

**DISTRIBUTION OF AN INTERIM
DIVIDEND BY RECORDATI S.p.A. FOR THE
FINANCIAL YEAR 2024 IN ACCORDANCE
WITH ARTICLE 2433-*BIS* OF THE ITALIAN
CIVIL CODE**

RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA S.p.A.
Company subject to management and co-ordination by Rossini Holdings S.à.r.l.
Registered Office: 1, Via Matteo Civitali, Milan
Fully paid up share capital: € 26,140,644.50
Tax identification number and Milan Company Registration No. 00748210150

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CERTIFICATION IN RESPECT OF THE FINANCIAL STATEMENTS UNDER ARTICLE 154-BIS, PARAGRAPH 2 OF LEGISLATIVE DECREE 58/1998

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**DIRECTORS' REPORT ON THE
DISTRIBUTION OF AN INTERIM
DIVIDEND FOR THE FINANCIAL YEAR
2024 TO THE SHAREHOLDERS OF
RECORDATI S.p.A.**

Directors' considerations on the distribution of an interim dividend

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

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

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

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

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

In Recordati's case, because net income for the period ended 30th June 2024, amounting to € 281,574 thousand, was greater than net income for the period ended 31st December 2023, but lower than the available reserves as at that same date, amounting to €224,017 thousand and € 431,495 thousand respectively, the distribution of the interim dividend has been determined on the basis of the accounts as at 30th June 2024 for the six-month period then ended, prepared according to IAS 34 "Interim Financial Statements" endorsed by the European Union.

We also report that the available reserves resulting from the accounts as at 30th June 2024 amounted to € 471,670 thousand, while the net income available at 30th June 2024 amounted to € 281,574 thousand consisting of the net income earned, since an amount equal to one fifth of the share capital had already been allocated to the statutory reserve and no other obligations for allocations to reserves existed.

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

▪ net income for the period ended 30 th June 2024	€ 281,574 thousand
▪ net income available	€ 281,574 thousand
▪ reserves available as at 30 th June 2024	€ 471,670 thousand

Therefore, in accordance with Art. 2433-*bis*, paragraph 4, of the Italian Civil Code, the maximum interim dividend distributable for the financial year 2024 is € 281,574 thousand, equivalent to € 1.35 per share calculated on total shares representing the share capital.

Having taken account of the facts outlined above, and in light of the information reported in the following pages concerning the operating, capital and financial performance of Recordati S.p.A. as at 30th June 2024, the Board of Directors intends to distribute an interim dividend for the financial year 2024 amounting to € 0.60 on each share outstanding to be paid through authorised intermediaries from 20th November 2024 on coupon No. 34 with ex-dividend date 18th November 2024 and record date 19th November 2024.

Milan, 8th November 2024

on behalf of the Board of Directors
the Chief Executive Officer
Robert Koremans

Operating and financial review of Recordati S.p.A. for the first half of 2024

The income statement included in the statutory financial statements of Recordati S.p.A. as at and for the period ended 30th June 2024 shows net income of € 281,574 thousand.

The income statement reclassified by function is given below, showing the relative percentage of net revenue for each item and the change compared with the first half of the previous year. This presentation is different from that used for the statutory financial statements, in which the items are classified by nature.

€ (thousands)	First half 2024	% of revenue	First half 2023	% of revenue	Changes 2024/2023	%
Net revenue (1)	351,530	100.0	287,879	100.0	63,651	22.1
Cost of sales	(142,135)	(40.4)	(119,371)	(41.5)	(22,764)	19.1
Gross profit	209,395	59.6	168,508	58.5	40,887	24.3
Selling expenses	(46,851)	(13.2)	(41,687)	(14.5)	(5,164)	12.4
R&D expenses	(37,029)	(10.5)	(24,702)	(8.6)	(12,327)	49.9
G&A expenses	(31,887)	(9.1)	(24,613)	(8.5)	(7,274)	29.6
Other income (expense), net	(875)	(0.3)	(930)	(0.3)	55	(5.9)
Operating Income	92,753	26.4	76,576	26.6	16,177	21.1
Dividends	258,209	73.5	39,005	13.5	219,204	562.0
Financial income (expense), net	(60,354)	(17.2)	(38,213)	(13.3)	(22,141)	57.9
Pre-tax income	290,608	82.7	77,368	26.9	213,240	275.6
Taxes	(9,034)	(2.6)	(5,149)	(1.8)	(3,885)	75.5
Net income	281,574	80.1	72,219	25.1	209,355	289.9

(1) The net revenue reported in the reclassified income statement includes other income of € 91 thousand (€124 in thousand in 2023) relating in particular to training grants and rents, which in the statutory balance sheet are classified under the item Other revenue and income.

