least quarterly, the Board of Directors and the Board of Auditors will be informed by the Managing Directors, and also with reference to the subsidiaries, on the general progress of the management and its foreseeable development, on the most important operations performed in terms of size and characteristics, with a particular focus on the operations in which the Directors may have an interest, either on their own account or on behalf of third parties.

The Board of Auditors can also receive this information directly or during the meetings of the Executive Committee, for the sake of speed.

#### COMPANY SIGNING POWERS AND REPRESENTATION

Article 23) – The Company will be represented by the Chairperson of the Board of Directors or, should the former be absent or incapacitated, for any reason, by the Vice-Chairperson. The representative will have free signing powers for implementing all the resolutions passed by the Board, unless alternative decisions have been made.

Additionally, the Chairperson, or, should the former be absent or incapacitated, for any reason, the Vice-Chairperson will represent the Company in court, with the right to initiate legal and administrative proceedings on all levels of the justice system and also before courts of appeal and the High Court and to appoint lawyers and legal representatives for this purpose.

Article 24) - The Board can delegate all or part of its powers and duties to the Chairperson, the Vice-Chairperson and one or more Managing Directors and invest individual Directors of the Company's managers with special tasks, also conferring to them the right to delegate, establishing their responsibilities and powers in compliance with the law.

Should the Board fail to decide upon the responsibilities and powers of the Chairperson, Vice-Chairperson and Managing Directors, each one of the latter will have free signing powers and the power to represent the Company.

Article 25) - The Board can also delegate all or part of its powers to an Executive Committee composed of from three to ten members chosen from the Directors; the Board of Directors will be responsible for deciding the number of the same.

The Executive Committee can meet by way of video conference or by teleconference pursuant to Article 19.

The resolutions of the Executive Committee are valid when passed with the favourable vote of the majority of its members in office.

The Board can also establish special committees, also pursuant to Article 6 of Italian Legislative Decree no. 231 of 8 June 2001, as amended choosing the members of the same from its own members and establishing their powers. The two previous paragraphs will be applicable to these committees. The Board of Directors, subject to having heard the mandatory opinion of the Board of Auditors, will appoint and revoke the office of the Manager responsible for drawing up the company's accounting records, pursuant to Article 154 bis of Italian Legislative Decree 58/1998. The Manager responsible for drawing up the Company's accounting records must also have the requirements of integrity envisaged by the legislation in force for those who perform roles of management and direction roles, the requirements of professionalism characterised by specific skill in administrative and accounting matters. This skill, which must be verified by the above-mentioned Board of Directors, must have been

acquired through work experiences in positions of sufficient responsibility for a congruous period of time.

### BOARD OF AUDITORS

Article 26) - The Shareholders' Meeting appoints the Board of Auditors composed of three statutory member and two alternative auditors who can be re-elected, calculating the payment due to the same. The powers, duties and term of office of the members are those established by law.

The Auditors must hold the requirements envisaged by the law in force including the provisions of a regulatory nature. Regarding the requirements of professionalism, the matters and sectors of activity closely connected to that of the company consist in the researching, production and trading of chemical and pharmaceutical products.

The minority can elect one statutory Auditor and one alternative Auditor. Unless otherwise mandatorily required by law, the Board of Auditors is appointed in line with the procedures described in the following paragraphs, from the lists presented by the Shareholders in which the names of the candidates are contained, each corresponding to a progressive number and in line with the pro tempore legislation in force regarding gender equality.

In the list, it must be specified whether the individual candidate is being proposed for the office of statutory Auditor or alternative Auditor. The only Shareholders who can present lists are those who, either alone or together with others, account in total for the ownership of shares with voting rights representing 2.5% of the share capital with the right to vote, or that represents the lower percentage that may have been established or referred to by mandatory provisions of the law or the regulations. Reference will also be made to this condition in the call notice.

Each shareholder, the shareholders participating in a significant shareholders' agreement pursuant to Article 122 of Italian Legislative Decree 58/1998, the parent company, subsidiaries and those subject to joint control pursuant to Article 93 of Italian Legislative Decree 58/1998, cannot present or participate in the presentation, not even via an intermediary or a trust company, of more than one list, nor can they vote for different lists and each candidate can only present themselves in a single list, otherwise they will be considered ineligible. Any entries made in lists and votes cast in breach of this regulation will not be attributed to any lists.

The lists presented must be deposited at the Company's legal office at least twenty-five days prior to the date established for the Shareholders' Meeting in the first call, without prejudice to any additional forms of publication envisaged by the pro tempore laws in force, including those of a regulatory nature.

Without prejudice to the compliance with all further procedural requirements prescribed by the laws in force, including those of a regulatory nature, together with each list, and within the term indicated above, the following elements must be deposited:

- a) information regarding the identity of the shareholders who have presented the lists, indicating the overall percentage share owned by the same;
- b) a statement by the shareholders other than those who hold, also jointly, a controlling share or relative majority, certifying the absence of any relationships of connection with the latter, as envisaged by the law in force, including the regulatory provisions;
- c) comprehensive information about the personal characteristics of the candidates and a declaration by the same certifying that they possess the requirements required by the law and that that they accept their having being proposed.

Any lists that contain a total number of candidates equal to or exceeding three must be composed of candidates belonging to both genders so that a quota of candidates for the offices of Statutory Auditor and Alternative Auditor equal to that prescribed by the pro tempore legislation in force regarding gender equality in the composition of the Board of Auditors belongs to the gender which is less well-represented.

Any lists for which the rules described above have not been respected are considered as if they had not been presented.

The election of the Auditors will take place as follows:

1. two statutory auditors and one alternative auditor are elected from the list that obtained the highest number of votes in the Shareholders' Meeting, based on the progressive order in which they are listed in the sections of the list;
2. one statutory auditor, who will take the Chair of the Board of Auditors and one alternative auditor are elected from the list that obtained the second highest number of votes in the Shareholders' Meeting and who, in compliance with the regulations in force, are not connected, even indirectly, with those who presented the list or voted for the list that obtained the highest number of votes, based on the progressive order in which they are listed in the list.

For the purposes of appointing the Auditors as described above under point 2 of the previous paragraph, in case of parity between the lists, the one presented by shareholders in possession of the largest shareholding or alternatively, the list with the highest number of shareholders will prevail. Should the above-mentioned procedures fail to ensure that the Board of Auditors, in terms of its statutory members, is compliant with pro tempore law in force regarding gender equality, the necessary replacements will be made, choosing the replacements from the candidates for the office of statutory auditor in the list which has obtained the highest number of votes, in according to the progressive order with which the candidates are listed.

Should only one list be presented, all the candidates indicated therein for the offices of Statutory Auditor and Alternative Auditor will be elected to the respective offices and should no lists be respected, the candidates voted by the Shareholders' Meeting, will be elected, provided that they obtain the relative majority of the votes cast in the Shareholders' Meeting and without prejudice to the compliance with the pro tempore law in force regarding gender equality.

Loss of the Auditor's requirements established by the laws and Articles of Association, will lead to the termination of the office of the same.

Should an Auditor be replaced, the alternative Auditor belonging to the same list as the one whose office has been terminated will take over or, should this not be possible, in case of the termination of the minority auditor, the next candidate in the list to which the one whose office has been terminated or, alternatively, the first candidate in the minority list who won the second highest number of votes.

The Parties understand that the Board of Auditors will continue to be chaired by the minority Auditor and that the composition of the Board of Auditors must comply with the pro tempore regulations in force regarding gender equality. When the Shareholders' Meeting must appoint the statutory and/or alternative auditors required to be integrated with the Board of Auditors, the procedure is as follows: if the replacement concerns auditors elected in the majority list, the appointment will occur and the auditor will be elected by a relative majority vote, regardless of the list. Instead, should there be the need to replace auditors elected in the minority list, the Shareholders' Meeting will replace them with a relative majority vote, choosing them from the candidates indicated in the list to which the auditors to be replaced belonged or in the minority list that reported the second highest number of votes.

Should the application of these procedures fail for any reason to enable the replacement of the Auditors designated by the minority, the Shareholders' Meeting will vote, with a relative majority, following the presentation of proposals for candidates by shareholders who, alone, or together with other, have a total shareholding with voting rights that account for at least the percentage cited above in relation to the procedure for the presentation of the lists. However, in verifying the results of this vote, no account will be taken of the votes of shareholders who, according to the communications rendered pursuant to the law in force, have, even indirectly, or also jointly with other shareholders in significant shareholders' agreement pursuant to Article 122 of Italian Legislative Decree 58/1998, the relative majority of the votes that can be cast in the Shareholders' Meeting, and those of the shareholders who control, are controlled by or are subject to the joint control of the same.

The replacement procedures described in the paragraphs above must, in any case, ensure the compliance with the law in force regarding gender equality.

The members of the Board of Auditors may participate from a distance using audiovisual, videoconferencing or telephone systems.

In such a case:

- the following conditions must always be ensured:
  - a) that all the participants at each point of the connection can be identified;
  - b) that each of the participants is able to participate, verbally express their opinions, view, receive or send any documentation and that the matters are examined and resolved upon at the same time;
- the meeting of the Board of Auditors will be considered as having been held in the location which the Chairperson and the Secretary are both in attendance at the same time.

The accounts will be independently audited by an external auditing company, based on the applicable law in force.

#### FINANCIAL STATEMENT AND PROFITS

Article 27) – The financial year of the Company will end on 31 December of every year.

At the end of each financial year, the Board will draft the company's financial statement, with the relative profit and loss account, as legally required.

Article 28) – The net profits of the financial statement will be assigned as follows:

- (a) 5% (five per cent) to the legal reserve fund, up to the legal limits;
- (b) the remainder, unless the Shareholders' Meeting, upon the Board's proposal, passes a resolution to make special withdrawals to be destined for extraordinary reserve funds or other uses, or resolves to assign all or part of it to the subsequent financial years, will be assigned to all the shares.

Article 29) - The Board of Directors can resolve to pay advances on dividends within the limits and by way of the procedures established by the law.

Article 30) – The dividends will be paid by way of the procedures, in the places and under the terms and conditions established by the Shareholders' Meeting or, in the absence of the latter, by the Board of Directors.

Article 31) - Any dividends not collected by the end of the five-year period following the day on which they became payable, are prescribed in favour of the Company and

are assigned to the extraordinary reserve fund.

#### TERMINATION

Article 32) – Should the Company be terminated at any time and for any reason envisaged by the law, the Shareholders' Meeting will appoint the liquidators and establish the criteria for executing the liquidation procedure pursuant to the terms of Article 2487 of the Italian Civil Code

#### WITHDRAWAL

Article 33) –The Shareholders are only entitled to withdraw from the Company in cases in which said right is mandatorily envisaged by the law. No right of withdrawal will be granted to Shareholders who have not agreed to approve the resolutions regarding the extension of the duration of the Company and the introduction, amendment or removal of restrictions on how the shares circulate.

Signed Andrea De Costa, notary public

## ANNEX B

CONTROL, RISKS AND SUSTAINABILITY COMMITTEE OF RECORDATI S.P.A.  
BINDING OPINION ON RELATED PARTY TRANSACTION OF MAJOR IMPORTANCE  
28 SEPTEMBER 2020

*[This is a courtesy translation of the executed Italian version of the Binding Opinion]*

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## 1. FOREWORD, BACKGROUND AND RATIONALE OF THE CONTROL, RISKS AND SUSTAINABILITY COMMITTEE INTERVENTION

### 1.1 The tasks under Recordati S.p.A. Control, Risks and Sustainability Committee within related parties transactions

**1.1.1** The Control, Risks and Sustainability Committee operating in Recordati S.p.A. <sup>(1)</sup> (“**Recordati**” or the “**Company**” or the “**Incorporating Company**”) represents the competent body responsible to issue the preliminary opinion with respect to related parties transactions carried out by Recordati (the “**Control, Risks and Sustainability Committee**” or the “**Committee**”), according to the related parties transactions policy procedures adopted by the Company (the “**Recordati RPT Procedures**”) <sup>(2)</sup>. Recordati RPT Procedures have been adopted in compliance with Article 2391-*bis* of the Italian Civil Code and Consob implementing Ruling No. 17221 of 12 March 2010 as subsequently amended and integrated (the “**Consob RPT Regulation**”).

**1.1.2** The Committee is requested to express an opinion on a possible transaction as described under following para. 3 which constitutes a related party transaction of greater importance, according to Art. 8 of Consob RPT Regulation and a transaction of major importance according to paragraphs 03.03 and 03.04 of the Recordati RPT Procedures. The Committee intervention is therefore aimed at issuing a binding opinion on Recordati’s interest in the completion of the transaction at stake, as well as on the convenience and the substantial correctness of the underlying terms.

### 1.2 Background and rationale of the Committee intervention

**1.2.1** During 18 June 2020 meeting, Recordati Board of Directors has been informed about the receipt of a communication sent on 15 June 2020 by Rossini Luxembourg S.a.r.l., a company exercising management and coordination activity over Recordati (“**Rossini Luxembourg**”). By this letter, Rossini Luxembourg notified his will to implement a reverse merger by incorporation of the wholly-owned companies, namely Rossini Investimenti S.p.A. (“**Rossini Investimenti**”) and Fimei S.p.A. (“**Fimei**”, and together with Rossini Investimenti, the “**Merged-in Companies**”) in Recordati (the “**Merger**”), requesting Recordati, Rossini Investimenti and Fimei (the “**Merging Companies**”) to take any necessary steps to execute the Merger. During the same 18 June 2020 board meeting, it has been noted that the Merger must be deemed a related parties’ transaction of greater importance according to Consob RPT Regulation and a transaction of major importance according to Recordati RPT Procedures, in consideration of the control relationship between Rossini Investimenti and Fimei and between the latter and Recordati, as well as in light of the Merger relevance, as better described in subsequent *sub*-paragraph 1.4.

The relationships between the company having management and coordination activity over Recordati, Rossini Luxembourg and Recordati itself, in connection to certain Merger details, are

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<sup>(1)</sup> Made of avv. Michaela Castelli, Chairman, dr. Silvia Candini and dr. Piergiorgio Peluso, all unrelated Independent Directors pursuant to Recordati RPT Procedures.

<sup>(2)</sup> Recordati RPT Procedures have been issued by the Company’s board of directors during the 24 November 2010 meeting and then lastly updated on 9 February 2017.

contained in an agreement regulating, in particular, Rossini Luxembourg representations and warranties in favour of Recordati with respect to (i) the Merged-in Companies assets and (ii) the absence of debts which are not duly highlighted in the relevant financial statements according to Art. 2501-*quater* of the Italian Civil Code (the “**Merger Agreement**”) <sup>(3)</sup>.

**1.2.2** The Committee is therefore requested to express a binding opinion on the Merger Project set out by the Merging Companies (the “**Merger Project**”) <sup>(4)</sup> along with the Merger Agreement (jointly, the “**Transaction**”) <sup>(5)</sup>, before the Company’s Board of Directors approval resolution.

1.3 Connection nature and summary description of the Merging Companies Group. 2018 Fimeï acquisition by Rossini Investimenti and subsequent mandatory totalitarian public tender offer

**1.3.1** The Transaction is under the Committee evaluation according to the Recordati RPT Procedures since it is carried out by Recordati with directly and indirectly controlled companies.

Rossini Investimenti holds in fact the entire Fimeï corporate capital which, in turn, has the control over Recordati, holding 51,820% of its corporate capital. Rossini Luxembourg then, counterparty of the Merger Agreement, indirectly entirely holds Rossini Investimenti and Fimeï and therefore a participation equal to 51,820% in Recordati corporate capital.

**1.3.2** As publicly known, the current corporate structure on the top of Recordati is the result of the acquisition of 100% of Fimeï corporate capital and, indirectly, 51,820% of Recordati corporate capital, carried out on 6 December 2018 by Rossini Investimenti (the “**Acquisition**”). Such Acquisition, detailed in the offer prospectus issued by Rossini Investimenti, approved by Consob with Ruling No. 20766 of 21 December 2018, and published on the Company’s website [www.recordati.com](http://www.recordati.com) (the “**Offer Prospectus**”) has been carried out by the following investors:

- (i) The funds CVC Capital Partners VII (A) LP, CVC Capital Partners VII Associates LP and CVC Capital Partners Investment Europe VII LP (“**CVC Funds**”), whose *general partner* is CVC Capital Partners VII Ltd. (“**CVC Capital Partners VII**”) <sup>(6)</sup>;
- (ii) Certain minority co-investors (i “**Minority co-investors**”)
- (iii) One of the former Fimeï shareholders, a Recordati manager and subsequently other manager of the same company (together, the “**Managers**”).

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<sup>(3)</sup> References to the Merger Agreement in this opinion must be made with respect to the final draft sent to the Committee on 28 September 2020 and, according to the Committee, not subject to further material changes before the approval by the Company’s Board of Directors.

<sup>(4)</sup> References to the Merger Project in this opinion must be made with respect to the final draft sent to the Committee on 26 September 2020 and, according to the Committee, not subject to further material changes before the approval by the Company’s Board of Directors.

<sup>(5)</sup> In particular, since the Merger is a related parties transaction of greater importance under the shareholder’s meeting competence, according to Art. 11(2) of Consob RPT Regulation (as also implemented in Art. 03.04 of Recordati RPT Procedures), the Board of Director approval of the resolution proposal to be submitted to the shareholder’s meeting implies the fulfilment of the requirements under Consob RPT Regulation for transactions directly resolved by the Board of Directors.

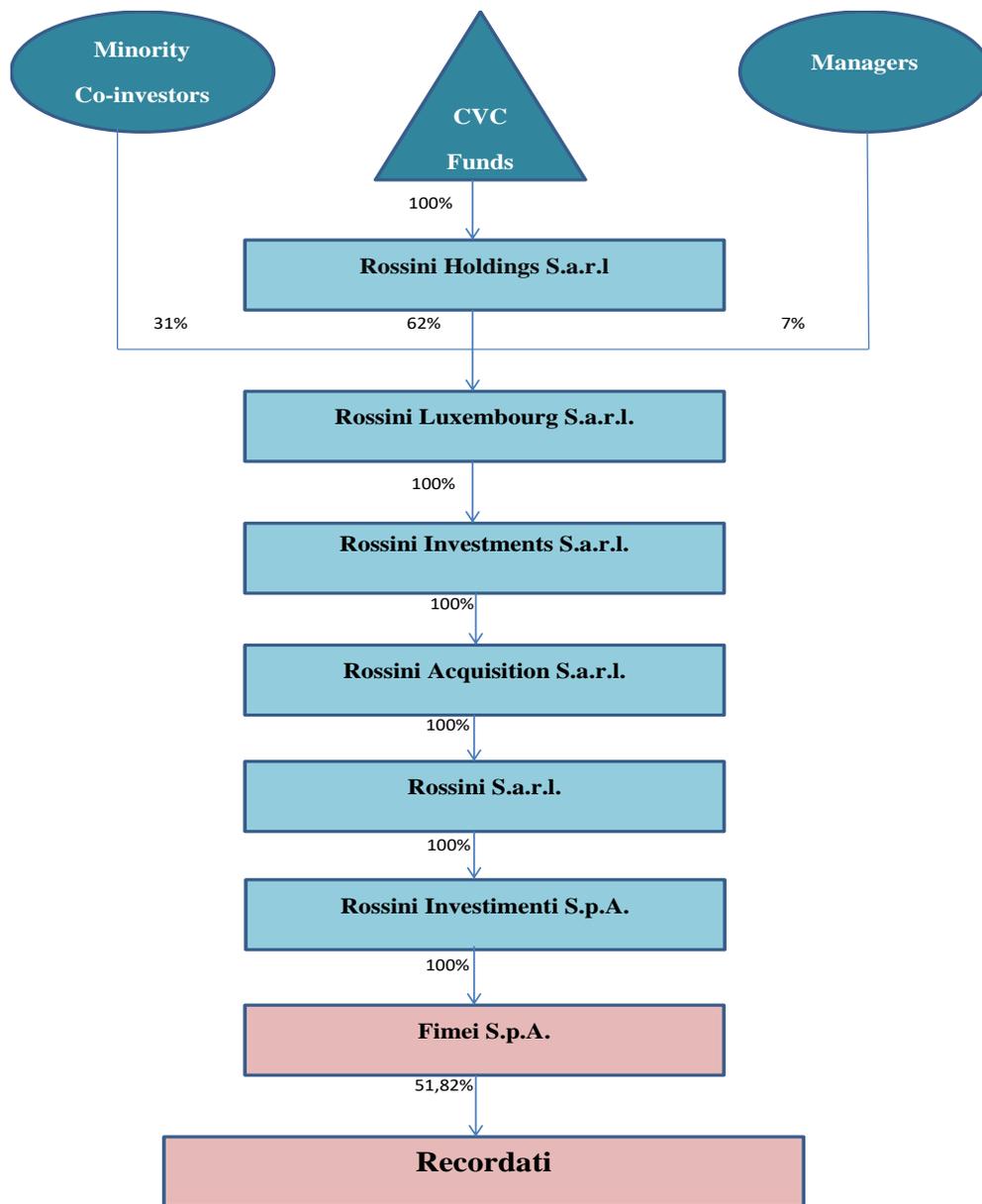
<sup>(6)</sup> As stated in the Offer Prospectus (page 46), CVC Funds are made of three *limited partnerships* incorporated and existing under Jersey law, whose *general partner*, as already mentioned, is CVC Capital Partners VII, a company incorporated under Jersey law with registered offices in 2 Wavarley Place, Union Street, St Helier, Jersey.

The investors under (i), (ii) and (iii) hold around 62%, 31% and 7% of Rossini Luxembourg corporate capital, respectively, while the latter entirely holds Rossini Investments S.a.r.l. (“**Rossini Investments**”) capital, which, in turn, holds 100% of Rossini Acquisition S.a.r.l. (“**Rossini Acquisition**”) corporate capital, which in turn fully controls Rossini S.a.r.l. (“**Rossini Sarl**”). Rossini Sarl, finally, holds 100% of Rossini Investimenti corporate capital.

For the sake of completeness, we hereby set out the corporate chain of control over Recordati <sup>(7)</sup>.

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<sup>(7)</sup> Given the participation chain above, the Offer Prospectus (pag. 46) specifies that Rossini Investimenti (and therefore Recordati) are indirectly controlled, according to Art. 93 of D.Lgs. 24 febbraio 1998, n. 58 (“**TUF**”) and Art. 2359 of the Italian Civil Code, by CVC Capital Partners VII Limited, as *general partner* of CVC Funds.



**1.3.3** A summary description of the group structure over Recordati and the Acquisition, including the financing thereof <sup>(8)</sup>, is hereby advisable in order to duly represent the Committee thoughts with respect to the Company's interest on to the Transaction and its convenience <sup>(9)</sup>.

In this respect, it must be taken into account that the purchase price for the entire Fimei participation by Rossini Investimenti has been Euro 3.006.337.611,75. Such price has been paid as follows:

- (i) Euro 2.181.337.611,75 in cash at the Acquisition closing (also covering net assets in Fimei);

<sup>(8)</sup> Information referred to the Acquisition and the Offer (as subsequently defined), as well as the financing thereof, are excerpted from the Offer Prospectus to which reference is made for further details.

<sup>(9)</sup> See *infra*, paragraphs 5 and 6.

- (ii) Euro 75.000.000 in the form of a debt without interest toward a shareholder-seller which used his claim to invest in Rossini Luxembourg capital; and
- (iii) The remaining Euro 750.000.000 through issuance by Rossini Investments of long-term subordinated debt financial instruments (“**DP Notes**”) underwritten by way of settlement by the shareholders-sellers <sup>(10)</sup>.

**1.3.4** The Acquisition financial resources have been made available to Rossini Investimenti by his shareholder Rossini Sarl as capital contribution as follows:

- (i) Euro 2.239.879.925 as non-redeemable financing on 5 and 6 December 2018;
- (ii) Euro 825.000.000 as capital increase resolved on 5 December 2018, increase subscribed and fully paid as follows: a) Euro 750.000.000 through settlement with the claim under the DP Notes; b) Euro 75.000.000 through settlement with the claim arising from Fimej sale by one of the shareholders-sellers.

As far as the financial resources under (i) are concerned, their availability may be summarized as follows:

- (i) Around Euro 1,1 billion made available to Rossini Investimenti by CVC Funds, Minority Co-investors and the Managers;
- (ii) Euro 1,3 billion under corporate loans (jointly defined as “**Senior Secured Notes Due 2025**” or the “**Corporate Bond**”) issued by Rossini Sarl with the notes “€650.000.000 Senior Secured Floating Rate Notes due 2025” and “€650.000.000 6.750% Senior Secured Fixed Rate Notes due 2025” expiring on 2025, as subsequently amended and integrated, traded in the multilateral trading system Euro MTF organized and managed by Luxembourg Stock Exchange <sup>(11)</sup>. A further financing of Euro 225.000.000 (“**Revolving Credit Facility**” or “**RCF Credit Line**”) has been additionally entered into by Rossini Investimenti and Rossini Sarl with certain primary banks in order to address the liquidity needs of the Group headed by Rossini Sarl <sup>(12)</sup> With reference to

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<sup>(10)</sup> Rossini Investments issuance of the DP Notes comes after the delegation by Rossini Investimenti to carry out a partial payment of the price due for the entire participation in Fimej, according to Art. 1268 of the Italian Civil Code. Rossini Investments outcoming claim towards Rossini Investimenti after the above mentioned payment delegation, has been contributed down through the participation chain: precisely, Rossini Investments contributed the claim to Rossini Acquisition, which, in turn, contributed it to Rossini Sarl. The latter, then, on 6 December 2018, underwrote a capital increase of the controlled Rossini Investimenti for an amount of Euro 750.000.000 by settlement of the said claim.

<sup>(11)</sup> The Senior Secured Note Due to 2025 is covered by guarantees normally perfected in similar transactions by Rossini Investimenti.

<sup>(12)</sup> For the sake of completeness, it must be reminded that after the acquisition of the entire participation in Fimej, according to Art. 106 of TUF, Rossini Investimenti has been obliged to promote a totalitarian public tender offer over Recordati shares traded on the Stock Exchange (the “**Offer**”). In order to cover the financial needs under the Offer, certain credit lines were opened according to financing agreement entered into on 26 October 2018. Namely:

- (i) Two credit lines by Rossini Investimenti for an overall amount of Euro 350.000.000 and Euro 1.135.000.000;
- (ii) A credit line by Rossini Acquisition for an overall amount of Euro 615.000.000.

the RCF Line of Credit, Rossini Investimenti released specific guarantees according to the praxis in such kind of transactions <sup>(13)</sup>

#### 1.4 Transaction value

**1.4.1** According to Art. 01.03 to the Recordati RPT Procedures, the “Transactions of Major Importance” are defined as “*those related-party transactions for which at least one of the relevance indicators contained in Attachment No. 3 of the Consob Regulations and which are applicable according to the characteristics of each related-party transaction (i.e: value of the transaction in relation to shareholders’ equity or, if greater, to capitalisation; total assets of the entity involved in the transaction compared to the total assets of the Company; total liabilities of the entity acquired compared to the total assets of the Company) exceeds 5%.*”<sup>(14)</sup>.

**1.4.2** According to Recordati RPT Procedures, the Merger constitutes a Transaction of Major Importance, since the equivalent-value relevance ratio, as well as the ratio between the total assets of the transaction subject matter and the Company’s total assets, largely exceed the relevant 5% threshold.

In particular:

- (i) The equivalent-value relevance ratio <sup>(15)</sup>, prudentially considering the Merger value equal to the assigned shares value <sup>(16)</sup>, is equal to 51,82%;
- (ii) The asset relevance ratio <sup>(17)</sup> results from the total Merged-in Companies activities as of 30 June 2020, equal to Euro 3.159 million <sup>(18)</sup> and the total Recordati activities as of 30 June 2020, equal to Euro 2.810 million; the asset relevance ratio is therefore equal to 112,43%.

**1.4.3** In light of the data referred to above, two of the major importance indexes result to be largely exceeded in connection to the Merger. As already mentioned, the excess of even only one of the

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Given the effective number of acceptances of the Offer by the addressee, those credit lines have not been utilized.

<sup>(13)</sup> It seems that Rossini Investimenti never used the funds made available under the RFC Credit Line.

<sup>(14)</sup> Annex 3 to Consob RPT Regulation, paragraph 1.1, regulates three possible parameters to identify transactions of greater importance, being respectively the equivalent-value relevance ratio, the asset relevance ratio and the liabilities relevance ratio.

<sup>(15)</sup> Equal to the ratio between (i) the equivalent Transaction and, in this case, (ii) the Market capitalization of the target company at the end of the last trading day included in the period covered by the latest accounting periodical published document (that is, in this case, the semi-annual Recordati consolidated report at 30 June 2020).

<sup>(16)</sup> The *fair value* (See Annex 3, 1.1, let. (a) of Consob RPT Regulation) of Fimei participation held in Recordati may be considered equal to the overall Recordati shares value in the *Mercato Telematico Azionario organizzato e gestito da Borsa Italiana* as of 30 June 2020 and therefore equal to Euro 4.822 million, while the market capitalization at the last open day market falling in the reference period considered under the financial periodical report (30 June 2020) was equal to 9.306 million Euros.

<sup>(17)</sup> As defined under annex 3 to Consob RPT Regulation as the ratio between the total assets of the entity under the transaction and the total company’s assets resulting from the latest company’s published financial statement.

<sup>(18)</sup> Resulting from the sum of Fimei activities as of 30 June 2020, equal to Euro 128 million, and the total Rossini Investimenti activities at the same date of 30 June 2020, equal to Euro 3.031 million.

indexes under the applicable rules would be sufficient, consequently the overall Transaction must be deemed a transaction of greater importance according to Consob RPT Regulation and a Transaction of Major Importance according to Recordati RPT Procedures, also in light of the Merger Agreement value.

## 2. CONTENTS AND RELEVANCE OF THE CONTROL, RISKS AND SUSTAINABILITY COMMITTEE OPINION

### 2.1 The Committee opinion

**2.1.1** According to Consob RPT Regulation and Recordati RPT Procedures, the Control, Risks and Sustainability Committee is asked to express an opinion on the Company's interest in the completion of the Transaction and the convenience and substantial correctness of the underlying terms, protecting neutrality and impartiality evaluations with respect to the envisaged Transaction to the benefit of all shareholders (and particularly those unrelated).

As far as the Company's interest in the completion of the Transaction and the convenience and substantial correctness of the underlying terms, also on the basis of legal scholars' and best practice guidelines in similar transactions, the Control, Risks and Sustainability Committee has the duty of carrying out a preliminary evaluation on the Company's interest in the completion of the Transaction, that may not be a judgment of the Transaction advisability, even if not limited to procedural and legitimacy questions. Such an advisability evaluation is in fact under the exclusive competence of the Board of Directors in its entirety (or the executives if the case may be) within the Company strategies and implementation business goals.

In any case, the Control, Risks and Sustainability Committee is asked to express an opinion on the Transaction also considering the strategic, industrial e financial plans possibly already approved by the Board of Directors as well as the information already made available to the market. The Committee reasonings on point are set out in *sub*-paragraph 5.3.

**2.1.2** As far as the Transaction terms and conditions convenience and substantial correctness are concerned, the Control, Risks and Sustainability Committee must express an opinion on the substance thereof, on the basis of the information available<sup>(19)</sup>. The Committee deemed proper requesting the assistance<sup>(20)</sup> of an independent expert with respect to the rate exchange evaluation, appointing therefore prof. Pietro Mazzola belonging to Partners S.p.A. (the "**Financial Expert**")<sup>(21)</sup> and an independent advisor with respect to the fiscal aspects of the Transaction, appointing dr. Andrea Tempestini of McDermott Will & Emery Studio Legale Associato<sup>(22)</sup> (the "**Fiscal Expert**", and, together with the Financial Expert, the "**Independent Experts**").

Among the information available to the Committee, a particular relevance have the financial *fairness opinion* of the Financial Expert and the Fiscal Expert evaluations in the tax field.

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<sup>(19)</sup> The Committee has been provided by the Company's offices, according to art. 03.03 of Recordati RPT Procedures, with an accurate dossier on the Transaction several times updated during the analysis.

<sup>(20)</sup> Pursuant to art. 7(1)(b) of Consob RPT Regulation applicable for transactions of greater importance such as that at stake and art. 8(1) of Consob RPT Regulation.

<sup>(21)</sup> Business Economy Ordinary Professor at Università IULM, Deputy Professor in balance sheets at Università Bocconi, as well as founding member of Partners S.p.A.

<sup>(22)</sup> Dr. Tempestini is *partner* at McDermott Will & Emery Studio Legale Associato.

## 2.2 Rossini Luxembourg management and coordination activity over Recordati

Art. 14(1) of Consob RPT Regulation provides specific rules in the event that the issuer is subject to management and coordination activity. In this event, the opinion on related parties transaction affected by such an influence “shall timely indicate the reasons and the convenience of these transactions, where appropriate, in light the overall result of the supervision and coordination of transactions that is designed to fully eliminate the damage resulting from an individual Related Party Transaction”.