Net revenue in the first half of 2024 was € 351,530 thousand, up by € 63,651 thousand compared with the same period of the previous year. This increase was mainly attributable greater sales to subsidiaries in Europe relating to corporate products, especially in the urological segment. The trend for sales in Italy was also positive, with an increase of € 10,363 thousand compared with the first half of the previous year. More specifically, we report the positive impact on net revenues generated by the distribution agreement signed in July 2023 with GSK to market Avodart® (dutasteride) and Combodart®/Duodart® (dutasteride/tamsulosin) in 21 countries.

The reduction in the cost of sales as a percentage of net revenue, which fell from 41.5% to 40.4%, was due to a change in the mix of sales revenues compared with the same period last year.

Selling expenses increased by € 5,164 thousand (12.4%), due in particular to a stronger management support structure for sales development, higher advertising expenses and an increase in royalties payable, especially for sales of Eligard®.

R&D expenses came to € 37,029 thousand, accounting for 10.5% of net revenue, up 49.9% compared with the first half of last year, due above all to higher depreciation in relation to the new Eligard® device and the new distribution agreement signed with GSK.

General and administrative expenses rose by € 7,274 thousand (29.6%), due to costs incurred to improve the general co-ordination of operations designed to manage an increasingly complex portfolio and in particular to support the management of corporate products.

Other net income and expense recorded a net expense of € 875 thousand, which was due primarily to costs for corporate reorganisation projects.

Operating income amounted to € 92,753 thousand, accounting for 26.4% of net sales, substantially in line with 26.6% of net sales recorded in the first half of the previous year.

Dividends from subsidiaries amounted to € 258,209 thousand, up € 219,204 thousand due to a change in the timing of distributions by subsidiaries compared with the same period of the previous year.

Net financial expenses amounted to € 60,354 thousand, up € 22,141 thousand compared with the same period in 2023. This change is due both to new loans taken out in the second quarter of 2023, with a limited impact on financial expenses in the first half of 2023, and to an increase in interest rates, as well as the depreciation of the Russian rouble.

The increase in taxes compared with the first half of 2023, amounting to € 3,885 thousand, was due above all to an increase in pre-tax income resulting mainly from the performance by dividends recorded in the period under review, as well as to the estimated impact of Pillar II regulations.

Net income was € 281,574 thousand, accounting for 80.1% of net revenue, a significant increase compared with 25.1% reported in the first half of the previous year, due to the increase in dividends received from subsidiaries in the current year.

NET FINANCIAL POSITION

The net financial position as at 30th June 2024 was debt of € 2,199 million, down € 150 million compared with debt of € 2,349 million as at 31st December 2023.

Details of the item and changes during the period are shown in the table below.

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
Current account sight deposits and other cash and cash equivalents	43,350	28,562	14,788
Short-term receivables from Group companies	45,838	113,087	(67,249)
Cash and cash equivalents and other short-term receivables	89,188	141,649	(52,461)
Short-term payables to banks	(45,291)	(96,213)	50,922
Loans due within one year	(221,558)	(315,727)	94,169
Short-term payables to Group companies	(662,995)	(709,227)	46,232
Current debt	(929,844)	(1,121,167)	191,323
Net current financial position (1)	(840,656)	(979,518)	138,862
Receivables - due after one year	83	83	-
Loans – due after one year	(1,265,365)	(1,323,964)	58,599
Long-term loans due to Group companies	(93,414)	(45,249)	(48,165)
Non-current debt	(1,358,696)	(1,369,130)	10,434
Net financial position (2)	(2,199,352)	(2,348,648)	149,296

(1) Current debt includes loans due within one year, amounts payable to banks and other short-term payables.

(2) Inclusive of the fair value of derivatives to hedge foreign exchange rate risk (cash flow hedges), recognised within asset item 23 and liability item 35 with an overall net positive impact of € 5,780 thousand as at 30th June 2024.

We report the following during the period: dividend payments of € 128,8 million; the purchase of treasury shares for € 37,6 million and the sale of treasury shares due to the exercise of stock options with a cash flow of € 29,8 million net of the loss recognised against the book value.

MANAGEMENT REVIEW

In view of the importance of Recordati S.p.A. within the results achieved by the Group, it is considered that an exhaustive report on operating performance and financial analysis can be obtained from the section “Management Review” in the Half-year Management Review of the Recordati Group as at and for the period ended 30th June 2024, published on 30th July 2024, to which reference is made.

OTHER INFORMATION

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

Key figures from the financial statements for the year ended 31st December 2023 approved by the company that exercises management and co-ordination are furnished in Attachment 5.

Business outlook for Recordati S.p.A

The financial results for the first half of the year were in line with expectations and enabled us to confirm expectations for 2024.

Considering the sector to which the Company belongs and recent operating performance, no specific significant events were observed subsequent to 30th June 2024, which might require modifications to be made to the value of assets and liabilities recognised in the balance sheet or which might affect the positive performance in the first half of the year for the achievement of the results forecast for 2024.

Lastly, the results expected for the financial year 2024 are forecast to be greater than the interim dividend currently being approved.

Milan, 8th November 2024

on behalf of the Board of Directors
the Chief Executive Officer
Robert Koremans

INTERIM FINANCIAL STATEMENTS OF
RECORDATI S.P.A. FOR THE PERIOD
ENDED 30TH JUNE 2024

RECORDATI S.p.A.
INCOME STATEMENTS FOR THE PERIODS ENDED
30TH JUNE 2024 AND 30TH JUNE 2023

Income statement

Amounts in	Notes	First half 2024	First half 2023
Net revenue	3	351,438,766	287,754,939
Other income	4	4,331,367	2,787,964
Total income		355,770,133	290,542,903
Raw materials costs	5	(91,360,776)	(80,546,496)
Personnel costs	6	(56,827,545)	(50,361,357)
Depreciation and amortisation	7	(26,285,447)	(14,665,698)
Other operating expenses	8	(81,738,049)	(77,516,065)
Changes in inventories	9	(6,805,715)	9,152,066
Operating Income		92,752,601	76,605,353
Income from investments	10	258,209,292	39,004,746
Financial income/(expense), net	11	(60,354,401)	(38,219,998)
Pre-tax income		290,607,492	77,390,101
Income taxes	12	(9,033,632)	(5,148,790)
Net income		281,573,860	72,241,311

Earnings per share (in euro)

Basic	1.365	0.352
Diluted	1.346	0.345

Basic earnings per share are calculated on average shares outstanding in the relative periods, consisting of 206,299,160 shares in 2024 and 205,421,140 in 2023. The figures are calculated net of average treasury stock held, which amounted to an average of 2,825,996 in 2024 and 3,703,746 in 2023.

Diluted earnings per share are calculated taking into account rights granted to employees.

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

RECORDATI S.p.A.

BALANCE SHEETS as at 30TH JUNE 2024 and 31ST DECEMBER 2023

Assets

Amounts in euro	Notes	30 th June 2024	31 st December 2023
Non-current assets			
Property, plant and equipment	13	100,807,903	99,201,685
Goodwill	14	16,944,333	16,944,333
Intangible assets	15	563,754,148	579,531,714
Investments	16	1,848,263,970	1,845,346,028
Other non-current financial assets	17	83,067	83,067
Deferred tax assets	18	9,507,319	10,044,877
Total non-current assets		2,539,360,740	2,551,151,704
Current assets			
Inventories	19	102,539,143	109,344,859
Trade receivables	20	175,766,582	144,881,335
Other receivables	21	44,429,751	45,767,685
Other current assets	22	5,813,230	2,452,842
Derivatives measured at fair value	23	16,636,913	11,048,967
Other short-term financial receivables	24	45,838,203	113,087,168
Cash and cash equivalents	25	43,350,058	28,561,500
Total current assets		434,373,880	455,144,356
Total assets		2,973,734,620	3,006,296,060

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

RECORDATI S.p.A.

BALANCE SHEETS as at 30TH JUNE 2024 and 31ST DECEMBER 2023

Equity and Liabilities

Amounts in euro	Notes	30 th June 2024	31 st December 2023
Equity			
Share capital	26	26,140,645	26,140,645
Additional paid-in capital	26	83,718,523	83,718,523
Treasury stock	26	(124,355,753)	(127,970,088)
Statutory reserve	26	5,228,129	5,228,129
Other reserves	26	231,763,215	256,442,225
Revaluation reserve	26	2,602,229	2,602,229
Interim dividend	26	-	(117,396,107)
Net income	26	281,573,860	224,016,736
Total equity		506,670,848	352,782,292
Non-current liabilities			
Loans – due after one year	27	1,271,145,660	1,317,331,833
Employee benefit obligations	28	3,780,890	3,885,643
Other non-current financial liabilities	29	93,414,292	45,248,869
Total non-current liabilities		1,368,340,842	1,366,466,345
Current liabilities			
Trade payables	30	94,615,225	98,233,803
Other current payables	31	48,199,288	41,819,371
Tax liabilities	32	15,730,241	3,451,713
Other current liabilities	33	95,455	190,910
Provisions	34	5,267,776	4,626,570
Derivatives measured at fair value	35	4,970,808	17,558,440
Loans - due within one year	36	221,557,677	315,727,139
Payables to banks	37	45,291,168	96,213,299
Other short-term payables	38	662,995,292	709,226,178
Total current liabilities		1,098,722,930	1,287,047,423
Total equity and liabilities		2,973,734,620	3,006,296,060

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

RECORDATI S.p.A.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30TH JUNE 2024 AND 30TH JUNE 2023

€ (thousands)	First half 2024	First half 2023
Net income	281,574	72,241
Gains/(losses) on cash flow hedges, net of tax	4,238	1,586
Adjustment to investments in listed companies, net of tax	(685)	(4,442)
Other changes, net of tax	(70)	(70)
Other items recognised in equity	3,483	(2,926)
Comprehensive income	285,057	69,315
Data per share (in euro)		
Basic	1.382	0.337
Diluted	1.363	0.331