Considering that the Transaction under this opinion is influenced by Rossini Luxembourg management and coordination activity, the Committee duly considered Consob RPT Regulation in evaluating interest, convenience and substantial fairness. This without affecting a thorough evaluation, according to what discussed above, on Recordati direct interest and convenience in the completion of the Transaction irrespective of management and coordination activity by Rossini Luxembourg.

## 3. TRANSACTION DESCRIPTION

### 3.1 The Merger: genesis and target

**3.1.1** As anticipated under *sub*-paragraph 1.2, by communication dated 15 June 2020, Rossini Luxembourg, in its role of company having management and coordination activity over the Merged-in Companies and Recordati, expressed the will to carry out the Merger and requested Recordati, Rossini Investimenti and Fimei to carry out any corporate fulfilment required to perfect the Merger within the first part of 2021.

In detail, the envisaged extraordinary transaction to be approved by the Merging Companies shareholders’ meetings, is a so-called reverse merger by incorporation of Rossini Investimenti and Fimei in Recordati. As a consequence of the Merger, Recordati will assume all the Merged-in Companies rights and obligations and will become the party of all relationships and in theory all court positions belonging to the latter before the Merger.

The Merger must be seen as a part of the overall transaction aimed at acquiring 100% of Fimei corporate capital by Rossini Investimenti (see *sub*-para 1.3 above).

**3.1.2** Rossini Investimenti and Fimei incorporation in Recordati reaches the target, for the group headed by Rossini Luxembourg (the “**Lux Group**”), of shortening the control chain over the operating companies. In particular, the Committee has been informed that the Merger could trigger at a group level: (i) a rationalization of the corporate structure and a simplification of the existing chain of control; (ii) a reduction of administrative costs to maintain the Merged-in Companies; (iii) administrative synergies and structural fixed costs cut.

**3.1.3** Besides these results, the Merger would also pursue a tax advantage for the same Recordati, that is the possibility to avail itself of the “*Aiuto alla Crescita Economica*” under Art. 1, of Law Decree 6 December 2011, No. 201 (the “**ACE Decree**”), already accrued by Rossini Investimenti in connection

to the contributions by Rossini Luxembourg within the Acquisition <sup>(23)</sup>. Furthermore, the Company's officers highlighted how the Merger could allow Recordati to avail itself in the future, without any time limits, of the additional ACE Benefit to be calculated each financial year on the relevant capital increase transferred by the Merged-in Companies <sup>(24)</sup>.

### 3.2 The Merger: main features and Exchange Ratio

**3.2.1** The reference financial situations under Art. 2501-*quater* of the Italian Civil Code are the consolidated semi-annual financial report as of 30 June 2020 for the Incorporating Company, drafted according to Art. 154-*ter* of TUF and approved by Recordati Board of Directors on 30 July 2020, and, the financial situation at 30 June 2020 drafted under Art. 2501-*quater* of the Italian Civil Code and approved by the Board of Directors in charge on 11 September 2020 for the Merged-in Companies, (together, the “**Reference Financial Situations**”).

**3.2.2** The Merger exchange ratio (the “**Exchange Ratio**”) has been determined assuming that before the Merger effective date:

(i) Fime ordinary shareholders meeting approves the financial statements as of 31 December 2020 and the distribution and payment to Rossini Investimenti of a dividend equal to the cash excess resulting before the Transaction, net of any charge, tax and/or cost possibly due or any debt borne by Fime at the same date;

(ii) Rossini Investimenti ordinary shareholders meeting approves the financial statements as of 31 December 2020 and the distribution and payment to Rossini Sarl of a dividend equal to the cash excess resulting before the Transaction, net of any charge, tax and/or cost possibly due or any debt borne by Rossini Investimenti at the same date: for the purposes of determining the liquidity excess to be distributed by Rossini Investimenti, any possible positive asset item relating to the ACE Benefit gathered by such company, will not be taken into account.

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<sup>(23)</sup> With respect to the equity contributions received within the Recordati acquisition, Rossini Investimenti is willing to get benefit of the *Aiuto alla Crescita Economica* (ACE) under Art. 1, of the Ace Decree. For that purpose, Rossini Investimenti filed a proper application before the competent Internal Revenues Agency on 6 August 2019 (the “**2019 Application**”). The 2019 Application is aimed at being exempted according to Art. 11(1) b), Law No. 212 of 2000 – from the anti-elusive under Art. 10(4) of Ministry Decree 3 August 2017. These rules provide the sterilization of the companies' capital increase for the purpose of cash contributions from subjects other than those domiciled in Countries or territories allowing an adequate exchange of information (so called *white list* Countries). The rules also clarify that the investigations on the contribution provenience “*are not carried out over the subscribers of white list Countries regulated investment fund*”. The Internal Revenues Agency addressed the 2019 Application confirming that the anti-elusive rules shall not be applied in connection to a portion of the sums contributed to Rossini Investimenti as equity, since all the requirements not to apply such rules have been deemed occurring. As a consequence, Rossini Investimenti gathered and will gather an overall ACE Benefit during financial years 2018, 2019, 2020 and 2021 until the Merger accounting effective date, which does not result in income-asset data of any of the Merging Companies, which may determine for Recordati less taxes up to Euro 12,9 million (the “**ACE Accrued Benefit**”, see below, para. 5.2).

<sup>(24)</sup> On the basis of the applicable laws, such benefit will be available within the Incorporating Company net asset value, therefore triggering a further tax decrease for around Euro 1,3 million on a yearly basis (the “**Yearly ACE benefit**” and, together with the ACE Accrued Benefit, the “**ACE Benefit**”) except for the first year (as of the Merger accounting effective date through 31 December 2021) in which the benefit will be approximately up to Euro 1 million. In the event of a net asset value increase, Recordati will have the right to a further ACE Benefit under certain circumstances.

Following such distributions, the net asset values of the Merged-in Companies will substantially match the value of Recordati ordinary shares held by Fimei and indirectly by Rossini Investimenti (except any possible positive asset item accounted by Rossini Investimenti relating to the ACE Benefit).

Taking into consideration the amount and composition of the Merging Companies net asset values, also in light of the above-mentioned distributions, the Merger Project has the following Exchange Ratio:

- towards the cancellation of (i) all 10.000.000 shares representing whole Fimei capital, entirely held by Rossini Investimenti, as well as (ii) 82.550.000 shares representing whole Rossini Investimenti corporate capital, entirely held by Rossini Sarl,
- all Recordati ordinary shares held by Fimei, will be re-assigned to Rossini Sarl, provided that the other shareholders (that is other than Rossini Sarl and Recordati following the Merger) will still have the ordinary Recordati shares held at that date.

As a result of the proposed calculation criterion, the Exchange Ratio shall from time to time be a function of the number of Recordati shares held by Fimei. Since at 30 June 2020 Recordati shares owned by Fimei were 108,368,721, the Exchange Ratio at that date is equal to 1.313 Recordati shares per each Rossini Investimenti share.

The Merger Plan also provides (see immediately below para. 3.2.6) that the completion of the Merger will not take place on the "*occurrence, by the Effective Date, of one or more events or circumstances that produce a negative effect on the activities, legal relationships, on liabilities and / or on the operating results of the Companies Participating in the Merger, significant and in any case such as to alter the risk profile or the assessments based on the determination of the Exchange Ratio*".

In light of all of the above, no variation of the Incorporating Company corporate capital is carried out under the Merger Project, nor any cash adjustment.

**3.2.3** The Incorporating Company ordinary shares reassigned in exchange to Rossini Sarl will have the same rights entitlement date of the Recordati ordinary shares issued at the Merger effective date and will grant to the legitimate shareholders the same rights pertaining to the Incorporating Company shareholders securities issued at the reassignment date.

**3.2.4** On September 2020, the Merging Companies managing bodies filed before Milano Courts a request to appoint an expert for the purposes of At. 2501-*sexies* of the Italian Civil Code, availing themselves of the option regulated by Art. 2501-*sexies* (4), of the Italian Civil Code. Such provision allows to ask the competent Courts where the company resulting from the merger has the registered offices, to appoint one or more experts which will be in charge to assess in their report, the exchange ratio fairness.

**3.2.5** According to the Merger Project, Rossini Investimenti and Fimei incorporation in Recordati will be perfected during the first 2021 semester and in any case, after the date on which the Merged-in Companies financial statements closing at 31 December 2020 will be approved by the shareholders' meetings along with the patrimonial situations at 31 March 2021. Within the strictest technical time required immediately after the closing financial situation approval, the Merging Companies will enter into the Merger deed and will fil it before the competent Companies' Register.

The Merged-in Companies activities will be accounted in the Incorporating Company balance-sheets as of 1 April 2021 (the “**Accounting Effective Date**”).

Such Accounting Effective Date will be also taken for the purposes of art. 172(9), of Presidential Decree No. 917/1986. Pursuant to Art. 2504-*bis* (2) of the Italian Civil Code, the Merger will have effect as of the last transcription under 2504 of the Italian Civil Code. From that date on, the Incorporating Company will take over all the Merged-in Companies legal relationships, whether positive or passive.

**3.2.6** In addition to the Merging Companies extraordinary shareholders’ approvals, the Merger perfection shall also be subject to, or the waiver of (if admissible), the following conditions (see art. 12 Merger Project):

*“(a) the absence of any vetos, and/or objection, and/or conditions on the Merger within the effective date, by the Government Council according to the so-called Golden Power rules<sup>(25)</sup>;*

*“(b) the positive outcome of the report by the expert appointed under Art. 2501-sexies(4), of the Italian Civil Code, on the Exchange Ratio fairness;*

*“(c) the absence of any event or circumstance affecting the Merging Companies activities, legal relationships, passivity and/or results within the effective date, so that to compromise the risk assessments and evaluations on the basis of the Exchange Ratio;*

*“(d) the absence at the Merger effective date of pledges and other third parties encumbrances over the shares representing the entire Fimej or Rossini Investimenti corporate capital, or over their cash accounts or over any claim by Rossini Investimenti towards Fimej, as well as the absence of any personal guarantee issued by Rossini Investimenti within its indirect acquisition transaction of Recordati reached through the purchase of the entire Fimej corporate capital.”*

### 3.3 The Merger Agreement

Also, in consideration of the reverse merger structure of the envisaged transaction, the management and coordination activity by Rossini Luxembourg and Recordati *status* as listed company, the Company obtained to have certain relevant Merger aspects regulated under the Merger Agreement, a separate agreement between Recordati and Rossini Luxembourg.

In particular, the Merger Agreement subject matter are (i) the management regime of the Merging Companies (so-called *interim* period) restricted to ordinary activities without possibility, in particular, to enter into debt transactions not fully redeemed within the Merger effective date, and (ii) representations and warranties given by Rossini Luxembourg with respect to the absence of any passivity, also from a tax perspective, in Rossini Investimenti and Fimej which are not properly highlighted in the reference financial situations of the Merged-in Companies; (iii) Rossini Luxembourg indemnification undertakings in the event of inaccuracies or untruthfulness of such representations

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<sup>(25)</sup> The Merger is subject to the preliminary notification duty to the Minister Council according to La Decree No. 21/2012, converted with Law No. 56/2012, setting out the “*Rules on special powers on corporate capital assets in the defence and national security field, as well as for strategical activities in the energy, transport and communication sectors*” as subsequently integrated (the so called *Golden Power Rules*) and will be therefore carried out only in the absence of special power enforcements under such rules.

and warranties, provided the application of usual indemnification limitations in such kind of transactions even among unrelated parties.

#### **4. CONTROL, RISKS AND SUSTAINABILITY COMMITTEE OPINION PRELIMINARY PHASE. PROCEDURE CORRECTNESS**

##### *4.1 Control, Risks and Sustainability Committee involvement*

**4.1.1** The Control, Risks and Sustainability Committee has been informed about the Transaction during the Board of Directors of 18 June 2020 <sup>(26)</sup>.

On the same date, the Control, Risks and Sustainability Committee, held a first meeting during which the Committee members started the preliminary phase works aimed at issuing this opinion according to art. 8 of Consob RPT Regulation and Articles 03.03 and 03.04 of Recordati RPT Procedures. The Committee members unanimously decided to request the assistance of a legal advisor other than the Company's advisor, that is *Studio Legale Galbiati, Sacchi e Associati*, having a particular expertise in corporate governance issues, to have a support in the decision taking process and to appoint an independent financial expert, among the candidates selected by the same Committee.

**4.1.2** Thereafter, on 30 June 2020 the Control, Risks and Sustainability Committee met to select the expert to support the evaluations on the Transaction economic suitability and substantial correctness of the conditions thereof. During the same meeting, having the Committee highlighted some issues, among which the ACE Benefit, also took into consideration the possible help of an independent fiscal expert, to be appointed among the candidates selected by the Committee (see below, para. 4.2).

Since the activity beginnings through the entire Company's negotiations, the Control, Risks and Sustainability Committee had a continuous access to an information flow regarding the Transaction implementation status, also by the Independent Experts contacts with the Company's offices.

**4.1.3** After sharing some reasonings on the methodology approach with the Financial Expert on 16 July 2020, the Control, Risks and Sustainability Committee met on 23 July 2020 for a first discussion with the Fiscal Expert on the Transaction and to gather the first suggestions in this respect <sup>(27)</sup>. The Committee also carried on the documentation analysis of the papers made available by the Company.

**4.1.4** On 27 July 2020, the Committee met again to proceed with the preliminary phase. The Financial Expert prof. Mazzola initially took part to the meeting and summarized the work carried out so far, also giving some evaluation elements examined. The Committee examined therefore the first Merger Agreement draft provided by Rossini Luxembourg lawyers, with the intervention of the legal counsel appointed by the Company for the negotiation (that is avv. Andrea Giardino, from Studio Legale Gatti Pavesi Bianchi). The Committee members made their comments on certain aspects of the Merger Agreement. In the following days and before forwarding the Merger Agreement draft to Rossini Luxembourg counsels, the Committee had the chance to verify along with the appointed

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<sup>(26)</sup> The Company immediately informed the Committee chairman about the Rossini Luxembourg communication receipt dated 15 June 2020 (see above, para. 3.3.1).

<sup>(27)</sup> Also examining with the Fiscal Expert Tax Due Diligence Report by Studio Legale Tributario Facchini Rossi Michelutti, Merged-in Companies counsels.

lawyers from Studio Legale Galbiati, Sacchi e Associati, that the comments had been incorporated in the discussion draft between Rossini Luxembourg lawyers and the Company.

**4.1.5** On September 2020, the Committee met then again, firstly on 3 September 2020. During that meeting, the Company's lawyers and the outside counsels gave a deep update on the negotiations regarding the Merger Agreement. The Committee has been therefore able to propose further comments to the Merger Agreement draft. During that meeting, an update on the Financial Expert works was given and the Committee started a preliminary discussion on the possible structure of this opinion.

**4.1.6** The following meeting has been held on 8 September 2020. During that meeting, the Fiscal Expert explained the conclusions reached at the end of its analysis. The meeting continued with the analysis of the new Merger Agreement draft and the ongoing amendments addressed to the draft itself. The following day (9 September 2020) the Committee preliminary activities went on, with a new meeting with the Company, the Financial expert and the Fiscal Expert. During that meeting, the evaluation processes of the financial fairness opinion have been carried out along with the relating developments and taking into account dr. Tempestini specific thoughts. The analysis focused then on the Transaction timetable and the following fulfilments in view of this opinion issuance.

On 21 September 2020, the Committee met again to analyse the details of the Financial Expert and the Tax Expert work. The Company's offices also transmitted to the Committee the last Merger Agreement draft still under discussion with respect to specific residual issues and in the last phase of the negotiations. Hence, the Committee members had an overview on the overall Transaction and discussed on the occurrence of the Company's interest in the completion of the Transaction and the convenience and substantial correctness of the underlying terms.

After its discussions and considerations, the Committee started the evaluations on the current status of this opinion with the purpose of completing the final version to be approved. On 25 September 2020, the Committee met to examine the draft opinion and to share thoughts and comments among its members in view of the subsequent approval, as in fact happened during the 28 September 2020 meeting.

**4.1.7** The Company's Statutory Auditors took part to all the above mentioned Committee meetings, supervising, within their tasks and duties, the preliminary phase and the process leading to the issuance of this opinion on Recordati's interest in the completion of the Transaction and the convenience and substantial correctness of the underlying terms.

#### 4.2 Independent Experts Selection and Appointment and scope of the advice

**4.2.1** As recalled, since the task beginning, the Committee members deemed proper appointing an independent expert to carry out due analysis on the Transaction and to issue a fairness opinion covering it.

Within a list of candidates and after evaluating their independence requirements, the Committee appointed prof. Pietro Mazzola from Partners S.p.A.