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

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

€ (thousands)	Share capital	Additional paid-in capital	Treasury stock	Statutory reserve	Sundry reserves	Other reserves		Revaluation reserves	Interim dividend	Net (loss)/income for the period	Total
						Reserve for derivative instruments	Stock option reserve - Performance shares reserve and/or Other IAS reserves				
Balance as at 31st December 2022	26,141	83,718	(149,560)	5,228	120,993	5,249	162,360	2,602	(112,979)	219,234	362,987
Allocation of 2022 net income as per shareholders' resolution of 21.04.2023											
<i>Dividends distributed</i>					(16,984)				112,979	(219,234)	(123,239)
<i>Retained earnings</i>											-
Sales of treasury stock			10,522		(2,846)						7,676
Repurchase of treasury stock			(6,482)								(6,482)
Merger reserve											-
Comprehensive income					(70)	1,586	(4,442)			72,241	69,315
Stock option valuation reserve							4,388				4,388
Balance as at 30th June 2023	26,141	83,718	(145,520)	5,228	101,093	6,835	162,306	2,602	-	72,241	314,644
Balance as at 31st December 2023	26,141	83,718	(127,970)	5,228	89,678	(286)	167,050	2,602	(117,396)	224,017	352,782
Allocation of 2023 net income as per shareholders' resolution of 22.04.2024											
<i>Dividends distributed</i>					(23,457)				117,396	(224,017)	(130,078)
<i>Retained earnings</i>											-
Sales of treasury stock			41,177				(11,334)				29,843
Repurchase of treasury stock			(37,562)								(37,562)
Merger reserve											-
Dividends expired											-
Interim dividends									-		-
Comprehensive income					(70)	4,238	(685)			281,574	285,057
Stock option valuation reserve							3,105				3,105
Performance shares valuation reserve							3,524				3,524
Balance as at 30th June 2024	26,141	83,718	(124,355)	5,228	66,151	3,952	161,660	2,602	-	281,574	506,671

RECORDATI S.p.A.

CASH FLOW STATEMENTS FOR THE PERIODS ENDED 30TH JUNE 2024 AND 30TH JUNE 2023

€ (thousands)	First half 2024	First half 2023
<u>OPERATING ACTIVITIES</u>		
Net income	281,574	72,241
Income taxes	9,034	5,149
Net interest	58,861	41,053
Income from investments	(258,209)	(39,005)
Depreciation of property, plant and equipment	5,913	4,912
Amortisation of intangible assets	20,372	9,753
Equity-settled share-based payments transactions	2,510	1,577
Other non-cash items	1,711	1,786
Changes in other assets and other liabilities	5,855	(4,173)
Cash flow from/(used in) operating activities before changes in working capital	127,621	93,294
Change in inventories	6,806	(9,152)
Change in trade receivables	(30,885)	(23,207)
Change in trade payables	(3,619)	9,170
Change in working capital	(27,698)	(23,189)
Interest received	2,676	740
Interest paid	(62,824)	(35,317)
Cash flow from/(used in) operating activities	39,776	35,529
<u>INVESTMENT ACTIVITIES</u>		
Investments in property, plant and equipment	(6,363)	(5,781)
Disposals of property, plant and equipment	2	498
Investments in intangible assets	(4,595)	(4,362)
Investments in subsidiaries	(5)	-
Dividends received	258,209	39,005
Loans granted to subsidiaries	49,850	32,252
Changes in other short-term receivables	7,819	26,154
Cash flow from/(used in) investment activities	304,918	87,765

€ (thousands)	30 th June 2024	30 th June 2023
<u>FINANCING ACTIVITIES</u>		
New loans	70,000	348,320
Repayment of loans	(212,363)	(125,442)
Payment of lease liabilities	(574)	(1,013)
Change in short-term liabilities to banks and other lenders	(51,226)	(70,032)
Loans received from/(repaid to) subsidiaries	96,371	(51,365)
Changes in other short-term payables	(95,640)	144,950
Dividends paid	(128,753)	(127,043)
Repurchase of treasury stock	(37,562)	(6,483)
Sales of treasury stock	29,842	7,675
Cash flow from/(used in) financing activities	(329,906)	119,567
Change in cash and cash equivalents	14,788	242,860
Net cash and cash equivalents at beginning of year	28,562	50,249
Cash and cash equivalents at year-end	43,350	293,109

RECORDATI S.p.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

1. GENERAL INFORMATION

These financial statements, available at the headquarters of our Company, have been prepared by Recordati Industria Chimica e Farmaceutica S.p.A. (hereinafter the Company), with registered office at 1, Via Matteo Civitali, Milan and they were approved by the Board of Directors on 8th November 2024, which authorised their publication.

These separate interim financial statements as at 30th June 2024 comprise the income statement, the balance sheet, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and these notes to the interim financial statements.

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

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

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

SEGMENT REPORTING

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements as at 30th June 2024 have been prepared in condensed form, in compliance with IAS 34 "Interim financial reporting". The interim financial statements do not therefore include all the information required of annual financial statements and must be read together with the annual report for the full year ended 31st December 2023, prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and endorsed by the EU in accordance with Regulation No. 1606/2002.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgement, differ from the actual circumstances, they will be modified in accordance with the changes in the circumstances.

Account has been taken of the impacts, and also the potential impacts, resulting from the Russian-Ukraine crisis when making estimates and the related assumptions required to draft this financial report. The Group operates on the Russian market through a local subsidiary, in compliance with the regulations in force, with revenues for

the first half of 2024 amounting to 4.7% of the Group's total revenue and on the Ukrainian market with revenues, also in the first half of 2024, amounting to 0.7% of the total. The Group constantly monitors developments in the conflict, as well as possible developments in the geopolitical environment and their consequences on business strategies in order to adopt mechanisms to safeguard its competitiveness, investments, performance and resources. Business in Russia performed positively in terms of demand for all the main products and no difficulties with payments were reported neither by local distributors nor by our Russian subsidiary to the Group's subsidiaries for the purchase of products.

In view of studies performed when preparing this financial report and also in consideration of the achievement of its expected results in the sector to which it belongs, no factors have been identified to-date which might have any significant impact on the financial statements.

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

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

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

ACCOUNTING POLICIES USED TO PREPARE THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 30TH JUNE 2024

The accounting standards adopted for the preparation of this financial report as at and for the period ended 30th June 2024 are consistent with those used for the preparation of the financial statements as at and for the year ended 31st December 2023, except for the adoption of new standards and amendments effective from 1st January 2024. The Company has not adopted any new standard, interpretation or amendment in advance that has been issued, but is not yet in force.

This interim financial report has been prepared using the same accounting standards as those applied in the last annual report, which includes the amendments to IAS 12 introduced in response to the OECD's BEPS Pillar Two rules.

The Pillar Two legislation has been adopted for the most part in some of the jurisdictions in which the Group operates.

The regulations entered into force for the financial year which began on 1st January 2024 and the Group, which falls within the scope of Pillar Two rules, has assessed the impact of the new regulations with consideration given to the changes introduced by IAS 12 "Income Taxes".

This assessment is based on the latest available information inclusive of tax returns, country-by-country reporting, the financial information for 2023 and the tax regulations currently in force in the various countries in which the Group is present.

On the basis of assessments carried out using the final figures for 2023 for each jurisdiction and the best

interpretation of documents published by the OECD, all the countries in which the Group operates exceed transitional safe harbour thresholds except for Italy, Ireland, Switzerland and the United Arab Emirates. For these countries, the preliminary impacts, based on 2023 final figures, were used, with a total provision in the first half of 2024 of € 2.2 million to increase the items "Income Taxes" in the income statement and "Tax liabilities" under liabilities in the balance sheet, of which € 1.1 million was set aside by the Company in this interim report.

The effects for the full year 2024 will be calculated on the basis of final figures for the year when the annual consolidated financial statements are prepared. As this assessment is based on 2023 final figures, the actual impact that the Pillar Two regulations will have on the Group and the Company's exposure to Pillar Two taxes for the current financial year may change, although it is estimated that this will not be material, especially in view of potential changes to the tax laws of some of the jurisdictions mentioned above. The Group continues to monitor the actual implementation of the Pillar Two regulations on income taxes and to assess their impact on future financial results.

Various amendments and interpretations are applicable for the first time in 2024, but have not had any impact on the financial statements of the Company for the period ended 30th June 2024.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Additional Disclosures*, to clarify the details of reverse factoring agreements and to require additional disclosures for these agreements.

The purpose of these disclosure requirements included in the amendments is to help users of financial statements to understand the impacts of reverse factoring agreements on the liabilities, cash flows and exposure to liquidity risk of an entity. The transition requirements clarify that an entity is not required to provide disclosures in interim financial statements for the first year of application of the amendments.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued an amendment to IFRS 16 to specify the requirements that a selling lessor uses in measuring a lease liability arising from a sale and leaseback transaction, to ensure that the selling lessor does not recognise gains or losses on the right of use retained by the lessor.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The changes clarify the following:

- what is meant by the right to defer settlement of a liability;
- that the right to defer settlement must exist at the end of the financial year;
- that the classification is not impacted by the likelihood that an entity will exercise its right to defer settlement;
- that only if an embedded derivative in a convertible liability is itself an equity instrument does the maturity of the liability have no impact on its classification.