The Financial Expert preliminarily discussed with the Committee the evaluation path and the methodologies to apply for the purposes of carrying out the requested job, on the basis of the consolidated legal scholars' thoughts and the national and international praxis.

Then, prof. Mazzola outlined to the Committee the concrete outcome of the methodologies applied following the meeting held on 21 September 2020.

Finally, prof. Mazzola issued on 28 September 2020 the *“Fairness Opinion concerning the Exchange Ratio proposed as a part of the reverse merger by absorption of Rossini Investimenti S.p.A. and Fimej S.p.A. into Recordati S.p.A., in the interest and for the benefit of the Risk Control and Sustainability Committee of Recordati S.p.A.”* hereby attached as Annex “A” (the **“Financial Fairness Opinion”**).

**4.2.2** Since the first Transaction analysis, the Committee members deemed proper appointing another independent expert specialized in the tax field. Within a list of candidates and after evaluating their independence requirements <sup>(28)</sup>, the Committee appointed dr. Tempestini from studio Legale McDermott Will & Emery Studio Legale Associato.

In addition to a general advice, the Committee specifically deemed necessary in the evaluation process to gather from the Fiscal Expert an opinion on the completeness of the potential liabilities set out in the *Tax Due Diligence Report* provided by the Merged-in Companies. In addition, the Committee requested (i) a support in examining such report and analysing the representations and warranties under the Merger Agreement, as well as (ii) the issuance of a *Fairness Opinions* on the ACE Benefit availability by Recordati after Merger, given the particular relevance of that item for Recordati within the Transaction (see below para. 5.2).

Doctor Tempestini analysis outcome is the *“Opinion on certain aspects regarding the Merger by incorporation of Rossini Investimenti S.p.A. and Fimej S.p.A. in Recordati Industria Chimica e Farmaceutica S.p.A.”* issued on 24 September 2020 and hereby attached as Annex “B” (the **“Fiscal Fairness Opinion”** and, together with the Financial Fairness Opinion, the **“Fairness Opinions”**).

#### 4.3 Draft and approval of the Control, Risks and Sustainability Committee opinion

The Control, Risks and Sustainability Committee, supported by Studio Legale Galbiati, Sacchi e Associati, started drafting this binding opinion immediately after the meeting on 21 September 2020, having ascertained the Independent Experts work and on the basis of the preliminary scheme already circulated. The draft opinion has then been examined during the 25 September 2020 meeting. In light of the meeting considerations and the Independent Experts reasonings under the Fairness Opinions, the Control, Risks and Sustainability Committee approved this opinion on 28 September 2020.

### **5. SPECIFIC OPINION SUBJECT: (A) THE COMPANY’S INTEREST IN THE COMPLETION OF THE TRANSACTION**

#### 5.1 Foreword: Lux Group interest in the completion of the Transaction

**5.1.1** According to Consob RPT Regulation and Recordati RPT Procedures, as already mentioned <sup>(29)</sup>, the Control, Risks and Sustainability Committee has the task to evaluate whether the envisaged

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<sup>(28)</sup> The Fiscal Expert, in confirming the absence of any direct economic, patrimonial or financial relationship to highlight, for the sake of completeness, gave notice that three foreign partners of McDermott Will & Emery carried out in the past years (2017, 2018 e 2019) some activities on behalf of Recordati and his group for non-material amounts. Having considered (i) the date of the activities all expired from a long time; (ii) the amount paid; (iii) the name of the partners who carried out such activities (all foreign partners without involvement of the Italian offices), the Committee deemed such relations not to be relevant for the purposes of evaluating the Fiscal Expert independence.

<sup>(29)</sup> See para. 2 above.

Transaction fits with the Company's interest within the strategies and the general management guidelines defined by the Board of Directors, also considering the overall management and coordination activity results.

**5.1.2** The Merger is a transaction carried out under Rossini Luxembourg management and coordination activity.

By incorporation of Rossini Investimenti and Fimei in Recordati, Lux Group wish to shorten the control chain over the operating companies. In particular, the Merger could trigger: (i) a rationalization of the corporate structure and a simplification of the existing chain of control, with a consequent improvement of the management efficiency in line with the national and international praxis; (ii) a reduction of administrative costs to maintain the Merged-in Companies, therefore making available resources to the benefit of the entire Lux Group; (iii) administrative synergies and structural fixed costs cut, as well as an increased efficiency from a financial perspective as a consequence of the control chain shortening allowing a faster upstream dividend flow, with a minor fiscal cost as a consequence of the deletion of additional tax levels.

The Committee deems the purposes and rationale of the Merger at a Lux Group level reasonable and, duly considering the nature of transaction under management and coordination activity, believes in principle existing an interest by Recordati in the completion of the Transaction, assuming its convenience for the Company also under a group compensatory benefits perspective. The Company's officers have highlighted that in this particular case the Merger does not only achieve group interests, but also a specific and individual Recordati interest, that is the possibility to avail itself of the ACE Benefit, as specified under following para. 5.2.

## 5.2 Recordati Specific interest in the Transaction: the ACE Benefit

**5.2.1** As immediately noted by the Company's offices and thereafter confirmed by the Fiscal Expert, as a consequence of the Merger, Recordati would *de facto* take over Rossini Investimenti possibility to avail itself of the ACE Benefit accrued by the Merging Company in the past financial years for around 12,9 million Euros <sup>(30)</sup>. Under the same ACE rules, the Company could also benefit of tax savings estimated in around yearly Euro 1,3 million on a revolving basis <sup>(31)</sup>.

The Committee is of the opinion Recordati possibility to avail itself of the ACE Benefit after the Merger represent a significant basis to ascertain a proper Company's interest in carrying out the Transaction, irrespective of the Group above mentioned interest.

Also, in connection to the importance of the Accrued ACE Benefit for Recordati after the Merger, the Committee requested the Fiscal Expert to give a professional advice on the availability of such benefit (see Fiscal Fairness Opinion Attached under "B").

**5.2.2** In the Fiscal Fairness Opinion, the Committee independent expert firstly recalled how within the Acquisition Rossini Investimenti received on 2018 contributions for an overall amount of 3.065 million Euros (of which 825 million Euros as capital increase and 2.240 million Euros as non-

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<sup>(30)</sup> As far as the concrete Accrued ACE Benefit amount determination is concerned, see para. 6.2 below.

<sup>(31)</sup> Assuming (i) the absence of amendments to the applicable rules and (ii) a net Recordati asset value not inferior to the current one.

redeemable financing), which may be deemed relevant for the ACE purposes for 2.240 million. The total accrued and unutilized ACE <sup>(32)</sup> at the Merger is calculated in an overall amount of around 53,6 million <sup>(33)</sup>, with a theoretical tax saving of 12,9 million Euros (that is the Accrued ACE Benefit).

In order to evaluate Recordati possibility to take over Rossini Investimenti Ace position after the Merger and the possibility to benefit of the Accrued ACE Benefit, the Fiscal Expert considered that:

- (i) the net asset increase triggering Rossini Investimenti ACE position, as a consequence of Rossini Sarl contributions, was coherent with the benefit rationale and there were not risks to duplicate the ACE basis, as prevented by the anti-elusive specific rules under Art. 10 of ACE Decree;
- (ii) Rossini Investimenti benefit and Recordati benefit following the Merger, may not be claimed taking into account the general anti-abuse principles with reference to the overall Acquisition and, in particular, Rossini Investimenti role;
- (iii) finally, whether the Merger was capable to transfer ACE benefits accrued for Rossini Investimenti to the incorporating company, and possibly within which limits and conditions.

In connection to the above said subjects, the Fiscal Expert mainly considered the Internal Revenues Agency ruling addressing the Application 2019 (see above, fn. 23). The Agency already confirmed in fact that Rossini Investimenti entitlement to the ACE basis, for an initial overall amount of around 2.240 million Euros, currently exempt from possible challenges, taking for granted the assumptions on the grounds of which the Application 2019 is based. Furthermore, according to the Fiscal Expert, there should not be any criticism from a potential abuse perspective (an issue not raised under the Application 2019), according to proper reasonings duly set out. In connection in particular to the transfer in Recordati of Rossini Investimenti ACE excesses accrued and unutilized post Merger, the Fiscal Fairness Opinion underlines how such transfer is subject to certain limitations for which an exemption has been requested with an Application filed before the Internal Revenues Agency on 5 August 2020 (the “**Application 2020**”). In this respect, the Fiscal Expert deems that a positive reply to the Application 2020 by the Internal Revenues Agency may be probably expected on the basis of reasonable arguing.

Recordati, after the Merger, may reasonably benefit of the Yearly ACE Benefit without time limitations <sup>(34)</sup>.

**5.2.3** As anticipated, the Merger Agreement sets also out specific representations and warranties by Rossini Luxembourg assuring Recordati with respect to the Merged-in Companies assets and the absence of liabilities which are not reflected in Rossini Investimenti and Fimei accounting records.

Considering the mere *holding* activity of the two Merged-in Companies (of which Rossini Investimenti only incorporated on 2018), there are not in principle particular activities carried out by such companies which are normally carefully covered by representations and warranties (such as environmental issues, intellectual property, authorization, or labour issues). In the case at stake,

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<sup>(32)</sup> That is the deductible, de facto not deducted, for the lack of taxable incomes under IRES rules (Corporate Tax) purposes.

<sup>(33)</sup> This amount was calculated on the basis of an estimate of the profit share for the year 2020, set aside in the reserve before the Merger.

<sup>(34)</sup> See fn. 31 above.

therefore, the Committee focused the attention on possible tax issues. With the support of the Fiscal Expert, the Committee reached the conclusion that Rossini Luxembourg guarantees and the indemnification commitments thereof under the Merger Agreement may be deemed by Recordati adequate and coherent with the actual circumstances and consistent with other similar transactions among independent parties (as far as subject, technicalities and amounts at stake are concerned).

5.3 Specific Recordati interest in the Transaction: Merger coherence with the Company's strategies and current management guidelines. Alternative absence

**5.3.1** In evaluating Recordati interest in the Transaction, the Committee also considered the envisaged transaction coherence with the Company's strategies, current management guidelines and the information previously made available to the market.

In this respect, the Committee ascertained that the Merger was already mentioned by Rossini Investimenti in the offer document at the end of 2018. Right in the event of few subscriptions to the Offer (as effectively happened), it was forecasted a *"possible merger of the Offeror [Rossini Investimenti] and or Fimej in the Issuer [Recordati], being maintained the Issuer listing as incorporating company therefore"* <sup>(35)</sup>.

**5.3.2** During the analysis, the Committee also ascertained that no alternative options were available, considering that the Incorporating Company should have been Recordati for many reasons, among which in particular: (i) the listed company status and the high amount of listed shares (over 48%) and (ii) Recordati operational nature, with respect to the products authorizations, registrations certifications currently held by the Company and not easily transferable.

5.4 Summary of the Control, Risks and Sustainability Committee evaluations on Recordati interest on the Transaction.

In light of all the considerations under 5.1 through 5.3 hereby fully recalled and in summary:

- (i) the Merger nature of transaction subject to management and coordination activity;
- (ii) Lux Group scopes, that the Committee believes are reasonable given the circumstances and assuming that the Merger appears convenient for Recordati as hereunder specified under para. 6;
- (iii) Recordati proper and direct interest in carrying out the Transaction for the reasonable purpose of availing itself of the ACE Benefit;
- (iv) The set of representations and warranties under the Merger Agreement and the indemnification commitments thereof;
- (v) The Fiscal Expert advice regarding the ACE Benefit and his Fiscal Fairness Opinion, which are considered appropriate and duly motivated by the Committee, and therefore shared by the Committee,

the Recordati Control, Risks and Sustainability Committee deems to approve the Company's evaluations on the occurrence of both an interest group and a specific Company's interest in carrying out the Transaction.

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<sup>(35)</sup> See Offer Document, in particular page 32.

**6. THE SPECIFIC OPINION SUBJECT MATTER: (B) THE CONVENIENCE AND SUBSTANTIAL CORRECTNESS OF THE TRANSACTION CONDITIONS.**

**6.1 The Transaction convenience for Recordati and the correctness of the relating conditions: on the Exchange Ratio**

**6.1.1** Pursuant to Consob RPT Regulation and Recordati RPT Procedures, the Control, Risks and Sustainability Committee also has the duty to give an opinion on the Transaction conditions convenience and correctness.

**6.1.2** Within the Merger, the Transaction conditions convenience and correctness for Recordati are mainly focused on the Exchange Ratio and its fairness under a financial perspective.

In this case (as mentioned in the previous para. 3.2.2), due to the proposed calculation criteria, the Exchange Ratio value shall from time to time be a function of the number of Recordati shares held by Fimeì. Since as at 30 June 2020 Recordati shares owned by Fimeì were 108,368,721, the exchange ratio at that date is equal to 1.313 Recordati shares per each Rossini share.

In relation to the assessment of the adequacy of the Exchange Ratio, the Control, Risks and Sustainability Committee deemed proper, in line with the *best practice* in similar transactions, to be assisted by an independent expert, that is prof. Mazzola who issued his Financial Fairness Opinion hereby attached as Annex "A". The Financial Expert shared with the Committee the evaluation methodologies to be applied in the case hereof, and the relating process during preliminary meetings and, in particular, the 27 July 2020 <sup>(36)</sup>.

The Financial Fairness Opinion clarifies, in general, that the Exchange Ratio fairness ascertaining must be based on an evaluation process aimed at selecting similar values to be compared among the companies involved on the Merger and verify, then, whether the resulting average exchange ratio encompasses, within what extent, the proposed Exchange Ratio.

**6.1.3** Given the above, from a methodology perspective, the evaluation process proposed by the Financial Expert approved by the Committee members may be summarized as follows:

- (a) identification of a values range of Recordati through methods in line with the nature of operative company listed in Milano Stock Exchange;
- (b) subsequent identification, also on the basis of Recordati values above, of Fimeì values range and the correspondent range value for each share <sup>(37)</sup>.

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<sup>(36)</sup> Specifically, the methodology choice has been determined by the Expert duly considering that his opinions are targeted to verify the Exchange Ratio fairness, within a reverse merger transaction between an operating company listed in Milan Stock Exchange, and two holdings of participations, not listed, characterized by a total participation bound, whose principal asset is represented by the participation held (directly or indirectly), in the operating company.

<sup>(37)</sup> Given the participation holding nature of not listed company, Fimeì range of values have been determined through the Net Asset Value (NAV) system, that is the most suitable analytical and patrimonial method to determine such a company value, according to the legal scholars and the best praxis. The method provides that an holding NAV must be determined: (i) mathematically adding the current activities values and the operational passivity, among which a prevailing relevance has the participation in Recordati value; (ii) deducting from the resulting value the current net operational costs borne by the holding to carry out the

- (c) subsequent identification, also on the basis of Fimeì values, as determined above, of Rossini Investimenti values range and the correspondent value per share <sup>(38)</sup>;
- (d) determination of the exchange ratio range between the exchange ratios resulting from the above said values, that is the value per each Recordati share and per each Rossini Investimenti share;
- (e) possible Exchange Ratio sensibility evaluation on the basis of certain data variation affecting the evaluations carried out;
- (f) evaluation of the proposed Exchange Ratio fairness compared to the evaluation process carried out in such fashion.

**6.1.4** For the fairness assessment, the Merging Companies evaluation has been carried out on the assumption of a going concern and on a *stand alone* basis, considering the companies as a single and autonomous evaluation subjects, without taking into consideration the possible synergies arising from the Merger. As a consequence of this evaluation setting, the most suitable according to legal scholars and the praxis in case of mergers among non-independent parties, the possible benefit determined by the expected synergies would positively impact *pro quota* on all the shareholders of the company resulting from the Merger.

**6.1.5** From a substantial point of view, the process above specifically applied considering two particular circumstances duly taken into consideration by the Financial Expert, subsequently shared by the Committee, which are Merger features: (i) the expected distribution of a dividend equal to the value of net activities other than the participation in Recordati recorded in Fimeì and Rossini Investimenti financial statements before the Merger Effective Date (the “**Other Net Activities**”), as well as (ii) the identification of an Exchange Ratio which implicitly assumes that the Merged-in Companies value, after this distribution, will be coincident with their Recordati participation value, as a Recordati value *pro quota*.

Given those circumstances, the evaluation from a substantial point of view must verify possible further items within Fimeì and Rossini Investimenti assets (the “**Additional Items**”) – other than the *pro quota* Recordati participation value under the Exchange Ratio, and Fimeì and Rossini Investimenti Other Net Activities value distributed before the Merger – whose value could possibly affect Fimeì and Rossini Investimenti NAV, differing from that taken as a reference in determining the Exchange Ratio.

In particular, from a substantial point of view, the Exchange Ratio at the reference date fairness results confirmed whether the Additional Items overall value will be close to zero or will be determined within a value range including zero. In case of value over zero, the Exchange Ratio will be increasingly positive for Recordati minority shareholders, *vice versa* in case of values under zero.

**6.1.6** As far as the Additional Items to be considered under this evaluation process are concerned, the Financial Expert made a selection according to a rationale approved and deemed reasonable by the Committee as follows: (i) the holding costs which are outside Other Net Activities and contribute

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business (that is costs non included in the analytical evaluation of the asset items); (iii) deducting again the net financial position of the holding.

<sup>(38)</sup> Always on the basis of the NAV method.

to the determination of the NAV method; (ii) possible assets/liabilities which are not accounted in the financial statements (among which the ACE Accrued Benefit to be possibly used Recordati <sup>(39)</sup>), and not included in the Other Net Activities (only relating to the financial statements items), but that must be considered for the purpose of evaluating Fimei and Rossini Investimenti NAV; (iii) possible consideration of elements (such as control premium, holding discount and outstanding fiscal benefits) which may impact on Fimei and Rossini Investimenti evaluation based on Recordati pro quota participation.

**6.1.7** The evaluation process above theoretically implies the sequence development of Recordati evaluation and thereafter the Merged-in Companies evaluation, granting equal per share evaluation criteria, and - therefore – the comparison between exchange ratios arising on the basis of each of Rossini Investimenti and Recordati share values and the Exchange Ratio set for the Merger.

However, for the reasons above, this analysis substantially turns in a Additional Items overall value verification (other than *pro quota* Recordati participation held by the Merged-in Companies and the Other Net Activities recorded in their Reference Financial Situations), a value implicitly assumed as zero in determining the Exchange Ratio.

In fact, given the Merged-in Companies asset value (that is the relevance absolutely predominant that Recordati participation has in Fimei and Rossini Investimenti NAV), Recordati value fluctuations <sup>(40)</sup> have a non-material impact on the Exchange Ratio (since they affect not only Recordati per share value, but also that pertaining to Rossini Investimenti), or even null within the scenario implicitly assumed under the proposed Exchange Ratio (that is Fimei and Rossini Investimenti further activities equal to zero).

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<sup>(39)</sup> For the sake of completeness, the Financial Fairness Opinion highlights that in the dossier relating to transactions of greater importance with related parties prepared pursuant to article 03.03 of the Recordati RPT Procedures, it is stated that: “*the benefit [ACE] is transferred from Rossini Investimenti to Recordati and only partially valued for the purposes of the exchange ratio with consequent advantage for Recordati's shareholders in relation to the residual share*”. In particular, for the purposes of the Financial Fairness Opinion, in the presence of Further Asset Items having a negative impact on the value of Rossini (such as holding costs), part of the ACE benefit is valued for the purposes of the Exchange Ratio. Consequently, the portion of this benefit that Recordati would benefit of, is that which exceeds the value of these negative elements (see paragraph 6.2.1 below).

<sup>(40)</sup> Anyway, practically determined duly considering Recordati status of listed company, according to legal scholars and praxis. In this respect, with the help of the Financial Expert, two main procedural choices have been necessarily taken: the timeframe to be considered for the average calculation and the alternative between simple average or weighted average for the amount of exchanges. In this case, the choice fell on price weighted averages, given their major significance towards simple averages, and within different timeframes giving a major relevance to those less affected by the extraordinary situation during the initial Covid-19 pandemia period.

Given the information available and the circumstances at stake, for the evaluation purposes it has also been considered Recordati evaluation resulting from the *target price* analysis under the available *equity report* recently published (May-June 2020). Such method allows a market company's evaluation on the basis of market experts estimates according to their expected trend of the company's fundamentals.

This allowed the identification of a Recordati's capital value range and the relating per share values.

For this reason, the Financial Expert most relevant process method choices to test the Exchange Ratio rates are rather those relating to the determination of the the Additional Items value.

For that purpose, the Financial Fairness Opinion on Fimei and Rossini Investimenti deals with four procedural issues <sup>(41)</sup>, and, for the sole Rossini Investimenti, deals with the issue of the potential ACE Benefit to evaluate such company's NAV.

**6.1.8** Financial Expert choices to estimate the Additional Items values and the main reasons leading to such estimate, as explained under the Financial Fairness Opinion, allowed to properly deal with the substantial evaluation issue under the fairness opinion, that is the Additional Items overall value estimate. In particular, such estimate consists of the comparison between the holding cost of Fimei and Rossini Investimenti negative value and the ACE Benefit positive value in Rossini Investimenti, since the Exchange Ratio:

- can be deemed fair in the event that the two values algebraic sum is equal to zero or sets a range including zero;
- can be deemed favourable for Recordati minority shareholders in the event of values increasingly exceeding zero and *vice versa*.

On the basis of the method described above, as of 30 June 2020, the two values algebraic sum becomes positive in the event of utilization of an amount near to 50% of the ACE Benefit Accrued (estimated for Rossini Investimenti on a *stand-alone* basis), results which would be reached as of the fifth year of exploitation.

The Financial Fairness Opinion also explains how the analysis carried out varying either the *holding cost* values or the utilization amount of the ACE Benefit, evidences a low sensitivity for the Exchange Ratio to such variations.

As of 30 June 2020, the Exchange Ratio identified through the calculation method provided for in the Merger Plan was equal to 1,313 Recordati shares per each Rossini Investimenti share. In this regard, as highlighted in the Financial Fairness Opinion, also in light of the sensitivity analysis carried out duly evaluating the Additional Items, the reasonable timing required to ensure the Exchange Ratio fairness and the possible further net benefits for the Recordati shareholders (see below para. 6.2.1), the Exchange Ratio as at 30 June 2020 may in the circumstances be considered fair.

Without prejudice to the foregoing, Financial Fairness Opinion outlines that it cannot be excluded that the Exchange Ratio value as at 30 June 2020, equal to 1,313, may change according to the number of Recordati shares that will be held by Fimei on the effective date of the Merger. In this case, as also underlined in the Financial Fairness Opinion, the fairness value identified for the Exchange Ratio from a financial stand point and in the Recordati shareholders' perspective, in substantial terms, may be deemed occurring in the event that the Additional Items should be equal

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<sup>(41)</sup> In particular, (i) the recurring holding costs, which, as already mentioned, have a part in determining the Merged-in Companies NAV; (ii) the possible consideration and evaluation of the effects connected to the existence of a control shares stake in Recordati; (iii) the possible consideration and evaluation of the outstanding fiscal effects arising from the gap between the participation value recorded and the value arising from Recordati evaluation; (iv) the possible consideration and evaluation connected to the non-listed status of the holding.

to or greater than zero, without prejudice to the other circumstances referred to in the Financial Fairness Opinion.

With respect to the Financial Fairness Opinion guidelines to assess the Exchange Rate fairness in the event of variation of the recordati shares number held by Fimej, the Committee considered various scenarios as well as the terms under the Merger Plan and in the Merger Agreement.

In this regard, during the evaluation process with the Company offices, it firstly emerged how the Merger Plan and the Merger Agreement reaffirm that, on the Merger effective date the Merged Companies may not have a negative value of net assets <sup>(42)</sup>, but only a residual assets surplus that shall be distributed. This would assure the value of the Merged Companies to be substantially equal to the value of their investment in Recordati, calculated as Recordati pro quota value on the Merger effective date.

With respect to the circumstance that the Additional Items is equal to or greater than zero on the Merger effective date, during the evaluation process it has been highlighted on one hand the substantial non-modifiability of the Merged Companies holding costs (and this always according to the interim period provisions under the Merger Agreement) <sup>(43)</sup>. On the other hand, the following was also highlighted:

- (i) the existence of the Accrued ACE Benefit and its transferability to Recordati, taken into account in the evaluations leading to the Exchange Ratio determination, were deemed probable by the independent Fiscal Expert designated by the Committee;
- (ii) the Yearly ACE Benefit is reasonably likely to be transferred directly to Recordati, by mere effect of the Merger <sup>(44)</sup>.

In light of the foregoing and the outcome of the evaluation process carried out with the Company's offices, the Committee believes what follows. The Exchange Ratio, as substantial attribution ratio of the investment held by Fimej in Recordati to Rossini Sarl on the effective date of the Merger, in the event that the Merger is effectively implemented <sup>(45)</sup>, can be reasonably considered fair in the

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<sup>(42)</sup> In particular, all this also by virtue of the provisions on the so-called interim period under the Merger Agreement and the impossibility of carrying out the Merger upon occurrence of events and circumstances capable of negatively affecting the "*assessments based on the determination of the Exchange Ratio*", provided for by art. 12, lett. c), of the Merger Plan.

<sup>(43)</sup> On the other hand, in the dossier relating to transactions of greater importance with related parties prepared in accordance with Article 03.03 of the Recordati RPT Procedure by the Company offices, it is stated that after the Merger it is estimated that "*the recurring administrative costs associated with to the maintenance of the Merged Companies, equal to approximately Euro 370,000.00 per year (mainly administrative costs: auditing, board of statutory auditors, administrative and tax consultancy net of non-recurring costs and financial charges relating to unused credit lines), without transfer costs for Recordati, with the consequent freeing of resources*".

<sup>(44)</sup> Obviously, on the assumption and in the event of (i) regulatory invariance and (ii) Recordati's shareholders' equity not lower than the current one.

<sup>(45)</sup> It must be pointed out that the completion of the Merger is subordinated among other things, pursuant to art. 12, lett. c) of the Merger Plan, to the "*non-occurrence, by the Effective Date, of one or more events or circumstances that produce a negative effect on the assets, legal relationships, liabilities and / or operating results of the Companies Participating in the Merger, relevant and in any case such as to alter the risk profile or the assessments based on the determination of the Exchange Ratio*". Consequently, in the presence of these events or circumstances, the Transaction subject matter of this opinion will not be executed.

circumstances from a financial stand point. This would occur, taking into account the set of provisions under the Merger Plan and the Merger Agreement and on the basis of the elements available so far, (i) either in the case of the Exchange Ratio of 1,313, and (ii) in the event of a possible change of the shares number held by Fimef in Recordati as compared to the figures at 30 June 2020.

**6.2 Transaction convenience for Recordati: (a) costs synergies, Accrued Ace Benefit, Yearly ACE Benefit and (b) Merger Agreement guarantees**

**6.2.1** Given the above with respect to the Rate Exchange fairness, the Transaction convenience evaluation for Recordati must also take in due account the possibility for the Company after the Merger to:

- (i) make use of the Accrued ACE Benefit, under the conditions explained below;
- (ii) make use of the Yearly ACE Benefit; as well as
- (iii) achieve certain cost synergies with respect to the holding costs considered under the Merged-in Companies *stand alone* evaluations as described under para. 6.1 above.

In fact, in determining the Merged-in Companies value as stand-alone within the Exchange Ratio financial fairness, the *holding costs* have been considered among the Additional Items, but they will be substantially disappear because of the Merger, while the Accrued ACE Benefit<sup>(46)</sup> of which Benefit Rossini Investimenti could avail itself of (in the absence of Merger) has been calculated only in part with reference to its potential exploitation on the basis of the company's estimated taxable amount during the years.

As a consequence, the Transaction results convenient for Recordati not only for the reason that the Exchange Ratio can be deemed from a financial stand point fair (see para. 6.1), but also because besides the consideration at the fairness basis, Recordati may reasonably avail itself of further benefits, such as cost synergies and the Accrued ACE Benefits (for the part that has not be taken into account in evaluating the Merged-in Companies). Furthermore, Recordati may reasonably make use of the aforementioned Yearly ACE Benefit for around Euro 1,3 million<sup>(47)</sup>, without time limits after the Merger<sup>(48)</sup>.

**6.2.2** A last element duly considered by the Committee in evaluating the Transaction convenience and the substantial correctness of the conditions thereof is the Merger Agreement content.

In fact, upon the negotiations among the companies supported by Studio Legale Gatti Pavesi Bianchi and Rossini Luxembourg lawyers, such agreement grants to Recordati an interim period rule and a set of representations and warranties, with the relating indemnification obligations, consistent with the practice in similar transactions among unrelated parties.

The Company may reasonably exclude possible liabilities affecting the Merged-in Companies assets which are not evidenced in the Reference Financial Situations and therefore properly considered to determine the Exchange Ratio, even considering the indemnification limitations under the Merger Agreement (commonly set out in similar transactions).

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<sup>(46)</sup> In this respect, it is worth remembering that the Fiscal Expert (see para. 5.2) deemed probable for the Company to benefit of the Accrued ACE Benefit after Merger.

<sup>(47)</sup> About 1 million euros for 2021, see fn. 24 above.

<sup>(48)</sup> See fn. 44.

6.4 Control, Risks and Sustainability Committee evaluations summary with respect to the Transaction convenience and the substantial correctness of the conditions thereof

In light of the considerations under para. 6.1 through 6.3 above, in summary believes that:

- (i) method, practical applications and final conclusions under Financial Fairness Opinion, which are considered appropriate and therefore shared by the Committee;
- (ii) the methodology explained by the Financial Expert to the Committee is in line with the best professional praxis and fits with the case at stake;
- (iii) The Fiscal Expert conclusions under the Fiscal Fairness Opinion with respect to the availability for Recordati of the ACE Benefit after the Merger;
- (iv) The Merger Agreement provides an overall structure, also with reference to the representations and warranties and indemnification undertakings thereof, which may be expected by Recordati in similar transactions with unrelated parties.

therefore, the Control, Risks and Sustainability Committee, approves the Company's evaluations on the Transaction convenience and the substantial correctness of the conditions thereof.

## 7. CONCLUSIONS

In consideration of all the above, the Control, Risks and Sustainability Committee, in person of avv. Michaela Castelli, Chairman, dr. Silvia Candini and dr. Piergiorgio Peluso, all independent directors non related according to Recordati RPT Procedures, after having examined and evaluated documents, information and clarifications given during the Board of Directors meetings by the Company's *management* and the Independent Experts,

**UNANIMOUSLY HEREBY GIVES  
BINDING FAVOURABLE OPINION  
ACCORDING TO ART. 8 OF CONSOB RPT REGULATION  
AND PARA. 03.03 AND 03.04 OF RECORDATI RPT PROCEDURES,**

With respect to Transaction, as described under preceding para. 3, ascertaining the existence of (i) the Company's interest in the completion of the Transaction, as well as (ii) convenience and substantial correctness of the underlying terms.

Milan, 28 September 2020

On behalf of Control, Risks and Sustainability Committee  
The President  
Avv. Michaela Castelli

Annexes:

“A” Financial Fairness Opinion by prof. Pietro Mazzola

“B” Fiscal Fairness Opinion by dr. Andrea Tempestini

**Prof. Pietro Mazzola**

**Confidential**

**FAIRNESS OPINION CONCERNING THE EXCHANGE RATIO  
PROPOSED AS PART OF THE REVERSE MERGER BY ABSORPTION  
OF ROSSINI INVESTIMENTI S.P.A. AND FIMEI S.P.A. INTO  
RECORDATI S.P.A., IN THE INTEREST AND FOR THE BENEFIT OF  
THE RISK CONTROL AND SUSTAINABILITY COMMITTEE OF  
RECORDATI S.P.A.**

***This is a translation of the italian original report***

***which remains the definitive version***

*Milan, 28 September 2020*

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## **1. PREAMBLE**

- 1.1 On 15 June 2020, Recordati Industria Chimica e Farmaceutica S.p.A. (hereinafter referred to as “Recordati”) received from Rossini Luxembourg S.à r.l., in its capacity of company exercising management and coordination authority over Recordati, the request to execute a reverse merger transaction (hereinafter also referred to as “Merger” or “Transaction”) by absorption into Recordati of certain companies through which Rossini Luxembourg S.à r.l. controls Recordati itself, namely Rossini Investimenti S.p.A. and Fimeì S.p.A. (hereinafter respectively referred to as “Rossini” and “Fimeì” and jointly as the “Disappearing Companies”). The Transaction is expected to be executed by the end of the first half of 2021.
- 1.2 Rossini and Fimeì are wholly owned by Rossini S.à r.l. (which, in turn, is wholly owned, through two other companies, by Rossini Luxembourg S.à r.l.) and, in compliance with their company’s purpose, do not perform any commercial and/or industrial activity, while they simply manage their shareholding interest in Recordati. More specifically, Fimeì, which is wholly owned by Rossini, holds 108,368,721 ordinary shares of Recordati, which accounts for 51.82% of its capital.<sup>1</sup>
- 1.3 Since the Merger would be a material transaction with related parties pursuant to and as a result of the Consob Regulation on Related Party Transactions (hereinafter referred to as “RPT Regulation”) and Recordati’s Procedure governing Related Party Transactions (hereinafter referred to as “RPT Procedure”), the Merger is subject to the prior and binding opinion of Recordati’s Risk Control and Sustainability Committee (hereinafter referred to as “Committee”) as it acts as the committee for related party transactions in charge of making sure that there is, in fact, an interest for Recordati in executing the Transaction and that the terms and conditions of such

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<sup>1</sup> Such share would be slightly different (i.e. approximately 51.9%) if it were calculated by taking the number of the so-called fully diluted shares as a reference.