Also a requirement has been added for an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

3. NET REVENUE

Net revenue in the first half of 2024 came to € 351,439 thousand (€ 287,755 thousand in the first half of 2023) and was composed as follows:

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
Net sales	325,326	275,472	49,854
Royalties and up-front payments	2,660	2,258	402
Revenue from services	23,453	10,025	13,428
Total	351,439	287,755	63,684

Revenue from net sales by geographical area was as follows:

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
Europe	324,277	263,718	60,559
<i>of which Italy</i>	<i>122,878</i>	<i>112,515</i>	<i>10,363</i>
Australasia	20,587	15,546	5,041
America	6,114	7,502	(1,388)
Africa	461	989	(528)
Total	351,439	287,755	63,684

The increase in net sales benefited from the impact of the marketing of Avodart® (dutasteride) and Combodart®/Duodart® (dutasteride/ tamsulosin), which started in September of the previous year.

Revenue for royalties and up-front payments, amounting to € 2,660 thousand, included € 2,564 thousand for royalties receivable from subsidiaries and € 96 thousand in relation to the application of the accounting standard IFRS 15 for up-front payments resulting from contracts for the licensing and distribution of portfolio products received in prior years.

4. OTHER INCOME

Other income in the first half of 2024 amounted to € 4,331 thousand, up € 1,543 thousand on the same period in the previous year (€2,788 thousand in the first half of 2023).

The item mainly includes non-recurring income, tax credits, grants for training courses, and sundry amounts charged back to employees and subsidiaries.

The substantial increase compared with the same period in the previous year is due mainly to greater non-recurring income (up € 2,382 thousand) and amounts charged back to subsidiaries (up € 453 thousand), partially offset by lower tax credits (down € 1,272 thousand).

5. RAW MATERIALS COSTS

Costs for raw materials and goods in the first half of 2024 amounted to € 91,361 thousand (€ 80,546 thousand in the first half of 2023) and were composed as follows:

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
Raw materials and goods	82,266	71,612	10,654
Packaging materials	4,935	5,270	(335)
Others and consumables	4,160	3,664	496
Total	91,361	80,546	10,815

The change in purchases of raw materials, goods and other materials is due to changes in the mix of sales by product and increases in inflation occurring on purchasing markets.

6. PERSONNEL COSTS

Personnel expenses in the first half of 2024 amounted to € 56,828 thousand (€ 50,361 thousand in the first half of 2023) and were composed as follows:

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
Wages and salaries	39,288	34,597	4,691
Social security payments	11,561	10,980	581
Salary resulting from incentive plans	3,023	2,222	801
Other costs	2,956	2,562	394
Total	56,828	50,361	6,467

The expense for incentive plans (stock options and performance shares) is a result of the application of IFRS 2, which requires the measurement of those instruments in the plans as a component of the wages of the beneficiaries and recognition of the cost calculated in that way through profit and loss.

Stock option plans resulted in a cost of € 1,041 thousand, while costs relating to the long-term incentive plan named the "2023-2025 Performance Shares Plan" amounted to €1,469 thousand.

During the course of 2019, some employees of the Group were designated as beneficiaries of an incentive scheme with a vesting period of five years under which they had purchased shares of Rossini Luxembourg S.à r.l., an indirect shareholder of Recordati S.p.A., and they will benefit from a return at the end of the life of the scheme. On the basis of the accounting standard IFRS 2, recognition of this in the accounts for the period ended 30th June 2024 resulted in an expense in the income statement of € 513 thousand.

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

7. DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to € 26,285 thousand in the first half of 2024 (€ 14,666 thousand in the first half of 2023) of which € 20,372 thousand was amortisation of intangible assets and € 5,913 thousand was depreciation of tangible assets, as reported below:

Amortisation of intangible assets

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
Patent rights and marketing authorisations	4,689	4,689	-
Distribution, licenses, trademarks and similar rights	15,683	5,064	10,619
Total intangible amortisation	20,372	9,753	10,619

Depreciation of property, plant and equipment

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
Industrial buildings	731	696	35
General plant	310	291	19
Accelerated depreciation machinery	2,096	1,780	316
Normal depreciation machinery	925	660	265
Miscellaneous laboratory equipment	680	575	105
Office furnishings and machines	44	44	-
Electronic equipment	261	254	7
Vehicles for internal transport	2	-	2
Improvements to leased assets	57	-	57
Rights of use (IFRS 16)	807	613	194
Total depreciation of property, plant equipment	5,913	4,913	1,000
Total depreciation, amortization and write-downs	26,285	14,666	11,619

The substantial increase in the amortisation of intangible assets relates mainly to the distribution rights for Avodart® (dutasteride) and Combodart®/Duodart® (dutasteride/tamsulosin) acquired in the second half of 2023 from GSK, the amortisation process for which began in September 2023, and which were amortised in the first half of 2024 by € 8,167 thousand.

We also report higher amortisation for Eligard© (up € 2,010 thousand), following the positive conclusion, in the second half of 2023, of the regulatory approval process for the new device.