Transactions are advantageous and substantively fair pursuant to the RPT Regulation and to the RPT Procedure.

- 1.4 Against this background, the Committee deemed it appropriate to rely on the support of an independent advisor and instructed Partners S.p.A., in the person of Prof. Pietro Mazzola, to issue an opinion on the fairness, from a financial viewpoint, of the exchange ratio submitted to the aforementioned Committee (hereinafter referred to as “Fairness Opinion”).
- 1.5 As § 2 below shall clarify, what was submitted to the Committee was not a specific quantification of the exchange ratio to be implemented within the framework of the Merger, but rather a process for its determination, with numerical values that may change only as a function of the number of Recordati shares held by Fimef as at the Merger effective date.
- 1.6 Therefore, this Fairness Opinion shall only concern the fairness of the exchange ratio as at the reference date, as obtained by using the method recommended for its calculation.
- 1.7 The analyses and views that are referred to and briefly outlined in this Fairness Opinion were carried out in the specific context of the Merger and are geared towards expressing an opinion, from a financial standpoint, on the exchange ratio. In so far as it is herein pointed out, in no case shall the estimates put forward in the Fairness Opinion be deemed to be potential price or value indications in contexts other than the one for which they were formulated, nor shall they be deemed indicative of values that may be achieved through purchase and sale transactions concerning the shares of the companies involved in the Merger or any individual asset belonging to such companies’ assets.
- 1.8 This Fairness Opinion is structured as follows:
  - § 2 provides a brief description of the Merger and its underlying rationale;
  - § 3 indicates the date taken as reference for evaluating the fairness of the proposed exchange ratio and lists the main information available which were analyzed in order to fulfil the assignment;

- § 4 clarifies the main limitations, valuation issues and assumptions underlying the work carried out;
- § 5 outlines the evaluation approach to be followed and the methods to be applied in order to carry out the valuation at issue and illustrates the technical reasons underpinning such choices;
- § 6 describes the application methods used in order to perform, based on the identified methods, the requested valuations;
- § 7 sets out the conclusions.

## **2. DESCRIPTION OF THE MERGER TRANSACTION**

- 2.1 As anticipated above, Rossini and Fimeì are non-listed holding companies the main assets of which are their (indirect and direct, respectively) stake of 51.82% in the share capital of Recordati, a prominent international pharmaceutical group listed on the Italian Stock Exchange. As previously indicated, the two Disappearing Companies are wholly owned by Rossini S.à r.l., which, in turn, is indirectly wholly owned by Rossini Luxembourg S.à r.l. (headed by CVC Capital Partner VII Limited), which, therefore, is the majority shareholder of Recordati over which it exercises management and coordination authority.
- 2.2 The equity structure, as at 30 June 2020, of the companies involved in the Merger can be summarized as follows:
- Recordati holds assets amounting to a total of € 2.8 bln. and a shareholders' equity of € 1.2 bln. On a consolidated level, in the first half of 2020, the company recorded € 760 mln. revenues and an EBITDA of € 311 mln. As at the same date, the company had a market capitalization of approximately € 9.1 bln.;
  - Fimeì's invested capital mainly consists in its interest in Recordati, which is recognized at a book value of € 86.0 mln. Then, the company has receivables for a total of € 37.4 mln. and payables for € 39.3 mln., which are mainly of fiscal and intra-group nature. Finally, as far as the other accounting items are concerned, the company has non-fiscal payables

and receivables to/from third parties and other assets and minor liabilities (i.e. net liabilities amounting to approximately € 0.1 mln.), as well as € 4.0 mln. of liquid assets. Therefore, leaving aside its shareholding in Recordati, the value of the other assets net of the other liabilities (hereinafter also referred to as “Other net assets of Fimeï”) amounts to approximately € 2 mln.;

- Rossini’s invested capital, in addition to its 100% stake in Fimeï – which has a book value of € 3 bln. and hence plays a dominant role in its equity structure, – consists in a small amount of intra-group assets and liabilities (more specifically, net assets equal to € 29,000) and trade payables equal to € 0.2 mln. Conversely, the company’s liquid assets amount to € 2.6 mln. Consequently, the value of the company’s shareholders’ equity is higher than the value of its interest in Fimeï by approximately € 2.4 mln. (which is the amount of the other assets recognized net of the other liabilities recognized in the same accounts, hereinafter also referred to as “Other net assets of Rossini” and, jointly with the Other net assets of Fimeï, “Other net assets”). In addition to the assets recognized in the financial statements, Rossini also holds an ACE tax benefit (where ACE stands for aid for economic growth) which has partly accrued already;<sup>2</sup>
- It should also be noted that, due to their business development, the Disappearing Companies are supposed to bear recurring operating expenses for their holding activity;<sup>3</sup>

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<sup>2</sup> More specifically, € 2,240 mln. of the € 3,065 mln. of capital contribution referred to Rossini act as capital increase for ACE purposes, as the Italian Revenue Agency confirmed in its reply to a specific request for clarifications. As a result, Rossini accrued, throughout the fiscal years 2018, 2019 and 2020, and shall accrue up until the accounting effective date of the Merger, a cumulative ACE benefit (i.e. a benefit that has not yet been used) of approximately € 12.9 mln. (hereinafter referred to as the “Accrued ACE Benefit”). Moreover, assuming that the regulations in force remain unchanged and in the absence of the Merger, the amount of such benefit that Rossini is entitled to would prospectively increase annually as a function of the amount of the company’s recognized shareholders’ equity.

<sup>3</sup> Based on the representations made by the management and on the data derived from the company’s financial statements, the Disappearing Companies’ recurring operating expenses (hence, excluding non-recurring operating expenses) qualifiable as holding costs would amount to approximately € 138,000 for Fimeï and € 234,000 for Rossini. It should also be noted that Rossini pays an annual amount of approximately € 276,000 for commitment fees for an unused revolving credit line which,

- Furthermore, based on the representations made to us, within the framework of the parties' negotiations, Rossini gave Recordati guarantees against potential risks relating to Fimei and to Rossini itself.<sup>4</sup>

2.3 With reference to the aforementioned asset situations, it should be pointed out that the Merger plan provides that, before the Merger effective date, Fimei and Rossini shall distribute any residual surplus capital (except for any asset item that Rossini might record as a result of the Accrued ACE Benefit)<sup>5</sup>, net of any charge, tax and/or cost payable or any outstanding debt that the Disappearing Companies may have as at that date, thereby making the value of the shareholders' equities of the two parent companies substantially equal to the value of Recordati shares held, either directly or indirectly, by them.<sup>6</sup> In other words, the surplus represented by the Other net assets recognized in the financial statements as at 30 June 2020, which, for the two companies in aggregate, exceeds the overall amount of € 4 mln., would be distributed before the Merger.

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in this specific case, can be equated to an operating cost. For the purpose of this assignment, we were informed that this credit line – since it is not being used – can be terminated before the end of 2020. Taking a conservative approach, such costs were, in fact, taken into account when valuing the holding costs in one of the scenarios developed for the purposes of our analyses.

<sup>4</sup> Based on the provisions of the merger agreement, in the event of violation of these guarantees, a franchise of € 2 million is envisaged, provided, however, that the ACE benefit is confirmed. In this sense, in substantial terms, the ACE benefit, limited to the share that would potentially be used to cover the franchise, would contribute to the system of guarantees.

<sup>5</sup> In fact, as it appears from the merger agreement and from the Merger plan, from a substantive viewpoint, as at the Merger effective date, the Disappearing Companies should show no negative asset imbalance but a positive asset surplus.

<sup>6</sup> More specifically, the Merger plan provides that “*the ordinary shareholders' meeting of Fimei shall pass a resolution approving the financial statements as at 31 December 2020 and the distribution and payment to Rossini Investimenti and that the ordinary shareholders' meeting of Rossini Investimenti shall, in turn, pass a resolution approving the financial statements as at 31 December 2020 and the distribution and payment to Rossini Sarl before the Merger effective date, for an amount of reserves equal to the liquidity surplus resulting for each Disappearing Company prior to the execution of the Transaction, net of any charge, tax and/or cost payable or any outstanding debt that the Disappearing Companies may have as at that date, it being understood that, for the purposes of calculating the liquidity surplus to be distributed by Rossini Investimenti, any asset item recorded as a result of any ACE Benefit accrued by it shall not be taken into account. As a result of such distributions, the value of the Disappearing Companies' shareholders' equity will basically equal the value of Recordati's ordinary shares held directly by Fimei and indirectly by Rossini Investimenti, (without prejudice to any asset items eventually recorded by Rossini Investimenti as a result of the aforementioned ACE benefit).*”

- 2.4 In light of the composition of the shareholders' equity of the companies involved in the Merger and the distribution assumptions envisaged in the Merger plan, the Committee was informed that the exchange ratio (for the purposes of the Merger, hereinafter referred to as the "Exchange Ratio") shall be established as follows: upon cancelling (i) the 10,000,000 shares representing the entire share capital of Fimei, all of which are held by Rossini, and (ii) the 82,550,000 shares representing the entire share capital of Rossini, all of which are held by Rossini S.à r.l., Rossini S.à r.l. shall be assigned all of Recordati's ordinary shares held by Fimei as at the Merger effective date.
- 2.5 As a result of the proposed calculation method, the value assumed for the Exchange Ratio shall depend exclusively on the number of Recordati shares held by Fimei. Since, as at 30 June 2020, Fimei held 108,368,721 Recordati shares, the exchange ratio identified at such date is equal to 1.313 Recordati shares for each Rossini share.
- 2.6 The Exchange Ratio thus determined:
- From an evaluation standpoint, implicitly assumes that the value of the Disappearing Companies equals the value of their shareholding in Recordati (without prejudice, as pointed out above, to any asset item that might be recorded by Rossini as a result of the Accrued ACE Benefit), calculated as a *pro-rata* share of the value attributed to Recordati itself;
  - Aims at ensuring the stability of the ownership structure of Recordati since, as a result of the Merger, Rossini Luxembourg S.à r.l. will not only preserve the role of majority shareholder, but it will also hold a share of Recordati's share capital equal to the share held by Fimei before the Merger (i.e. 51.82% as at 30 June 2020).<sup>7</sup>
- 2.7 The purpose of the Merger as described above is to simplify the chain through which Rossini Luxembourg S.à r.l. controls Recordati. Indeed, the Transaction is one element of a broader process for the indirect acquisition

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<sup>7</sup> If reference is made to the so-called fully diluted capital, the pre- and post-Merger share amounts to approximately 51.9%.

by Rossini, through Fimeì, of the majority of Recordati's share capital (to which the Merger is closely and inherently connected), which was executed via a contribution of equity capital by Rossini S.à r.l. to Rossini for an overall amount of approximately € 3 bln.

2.8 More specifically, the expected effects of the Merger can be briefly summarized as follows:

- Shortening of Recordati's control chain, in line with the national and international common practices;
- Lower administrative costs due to the operation of the Disappearing Companies, with a resulting benefit for all shareholders of the surviving company resulting from the Merger;
- The possibility for Recordati to take advantage from Rossini's tax benefits, limited to the share that can be used by Recordati as a result of the Merger, which was not used for evaluating the fairness of the Exchange Ratio. More specifically, based on the representations made to us, Rossini's Accrued ACE Benefit so far, which amounts to approximately € 12.9 mln., should reasonably be eligible to be used by Recordati<sup>8</sup>. Moreover, the Merger should allow Recordati to exploit – from a prospective viewpoint – an additional ACE benefit within the limits linked to the amount of shareholders' equity of the merging company<sup>9</sup> and subject to a potential time limit for accrual as long as it remains unchanged as established under the current regulations. Such benefits, if not used for the purpose of the fairness evaluation,<sup>10</sup> would

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<sup>8</sup> A specific request for clarifications was submitted on 5 August 2020 in order to establish whether or not Recordati was entitled to use such tax benefit and, based on the information provided in the tax due diligence dated 15 July 2020 (see §3) and on the related fairness opinion, a positive outcome is reasonably expected from such request. The verifications carried out as part of the Fairness Opinion are based on such scenario.

<sup>9</sup> Equal to a rounded-down amount of approximately € 1.43 annually (except for the first year when the benefit would be equal to approximately nine-twelfths of such amount), assuming that the regulatory framework currently in force remains unchanged. This would have no prejudice to Recordati's right to enjoy a larger/smaller ACE benefit if the amount of its own accounting shareholders' equity were to increase/decrease.

<sup>10</sup> The pro-rata share of benefits that would inure to the direct benefit of Recordati's shareholders is to be deemed equal to the share net of both the share used for evaluating the fairness of the Exchange

inure to the benefit of the shareholders of the surviving company resulting from the Merger.

### **3. REFERENCE DATE AND KEY DOCUMENTS EXAMINED**

- 3.1 The date taken as reference for evaluating the fairness of the Exchange Ratio as determined on the basis of the criteria identified in the Merger plan submitted to the Committee for its examination is 30 June 2020 (hereinafter referred to as the “Reference Date”), whereas the date used for completing the information base is 28 September 2020 as the cutoff date.
- 3.2 More specifically, the evaluations that the undersigned advisor was instructed to carry out were based on the following key sources of information:
- Draft plan for the merger by absorption of Fimeï and Rossini into Recordati (updated as at 26 September 2020);
  - Dossier concerning significant transactions with related parties prepared in compliance with the provisions of article 03.03 of Recordati’s RPT Procedure of 26 September 2020 and annexes thereto;
  - Draft merger agreement among Rossini Luxembourg S.à r.l., Rossini, Fimeï and Recordati (updated as at 28 September 2020);
  - Presentation entitled “*Reverse merger by absorption of Fimeï S.p.A. (as disappearing company) and Rossini Investimenti S.p.A. (as disappearing company) in Recordati S.p.A. (as surviving company)*” prepared by the Law Firm Gattai Minoli Agostinelli & Partners;
  - Document entitled “*Rossini Investimenti and Fimeï – Tax due diligence*” prepared by the Tax Law Firm Facchini Rossi Michelutti on 15 July 2020;
  - Document entitled “*Memorandum on potential liabilities*” prepared by the Law Firm Gattai Minoli Agostinelli & Partners on 20 July 2020 (and annexes thereto);

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Ratio and net of the share of benefits potentially used for covering the guarantees given by Rossini’s shareholder.

- Fiscal *fairness opinion* prepared by McDermott Will & Emery on 24 September 2020;
- Financial statements as at 31 December 2019 of Fimeì and Rossini;
- The economic and financial status of Fimeì and Rossini as at 30 June 2020, prepared in compliance with article 2501-quater of the Italian Civil Code and approved by their respective Boards of Directors on 11 September 2020;
- Historical and prospective economic information concerning the operating costs resulting from the activity of Fimeì and Rossini as holding companies;
- Broker reports concerning Recordati;
- Market information concerning Recordati (for instance, prices and volumes) gathered from the FactSet database;
- Open-source information deemed useful for fulfilling the advisor’s instructions.

3.3 In addition to the resources set out above, the undersigned advisor had the opportunity to meet Recordati’s management and the Committee on multiple occasions and to discuss with them the information provided, the methods used and the application parameters implemented in the process for establishing the Exchange Ratio.

#### **4. MAIN LIMITATIONS, VALUATION CHALLENGES AND ASSUMPTIONS**

4.1 This evaluation report and the conclusions outlined herein should be appreciated in light of the limitations, valuation challenges and assumptions underlying the work carried out. More specifically:

- This Fairness Opinion was developed with a view to providing support to the conclusions that fall within the scope of the Committee’s exclusive powers and therefore its contents and conclusions cannot be used for purposes and in contexts other than those indicated herein. Moreover, the conclusions reached in the Fairness Opinions are based on the evaluations set out herein taken as a whole and hence none of the

individual parts of the Fairness Opinion can be used separately from such document in its entirety;

- This Fairness Opinion was developed on the assumption that the Merger is executed according to the terms represented to the undersigned advisor and set out in the draft Merger plan analyzed by the latter and upon fully relying on the truthfulness, accuracy and completeness of the information examined for such purpose, without verifying or checking in any manner the information received for such purpose. Therefore, no explicit or implicit statement or guarantee is hereby issued with regard to the completeness and truthfulness of the information received and then used;
- The instructions given to Partners did not include the execution of financial audit procedures as defined under the accepted Auditing Standard, nor did they include an examination of the internal audits or other verification procedures. Hence, no opinion or any other kind of view is hereby given with regard to the financial statements of the companies involved in the Merger or any other financial information. Moreover, Recordati requested specific in-depth analyses of other (also potential) assets and liabilities relating to Fimeï and Rossini<sup>11</sup> the outcome of which was taken as such by Partners for its own analyses without conducting any specific verification thereof;
- Taking into account the information set out in the Merger plan draft, for the purposes of the application of the NAV method for Rossini and Fimeï, it was assumed that, before the Merger effective date, Rossini and Fimeï would show a positive asset imbalance and distribute any residual surplus capital (with no prejudice for any asset item that, as already pointed out, Rossini might record as a result of the Accrued ACE

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<sup>11</sup> More specifically, these include:

- Verification of Recordati's entitlement to use the ACE benefit;
- The existence of potential risks relating to Fimeï and Rossini for which Rossini's shareholder, namely Rossini Luxembourg S.à r.l., granted guarantees consisting, if confirmed, in the ACE benefit ACE.

Benefit), net of any charge, tax and/or cost payable or any outstanding debt that the Disappearing Companies may have as at that date, thereby making the value of the shareholders' equities of the two holding companies substantially equal to the value of Recordati shares held, either directly or indirectly, by them. Therefore, should the situation reflected in the financial statements of Rossini and Fimeì as at the time of the Merger be considerably different from the above assumptions, the estimates set out in the Fairness Opinion may change also considerably;

- This Fairness Opinion was prepared based on the assumption of a going concern and assuming that there are no facts or circumstances that were not revealed to the undersigned advisor that would affect the conclusions reached in such process;
- The valuations and views made and outlined in the Fairness Opinion are based on the data and knowledge available until the cutoff date. Therefore, any later event or fact may cause significant changes in the valuations and views expressed herein.

## **5. METHOD USED FOR ASSESSING THE FAIRNESS OF THE EXCHANGE RATIO**

- 5.1 In line with the theoretical teachings and with the generally accepted approaches taken in the national and international practices, the choice of the method to be applied for performing the requested assessment was made starting from the informational purposes assigned to such assessment, the prevailing characteristics of the companies involved in the assessment and the available set of information.
- 5.2 More specifically, the choice of the methodological approach was made with the awareness that the requested assessments are aimed at establishing the fairness of the Exchange Ratio defined as part of a reverse merger transaction between an operating company listed on the Milan Stock Exchange and two companies holding interests in the former, which are not listed on the stock exchange, are characterized by a full shareholding obligation, whose main

asset is the share interest that each of them (directly or indirectly) holds in the operating company.

- 5.3 Therefore, to a first approximation, the requested fairness analysis of the Exchange Ratio assumes and requires the development of an evaluation process aimed at identifying both homogeneous, comparable values of the companies involved in the Merger and, then, testing whether the range of the exchange ratios obtained by comparing such values does include, and how, the proposed Exchange Ratio.
- 5.4 In light of the above, from a methodological standpoint, the theoretical evaluation process could be summarized as follows:
- a) Identification of a range of values for Recordati via a number of different methods deemed suitable in consideration of its nature of operating company listed on the Milan Stock Exchange and identification of the corresponding range of values per share. More specifically, using a number of different methods allows to provide mutual confirmations of the respective reliability of the individual valuations and of the range of identified values;
  - b) Subsequent identification, also on the basis of the values of Recordati identified as described above, of a range of values for Fimeit and of the corresponding range of values per share. Keeping in mind its nature of a holding company that is not listed on the stock exchange, the range of values for Fimeit was identified by applying the Net Asset Value (hereinafter also referred to as “NAV”) approach, namely the analytical, asset-based method that, according to the theoretical teachings and the practice, is most suited for determining the value of a company organized as this one. With this approach, the NAV of a holding company is calculated as: (i) the algebraic sum of the current value of operating assets and liabilities where, in this specific case, the value of the shareholding in Recordati has a vastly predominant weight (ii) minus the current value of net operating costs incurred into by the holding company for conducting its business (namely those costs that are not included in the

analytical valuation of the individual assets); (iii) minus the net financial position of the holding company;

- c) Subsequent identification, also on the basis of the values of Fimeis as identified above, of a range of values for Rossini and of the corresponding range of values per share. Keeping in mind its nature of a holding company that is not listed on the stock exchange, the range of values for Rossini too was identified by applying the Net Asset Value approach;
- d) Determination of the range of exchange ratios resulting from the values identified as described in the previous paragraphs, namely the value per share of Recordati and the value per share of Rossini;
- e) Potential sensitivity analysis of the identified exchange ratio as some relevant elements vary in the valuations carried out;
- f) Assessment of the fairness of the proposed exchange ratio compared with the outcome of the valuation process described above.

5.5 For the purposes of the requested fairness analysis, the valuation of the companies involved in the Merger was conducted on the assumption of a going concern and on a standalone basis, i.e. valuing such companies as independent entities and without considering any potential synergy that might originate as a result of such merger. As is well known, as a result of such approach, which both the practice and the theoretical teachings recommend as the most appropriate in a case of merger among non-independent entities, any benefit resulting from the expected synergies would inure to the benefit of the shareholders of the surviving company resulting from the Merger on a *pro-rata* basis.

5.6 From a substantial viewpoint, the process thus identified was specifically implemented in this case also in light of two additional elements that characterize the Merger at issue, namely the planned distribution – prior to the Merger effective date – of a dividend in an amount equal to the value of the Other net assets, recognized in the financial statements of Fimeis and

Rossini<sup>12</sup>, and the identification of an exchange ratio that implicitly assumes that the value of the Disappearing Companies after such distribution equals the value of their shareholding in Recordati, calculated on a *pro-rata* basis of the value attributed to Recordati.

- 5.7 As a result of these circumstances, the matter that was presented to the Committee for its evaluation consists, from a substantial viewpoint, in establishing whether there are other items belonging to the assets of Fimeì and Rossini respectively (hereinafter referred to as “Additional Items”) – other than the value, calculated on a *pro-rata* basis, of the shareholding in Recordati, valued in the Exchange Ratio, and other than the value of the Other net assets of Fimeì and Rossini, distributed before the Merger – the value of which might affect the NAV of Fimeì and of Rossini, thus changing it from the NAV taken as reference when calculating the Exchange Ratio.
- 5.8 More specifically, again from a substantial viewpoint, the fairness of the Exchange Ratio as at the reference date can be deemed to have been established if the value of the Additional Items as a whole is close to zero or is identified through a range of values that include zero. With values greater than zero, the Exchange Ratio will be increasingly favorable for Recordati’s shareholders and, conversely, with values smaller than zero, the Exchange Ratio will be increasingly favorable for Rossini’s shareholders (see Table 1).
- 5.9 Finally, with regard to the Additional Items to be considered for the purposes of such valuation, they can roughly be identified as: (i) the holding costs, which are not included in the plethora of Other net assets and which, conversely, have to be taken into account as part of the NAV approach; (ii) any assets/liabilities not recognized in the financial statements as at 30 June 2020 (which also include the ACE benefit that Recordati is entitled to use<sup>13</sup>),

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<sup>12</sup> This is due to the fact that, in the financial statements as at 30 June 2020, the Other net assets are equal to the amount of residual asset surplus calculated net of any charge, tax and/or cost payable or any liability outstanding for the Disappearing Companies as at that date.

<sup>13</sup> For the sake of completeness, it should be reminded that the dossier concerning significant transactions with related parties prepared in compliance with the provisions of article 03.03 of Recordati’s RPT Procedure (page 13) provides that: “*the [ACE] benefit shall be transferred from Rossini Investimenti to Recordati only partly valued for the purposes of the exchange ratio, which*

which are not included in the plethora of the Other net assets (consisting in the items recognized in the balance sheet only) but need to be taken into account in order to estimate the NAV of Fimef and Rossini (also taking into account the guarantees received); (iii) any element (e.g. control premium, holding discount and the effects of deferred taxes) that may lead to adjust the valuation of Fimef and Rossini based on the *pro-rata* value of the interest held in Recordati.

**Table 1 – The substantial valuation issue**

<b>A)</b> Value of the Other net assets of Rossini and Fimef	>0
<b>B)</b> Dividend to be distributed	=A
<b>C) Value net of the dividend</b>	<b>0</b>
<b>D)</b> Current value of holding costs	(-)
<b>E)</b> Current value of the ACE benefit (pro-rata share considered for the purpose of the Exchange Ratio)	(+)
<b>F)</b> Other adjustment items	?
<b>G) NAV of Rossini net of the pro-rata value of the shareholding in Recordati</b>	<b>?</b>

## **6. APPLICATION DEVELOPMENT OF THE IDENTIFIED VALUATION ISSUE**

- 6.1 As anticipated in the previous paragraph, the valuation issue submitted to the Committee implies, from a theoretical viewpoint, the sequential development of the valuation of Recordati and of the two Disappearing Companies, making choices that can guarantee some degree of homogeneity among the values per share compared and, consequently, a comparison between the exchange ratios resulting from the values per share of Rossini and Recordati thus obtained and the Exchange Ratio established for the Merger.
- 6.2 However, in this specific case and due to the circumstances outlined above, this analysis consists, in essence, in verifying the value that, as a whole, is

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*implies a benefit for Recordati's shareholders in relation to the residual share.*" More specifically, for the purposes of the Fairness Opinion, if there are Additional Items with a negative impact on the value of Rossini, such as holding costs, a pro-rata share of the ACE benefit is valued for the purposes of the Exchange Ratio. Therefore, the share of such benefit that would inure to the benefit of Recordati would equal the amount in excess of the value of such negative elements.

attributable, as at the reference date, to the Additional Items (other than the *pro-rata* value of the shareholding in Recordati held by the Disappearing Companies and other than the value of the Other net assets recognized in the financial statements of the latter), which value is implicitly assumed to be zero in the determination of the Exchange Ratio.

- 6.3 That said, the first remark to be made in this specific case is that the goal of achieving and maintaining some degree of homogeneity in the valuation of the different companies involved in the Merger is ensured, both implicitly and substantially, by the composition of the assets of the Disappearing Companies. In fact, taking into account the overwhelming prevalence of the value of the shareholding in Recordati among such assets, the choices made for the valuation of Recordati are also implicitly reflected in the valuation of Fimef and Rossini.
- 6.4 Here below is a description of the main application choices implemented in the valuation process developed as at the reference date, with a focus on the most relevant ones, from a substantial viewpoint, for the valuation submitted to the Committee.

#### **The application choices implemented in the valuation of Recordati**

- 6.5 As suggested in both the theoretical teachings and the practice, the valuation of Recordati – a company listed on the stock exchange – must necessarily include the company's share prices. In this regard, two fundamental application choices had to be made, namely the definition of the timeframe to be taken as reference for the calculation of averages and the use of simple or weighted averages for the traded volumes. In this specific case, it was deemed appropriate to rely on weighted price averages, because they are more significant than simple averages, and on different time intervals, thereby privileging those that were least impacted by the extraordinary dynamics due to the initial spread of the Covid-19 pandemics.
- 6.6 In view of the set of information available and of the framework conditions, it was also deemed appropriate to use, for valuation purposes, also

Recordati's valuation resulting from the analysis of the target prices provided in the available equity reports published not too far back in time (i.e. May-August 2020). As is well known, this method provides an indication of the company's worth calculated by market experts on the basis of their latest expectations concerning the evolution of the company's fundamentals.

- 6.7 This approach allows to identify a range of values of Recordati's economic capital and of the values per share connected thereto.

### **The application choices implemented for the calculation of the NAV of Fimeï and Rossini**

- 6.8 In order to determine the NAV of Fimeï and Rossini, the values of the companies' assets and liabilities were calculated net of the liabilities due to dividends as set out in the Merger plan and taking into account the guarantees given by Rossini's shareholder, i.e. Rossini Luxembourg S.à r.l., against some potential risks of Fimeï and of Rossini itself.<sup>14</sup>
- 6.9 Due to such circumstances, the value of the shareholders' equity of the Disappearing Companies corresponds to the sum of the value of the shareholding held, directly or indirectly, in Recordati and the value of the Additional Items relating to their respective assets.
- 6.10 As anticipated, given the composition of the net assets of the Disappearing Companies (i.e. considering the overwhelmingly predominant weight that the interest in Recordati has in the NAV of Fimeï and Rossini), the oscillations in Recordati's value only have a minor impact on the exchange ratio (since they not only change the value per share of Recordati but also the value per share of Rossini), which goes down to zero in the scenario that was implicitly assumed for the proposed Exchange Ratio (namely, a value of additional assets of Fimeï and Rossini equal to zero).

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<sup>14</sup> Such guarantees would consist in the ACE benefit, subject to the latter being confirmed.

- 6.11 For this reason, the most relevant application choices for testing the fairness of the Exchange Ratio are rather those relating to the determination of the value of the Additional Items.
- 6.12 For such purpose, for Fimeì and Rossini, four application issues were raised concerning: (i) the treatment of the holding costs, limited to the recurring share, which, as was indicated above, contribute to the calculation of the company's NAV; (ii) the potential consideration and estimate of the effects linked to the existence of a controlling interest in Recordati; (iii) the potential consideration and estimate of the deferred tax effects deriving from a potential gap between the book value of the shareholding and the value given to it as a result of the valuation of Recordati; (iv) the potential consideration and estimate of the impact connected with the nature of the title of unlisted holding company.
- 6.13 In addition to the application choices set out in subparagraphs (i) – (iv) above, for Rossini there was also the issue of possibly considering and valuing the ACE benefit, on a standalone basis, again for the purposes of calculating the company's NAV.
- 6.14 The choices made for estimating the value of the Additional Items and the main reasons underlying such choices are summarized here below:
1. For the purposes of calculating Fimeì's NAV, the Additional Items were treated as follows:
    - i. The value of the holding costs was estimated, in compliance with the current practice, by perpetually discounting, at a rate representative of Recordati's cost of capital, the recurring operating costs of Fimeì indicated by the management (net of the related tax benefit);
    - ii. It was not deemed appropriate to apply control premiums to the value of the shareholding in Recordati, in line with the prevalent approach followed, in line with both the theoretical teachings and the practice, for valuing mergers among non-independent entities, nor to consider any effects of deferred taxes deriving from a

potential discrepancy between the book value of the shareholding and the value given to it as a function of Recordati's valuation. These choices reflect the assumption of a going concern used as reference and also the need to avoid that, if they had indeed been considered, an inappropriate double counting of such effects would have resulted, which would have had a positive result in the case of premiums and a negative result in the case of fiscal effects for the majority shareholder;

- iii. Again considering the specific characteristics of the transaction at issue, the composition of Fimeï's assets and the choice to keep into consideration the current value of the company's holding costs, as illustrated in a bullet point above, it was not deemed appropriate to apply illiquidity discounts to both the shareholding in Recordati and Fimeï's capital;
2. For the purposes of calculating Rossini's NAV, the Additional Items were treated as follows:
- i. The value of the holding costs was estimated, in line with the application choices already implemented for the estimate of Fimeï's NAV, in compliance with the current practice, by perpetually discounting, at a rate representative of Recordati's cost of capital, the recurring operating costs of Rossini indicated by the management (net of the related tax benefit);
  - ii. The same approach as the one implemented for Fimeï was chosen with regard to the application of control premiums to the value of the interest held indirectly in Recordati, to the calculation of any effect of deferred taxes on the shareholding of Fimeï and the potential application of illiquidity discounts;

iii. Finally, with regard to the value of Rossini's ACE tax benefit – in consideration of its transferability to Recordati<sup>15</sup> represented to us – such benefit was estimated on a standalone basis, i.e. based on Rossini's prospective ability to obtain tax savings on the expected dividend flows. For the purposes of such estimate, it was assumed that both the flow of expected dividends – where such assumption was compared with the estimates developed by analysts following Recordati's stock – and the applicable tax rates would remain substantially unchanged,<sup>16</sup> then obtaining a range of values through different hypotheses for using such benefit for the purposes of the calculation of the exchange ratio, which were also qualified in terms of number of years required for Rossini to obtain such benefit on a standalone basis. It is understood that, since they contribute to covering the holding costs for the purposes of the determination of the exchange ratio, the values thus obtained are to be deducted from the ACE benefit transferred to Recordati.