8. OTHER OPERATING EXPENSES

Other operating expenses in the first half of 2024 amounted to € 81,738 thousand (€ 77,516 thousand in the first half of 2023). They were composed as follows:

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
Services	58,178	56,391	1,787
Use of group company assets	552	655	(103)
Lease expenses	18,002	15,099	2,903
Sundry expenses	5,006	5,371	(365)
Total	81,738	77,516	4,222

The change in costs for services mainly attributable to greater costs for intercompany services, as well as an increase in expenses for professional training, participation in congresses, commissions and IT consultancy. An increase in costs for energy utilities was also recorded, together with outsourced processing and external advertising costs.

This item also includes expenses for professional advice, transport and shipping costs, travel expenses, maintenance, repairs, waste destruction and chargebacks for miscellaneous services.

The item "leased assets" mainly includes royalties payable, which increased by € 2.2 million compared with the first half of 2023. This item also includes car hire charges.

Finally, sundry expenses showed a net decrease of € 365 thousand, mainly related to the smaller impact of provisions for reductions in hospital spending and lower donations, partly offset by an increase in organisational restructuring costs.

9. CHANGES IN INVENTORIES

The change in inventories in the first half of 2024 resulted in a net positive amount of € 6,806 thousand (negative by € 9,152 thousand in the first half of 2023). The item was composed as follows:

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
Raw materials	(1,062)	1,203	(2,265)
Stocks	397	(510)	907
Intermediates and work-in-process	(3,086)	1,527	(4,613)
Finished products	10,557	(11,372)	21,929
Total	6,806	(9,152)	15,958

10. INCOME FROM INVESTMENTS

Income from investments amounted to € 258,209 thousand in the first half of 2024 (€ 39,005 thousand in the first half of 2023) and related entirely to dividends declared by subsidiaries. In detail, the dividends were received from:

- Recordati Rare Diseases S.à.r.l. (€ 90,913 thousand);
- Italchimici S.p.A. (€ 40,524 thousand);
- Recordati UK Limited (€ 40,000 thousand);
- Casen Recordati S.L. (€ 38,712 thousand);
- Bouchara Recordati (€ 20,000 thousand);
- Natural Point S.r.l. (€ 20,000 thousand);
- Recordati Romania S.r.l. (€ 6,029 thousand);
- Herbacos Recordati S.r.o. (€ 2,031 thousand).

11. FINANCIAL INCOME (EXPENSE), NET

Net financial income (expense) in the first half of 2024 recorded net expense of € 60,354 thousand (net expense of € 38,220 thousand in the first half of 2023).

The item was composed as follows:

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
Foreign exchange gains (losses)	(1,246)	3,417	(4,663)
Interest income from subsidiaries	1,107	1,890	(783)
Interest expense payable to subsidiaries	(20,505)	(12,995)	(7,510)
Interest expense on long-term loans	(42,840)	(31,827)	(11,013)
Net interest on short-term financial positions	4,821	2,583	2,238
Bank charges	(1,415)	(1,124)	(291)
Costs for adjustment of employee benefit provisions (IAS 19)	(58)	(78)	20
Interest expense on lease liabilities (IFRS16)	(218)	(86)	(132)
Total	(60,354)	(38,220)	(22,134)

This item recorded a total increase in expense of €22,134 thousand, mainly due to the combined effect of the following factors:

- an increase of € 7,510 thousand in interest payable to subsidiaries in relation to interest on loans and cash pooling;
- an increase of € 11,013 thousand in interest expense on loans, due mainly to new loans taken out both in the second quarter of 2023 (€ 350 million) and in the second quarter of 2024 (€ 70 million);
- a fall in net foreign exchange gains (losses) of € 4,663 thousand, caused mainly by a write-down of the Russian rouble;
- increases of € 2,238 thousand in net interest income on short-term positions, due mainly to greater income from derivatives.

Interest income from subsidiaries, totalling € 1,107 thousand, relates to interest of € 985 thousand on loans granted to subsidiaries and to € 122 thousand from the centralised management of treasury balances in operation at the Parent Company since 2007 on the basis of which monthly interest receivable and payable is recognised at market rates.

Interest expense payable to subsidiaries, totalling € 20,505 thousand, consisted of € 4,439 thousand on loans granted by subsidiaries and of € 16,066 thousand relating to the centralised cash pooling system.