6.15 These elements were then compounded in order to address the substantial valuation issue set out in the fairness opinion requested from the Committee, which is ultimately reflected by the estimated value of the Additional Items in their entirety.

6.16 In light of the above remarks, such estimate specifically consists in a comparison between the negative value of Fimei's and Rossini's holding costs and the positive value of the ACE benefit used with reference to Rossini, since the Exchange Ratio:

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<sup>15</sup> As a result of the Merger, the Accrued ACE Benefit (equal to € 12.9 mln.) and a share of the future benefits that might accrue for Rossini (approximately equal to a rounded-down amount of € 1.43 mln. annually, assuming that the current regulatory framework and Recordati's shareholders' equity remain unchanged; this is with the exception of the first year in which the benefit would be equal to nine-twelfths of such amount) should conversely translate in net savings on Recordati's income taxes.

<sup>16</sup> When calculating the usable tax benefit, the fiscal effects related to the holding costs were taken into account so as to avoid any double counting mechanism, while the current control structure of Recordati or its possible evolution and consequent impact on the fiscal costs of the control chain were not taken into consideration.

- can be deemed fair if the algebraic sum of the two value is zero or falls within a range of values including zero;
- can be deemed to be favorable to Recordati's minority shareholders if the values are progressively greater than zero and vice versa.

6.17 As a result of the application choices that were previously described, it appears that, as at the reference date, the algebraic sum of the two values becomes positive if a share of nearly 50% of the value, estimated on a standalone basis, of the Accrued ACE Benefit is used, which would be reached at the fifth year of use.<sup>17</sup>

6.18 Furthermore, the analyses carried out by changing the value of both the holding costs and the share of Accrued ACE Benefit used show that the exchange ratio is not very sensitive to value changes, as the range illustrated in the table below also shows. More specifically, the range between 1.312 and 1.314 was identified by:

- Varying the holding costs between a maximum value (used in the scenario with the minimum exchange ratio) obtained by considering them as inclusive of the commitment fee, for the five years of contract duration, and a minimum value (used in the scenario with the maximum exchange ratio) where the commitment fee was not factored in;<sup>18</sup>
- Assuming, within the framework of the calculation of the exchange ratio, the employment of a share of the Accrued ACE Benefit for Rossini ranging between approximately 33% (in the scenario with the minimum

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<sup>17</sup> What would then be left for the benefit of Recordati would be the residual share of the Accrued ACE Benefit as well as the value of the tax benefit that the company may achieve in the coming years, assuming that the current regulations and the shareholders' equity remain unchanged.

<sup>18</sup> In a sensitivity analysis carried out for robustness purposes, as part of the calculation of the minimum and maximum values, the impact of the following factors was also simulated:

- Impact of potential liabilities amounting to € 2 mln. that Recordati might incur into as a result of the franchise subject to the confirmation of the availability of the ACE benefit and connected with the potential risks that might be transferred onto Recordati with the Merger, for the purposes of calculating the exchange ratio in the minimum scenario;
- Reduction of the holding costs connected with the synergy achievable between Fimef and Rossini should they be aggregated before the Merger, for the purposes of calculating the exchange ratio in the maximum scenario.

Also in such sensitivity analysis, the range of exchange ratios identified varies between 1.312 and 1.314.

exchange ratio), which would be achieved in the third year of its use by Rossini, and 100% (in the scenario with the maximum exchange ratio), which would be achieved in the eleventh year of its use by Rossini.<sup>19</sup>

**Table 2 – Range of exchange ratios as at 30 June 2020**

€mln	Scenarios		
	Minimum	Base	Maximum
<b>Price per Recordati share (€)</b>		<b>45.1</b>	
<b>(1-month weighted average)<sup>1</sup></b>			
Current value of holding costs	(5.3)	(4.4)	(4.4)
Current value of the ACE benefit	3.0	4.4	9.1
Value of Recordati shareholding		4,884.3	
Rossini's NAV	4,881.9	4,884.3	4,888.9
No. of Rossini shares (#mln)		82.6	
<b>NAV per Rossini share (€)</b>	<b>59.1</b>	<b>59.2</b>	<b>59.2</b>
<b>Exchange ratio</b>	<b>1.312</b>	<b>1.313</b>	<b>1.314</b>

*1: The use of averages relating to different time horizons or the reference to target prices have a non-significant effect on the identified range of exchange ratios.*

## **7. CONCLUSIONS**

- 7.1 In light of the nature and scope of the instructions given to us, of the remarks made with regard to the employed methodology, the application development, and the overall description provided above, hence also the limitations, valuation issues and assumptions underlying the analysis carried out, as at the reference date, an extremely narrow range of exchange ratios has been identified (i.e. a range with an oscillation of approximately +/- 0.1% from the mid value), namely between 1.312, which is the value obtained in the scenario with the lowest value attributed to Rossini, and 1.314, which is the value obtained in the scenario with the highest value attributed to Rossini.
- 7.2 This range reflects a number of exchange ratios obtained by assigning different values to the Additional Items, most especially the holding costs and the share of Accrued ACE Benefit used for calculating the exchange ratio.

<sup>19</sup> Also in these scenarios, the benefit for Recordati would result from the residual share of the Accrued ACE Benefit and from the value of the tax benefit that the company may potentially obtain in the next few years, assuming that the current regulations remain unchanged.

- 7.3 Moreover, it has been established that, as at the reference date, the negative value of the holding costs should become equal to the positive value of the Accrued ACE Benefit in case, which is deemed to be reasonable on the basis of the acquired information, Rossini were to use approximately 50% of the value, on a standalone basis, of such benefit calculated on the assumption of an annual flow of dividends of approximately € 100 mln.
- 7.4 Considering the range of values identified via the analyses carried out on the valuation of the Additional Items, taking into account that the Exchange Ratio is within such range and that the assumption concerning the period required to ensure the fairness of the Exchange Ratio is deemed reasonable, considering also that further net benefits could be obtained, for such Exchange Ratio, by Recordati's shareholders (see § 2 above), we believe that the Exchange Ratio, as at the reference date of 30 June 2020, as identified through the calculation method submitted to the Committee for its opinion can be deemed fair from a financial standpoint.
- 7.5 It is understood that the value of the Exchange Ratio, in view of the calculation method recommended for the Merger process, might change depending on the number of Recordati shares that Fimef shall hold as at the Merger effective date. In such case, the fairness of the value identified for the Exchange Ratio, in substantial terms, can be deemed, from a financial standpoint and from the viewpoint of Recordati's shareholders, to be confirmed if, without prejudice to the other circumstances referred to in the Fairness Opinion, the value of the Additional Items remains equal to or greater than zero.



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## COURTESY TRANSLATION

Milan, 24 September 2020

RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA S.P.A.  
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*For the attention of the Control, Risks and Sustainability Committee*

**Re: Project Fire – Opinion on certain tax profiles of the merger by absorption of Rossini Investimenti S.p.A. and Fimeì S.p.A. into Recordati Industria Chimica e Farmaceutica S.p.A.**

We have been requested to issue an opinion on certain tax profiles of the merger by absorption (“**Merger**”) of Rossini Investimenti S.p.A. (“**Rossini Investimenti**”) and Fimeì S.p.A. (“**Fimeì**”) into Recordati Industria Chimica e Farmaceutica S.p.A. (“**Recordati**”), which is planned to be implemented in the first quarter of year 2021. The Merger is framed within the transaction whereby the current controlling shareholders acquired Fimeì in 2018 and through it, took over a majority stake in Recordati (hereinafter, the “**Acquisition**”).

As far as the current corporate structure is concerned, it is worth noting that at the top of the corporate chain through which Rossini Investimenti is held, there is Rossini Luxembourg S.à.r.l. (“**Rossini Luxembourg**”), which is a Luxembourg resident company. Rossini Luxembourg holds a 100% participation in Rossini Investments S.a.r.l., which in turn owns 100% of the share capital of Rossini Acquisition S.a.r.l., which 100% controls Rossini S.a.r.l., with the latter owning 100% of the share capital of Rossini Investimenti.

Among others, the above mentioned Merger would result in the transfer to Recordati of certain tax attributes of the absorbed entity Rossini Investimenti, mainly related to the allowance for economic growth regime (so called **ACE**, introduced by art. 1, law-decree dated 6 December 2011, n. 201 and Ministerial Decree dated 3 August 2017, “**ACE Decree**”) and, to a lesser extent, to certain carried over interest expenses deductions not taken by Rossini Investimenti.

Against this background, we have been asked to opine on the possibility for Recordati to take over the ACE position of Rossini Investimenti upon consummation of the Merger and consequently reap the related tax benefits in the future.

It is worth noting that our opinion is based on the documents made available to us and we did not perform an assessment of the correctness and accuracy of the information provided to us nor of the factual assumptions on which we relied in our analysis. Our considerations are based on the laws, case laws and ruling practice as of the current date, according to our best interpretation of those, in the further understanding that no guarantee can be given that our conclusions will be shared by the Italian Revenue in the event of an audit or tax litigation or that no changes in the general framework will occur in the future, even with retroactive effect, which may impact on such conclusions.

We do not take any obligation to update this document or inform you of any future development of possible relevance for the transaction.

In the following paragraphs, we respond to the questions submitted to us.

## **1. On the possibility to step in the ACE position of Rossini Investimenti**

In a nutshell, the ACE is aimed at incentivizing the capitalization of enterprises by granting the right to deduct from the taxable income to be reported for IRES (i.e., corporate income tax) purposes an amount equal to the notional yield, as computed on the basis of certain rates, of certain qualifying net equity increases, specifically deriving from cash contributions and undistributed profits, with respect to the reference date of December 2010.

In order to avoid undue proliferation of the ACE benefit, Article 10 of the ACE Decree identified specific transactions which reduce the otherwise available ACE benefit. However, in these cases, the taxpayer is entitled to demonstrate that the abusive effects that the above provision meant to tackle did not actually take place in the specific circumstances; a specific ruling request can be filed to this end pursuant to Article 11, sec. 1, lett. b), Law dated 27 July 2000, n. 212. Among the transactions identified as potentially abusive, it is worth mentioning the one referred to in section 4 of the above provision, according to which the ACE increase *“is reduced by the cash equity contributions coming from subjects other than those domiciled in States or territories that allow an adequate exchange of information, even if not belonging to the group. To this end, the scrutiny made by the taxpayer as to the origin of the contribution, in case they come from (...) an investment fund regulated and established in States or territories allowing an adequate exchange of information is not carried out with respect to the investors of the fund”*.

In the context of the Acquisition, in 2018 Rossini Investimenti received a contribution of Euro 3,065 million in total (of which Euro 825 million was share capital increase and Euro 2,240 million was informal capital contributions – *“versamenti a fondo perduto”*), which had been considered as relevant for ACE purposes limited to Euro 2,240 million (see below). The ACE surplus accrued (and not utilized<sup>1</sup>) existing at the time of the Merger is estimated to be equal to approximately Euro 53.6 million, which would turn into a theoretical tax saving of Euro 12.9 million (this tax saving derives from the valuation of the aforementioned ACE surplus based on the current IRES rate of 24%).

The possibility for Recordati to take over Rossini Investimenti's ACE position has to be assessed with reference to both (i) the ACE surplus which at the time of the Merger will be already accrued

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<sup>1</sup> This is the amount of the accrued notional interest deduction in fact not actually deducted due to the lack of sufficient IRES taxable income.

with Rossini Investimenti but not used by the latter, and (ii) the ACE basis of Rossini Investimenti, which Recordati will be able to take into consideration when calculating its annual benefit.

For these purposes, the following three aspects have to be analyzed:

- i. First, it needs to be checked whether the net equity increase which gave rise to the ACE basis of Rossini Investimenti, and deriving from the contributions made by Rossini S.a.r.l., is consistent with the rationale of the law, also excluding the occurrence of any of the duplication effects tackled by the specific anti-abuse provisions set out at Article 10 of the ACE Decree;
- ii. Secondly, the entitlement of Rossini Investimenti and, following the Merger, of Recordati to the ACE benefit has to be analyzed in light of general anti-abuse provisions with regard to the Acquisition, in general, and the specific role performed by Rossini Investimenti within it;
- iii. Thirdly, one should ascertain whether the Merger could result in the transfer of the ACE surplus accrued with Rossini Investimenti to Recordati, and possibly upon which conditions and to which extent.

Our opinion on each of the above aspects is summarized below:

1. The ACE basis created at the level of Rossini Investimenti as a result of the contributions received by the latter at the time of its incorporation and following this, as above stated for a total amount of Euro 3,065 million approximately, had been analyzed by the Italian Revenue Agency under the profile of the origin of these funds, pursuant to a ruling request duly submitted by the taxpayer. The Italian Revenue Agency granted the non-application of the specific anti-abuse provision provided under the above mentioned Article 10, sec. 4 of ACE Decree – which could have otherwise disregarded the relevance for ACE purposes of such contributions – with respect to the largest part of the contributions, for a total amount Euro 2,240 million approximately (conversely, the Italian Revenue Agency denied the possibility to take the ACE benefit with respect to the share capital increase subscribed to through (i) the capitalization of the Rossini Investments S.a.r.l. receivable, equal to Euro 750 million, transferred along the holding chain to Rossini Investimenti, and essentially deriving from the assumption of a corresponding debt of the latter towards certain exiting shareholders for the sale price of the Fimei shareholding and (ii) the set-off with the receivable deriving from the sale of the participation held in Fimei by one of the original exiting shareholders, for an amount of Euro 75 million).

On the basis of the above, therefore, Rossini Investimenti was entitled to consider an amount of Euro 2,240 million approximately as relevant for ACE purposes, which as such cannot be contested, assuming all representations provided within the ruling request were true and correct.

2. From a wider general anti-abuse perspective (not specifically dealt with within the above ruling request) we are of the opinion that there should not be critical aspects to highlight, based on the main following considerations:

- a. The economic rationale underlying the role of Rossini Investimenti, within the structure designed for the acquisition of Fimef (on this, see also below);
  - b. The consistency with a consolidated market practice of the use of acquisition vehicles possibly meant to be merged into the so called Target (to this end, also a non-published ruling – specifically dealing with the ACE benefit – excluded the existence of abuse);
  - c. The lack of a tax advantage also compared to alternative structures, which may have been theoretically considered.
3. The post-merger carry over of the unused ACE surplus accrued with Rossini Investimenti – as mentioned, estimated to be equal to Euro 53.6 million approximately (with an ensuing tax saving of Euro 12.9 million approximately) – is subject to limitations set out under the applicable tax law provisions, which the company asked to disable through the due filing of a ruling request on 5 August 2020.

We believe that the acceptance of the ruling request by the Italian Revenue Agency should be deemed as probable, due to the above mentioned considerations.

Our conclusion is based, in particular, on the Italian Revenue Agency's ruling practice with respect to similar transactions, where the economic merit and rationale of the use of an acquisition vehicle has been recognized, and as a result the limitations otherwise applicable to a merger have been ruled out in the absence of the abusive objectives the relevant law provisions intend to tackle. Similar considerations apply, in our opinion, in the current circumstances, considering the role and function of Rossini Investimenti, and the purpose of the contributions it received, on a portion of which (as an aside) the Italian Revenue Agency has indeed already performed an analysis somewhat resembling the anti-abuse one (excluding, among others, the Euro 750 million portion referable to the capitalization of Rossini Investments S.a.r.l. receivable, see above).

It can also be further noted that the structuring of the corporate chain used for the Acquisition and the following mandatory public tender offer on 100% of the Recordati listed shares, pursuant to Article 106 of legislative decree dated 24 February 1998, n. 58 ("**Offer**"), and in this context the role of Rossini Investimenti, all have a clear economic rationale.

In particular, on 26 October 2018 Rossini Investimenti entered into a Senior Secured Bridge Facility Agreement, and by so doing had access to a credit facility to be used with respect to the Offer, up to an amount of Euro 1,485 million. This credit facility has not actually been drawn due to the outcome of the Offer (i.e., few shareholders adhered to it) but we believe this circumstance is not decisive to the analysis, as it was beyond the control of the company.

Finally, we do not believe that the Merger changes the conclusions referred to in point 2 above from a more general anti-abuse perspective.

For the sake of completeness, we note that in addition to the pre-merger accrued carry over (on which a specific ruling request is pending), Recordati shall also reasonably take over the current ACE basis of Rossini Investimenti, which may generate - without time limitations - annual recurring deductions based on the applicable notional rate, currently equal to 1.3%. However, the suitable

ACE basis will be capped at the amount of the Recordati net equity existing at the end of each relevant year: taking into account, in hypothesis, the net equity as of 31 December 2019 (equal to Euro 435 million), the annual tax saving would be equal to 1.3 million approximately.

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Best regards.

Dr. Andrea Tempestini