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

12. INCOME TAXES

Income taxes recognised in the income statement in the first half of 2024 amounted to € 9,034 thousand compared with € 5,149 thousand in the first half of the 2023. The item was composed as follows:

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
<u>Current taxation:</u>			
IRES (corporate income tax)	12,051	7,040	5,011
IRAP (regional tax on production)	2,243	1,705	538
“Patent Box” tax relief	(4,467)	(4,059)	(408)
Prior year taxation	-	166	(166)
Total current taxation	9,827	4,852	4,975
<u>Deferred taxation:</u>			
Provision for deferred tax assets/liabilities, net	(566)	(467)	(99)
Use of prior year deferred tax assets/liabilities	728	2,483	(1,755)
“Patent Box” tax relief	(955)	(1,719)	764
Total deferred tax liabilities	(793)	297	(1,090)
Total	9,034	5,149	3,885

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

In 2019 the Parent concluded a preliminary agreement with the tax authorities to establish the methods and criteria for the calculation of the economic contribution in the event of the direct use of intangible assets subject to tax relief with effect for the tax years 2015 to 2019. On the other hand, for the tax year 2020 Recordati S.p.A. opted for the “self-assessment” regime for the same assets as those in the previous five-year period (except for expired patents and brands which in the meantime had been excluded from the objective scope of the tax relief). It applied for the option in its tax return for the year until the expiry of the five-year period of validity of the option (2020-2024). Subsequently, on 21st October 2021 the Company filed an application to use the preliminary agreement procedure for the use of intangible assets for the remaining period 2021-2024, indicating the same methods and criteria for calculating the economic contribution used in previous periods.

Operating therefore on the same basis as in previous years, the Company calculated the tax benefit for the first half of 2024, recognised as a reduction in current and deferred taxes for a total amount of € 5,422 thousand.

The item includes a provision of € 1,135 thousand for the preliminary impacts of the application of the Pillar Two regulations, which came into force for the financial year beginning 1st January 2024 and which has been substantially adopted in certain jurisdictions in which the Group operates, including Italy.

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net of accumulated depreciation, amounted to € 100,808 thousand as at 30th June 2024 (€ 99,202 thousand as at 31st December 2023). The table below, which also includes the value of right-of-use lease assets in application of IFRS 16, shows the items of which the overall balance is composed and the changes that occurred in the reporting period.

€ (thousands)	Land and buildings	Plant and machinery	Other equipment	Improvements to leased assets	Construction in progress	Total
Cost of acquisition						
Balance as at 31.12.23	52,865	190,454	48,555	1,471	46,649	339,995
Additions	254	495	1,832	-	4,941	7,522
Disposals	-	-	(298)	-	-	(298)
Reclassifications	6,206	24,468	2,557	-	(33,231)	-
Balance as at 30.06.24	59,325	215,417	52,646	1,471	18,359	347,219
Accumulated depreciation						
Balance as at 31.12.23	38,005	162,439	40,340	9	-	240,793
Depreciation for the period	941	3,455	1,460	57	-	5,913
Disposals	-	-	(295)	-	-	(295)
Reclassifications	-	-	-	-	-	-
Balance as at 30.06.24	38,946	165,894	41,505	66	-	246,411
Carrying amount						
30th June 2024	20,379	49,523	11,141	1,405	18,359	100,808
31st December 2023	14,860	28,015	8,216	1,462	46,649	99,202

In the first half of 2024 additions totalling € 7,522 thousand and gross disposals of € 298 thousand were recorded as follows:

- the additions consisted of € 3,318 thousand for investments in the Milan headquarters and in the Milan plant, € 3,045 thousand for investments in the Campoverde plant and € 1,159 thousand for new motor vehicle finance lease contracts signed during the period;
- disposals, gross of accumulated depreciation released, amounted to € 3 thousand for the disposal of other assets and non-operating properties and to € 295 thousand for motor vehicle finance leases terminated during the year.

Depreciation for the period, amounting to € 5,913 thousand, was calculated on all depreciable assets using rates which are held to be representative of the estimated useful life of the assets.

The table below shows the amounts for right-of-use lease assets in accordance with accounting standard IFRS 16.

€ (thousands)	Land and buildings	Plant and machinery	Other equipment	Total
Cost of acquisition				
Balance as at 31.12.23	5,457	1,211	3,399	10,067
Additions	-	-	1,158	1,158
Disposals	-	-	(295)	(295)
Reclassifications	-	-	-	-
Balance as at 30.06.24	5,457	1,211	4,262	10,930
Accumulated depreciation				
Balance as at 31.12.23	281	809	1,716	2,806
Depreciation for the period	210	124	473	807
Disposals	-	-	(295)	(295)
Reclassifications	-	-	-	-
Balance as at 30.06.24	491	933	1,894	3,318
Carrying amount				
30th June 2024	4,966	278	2,368	7,612
31 st December 2023	5,176	402	1,683	7,261

14. GOODWILL

The item goodwill, amounting to € 16,944 thousand, was unchanged compared with 31st December 2023.

As already reported, goodwill arose from the acquisition on 21st December 2022 from V.I.M. G. Ottaviani S.p.A. of a business unit related to the pharmaceutical speciality Telefil[®], indicated for the treatment of erectile dysfunction and benign prostatic hyperplasia.

As required by the accounting standards, goodwill is not amortised systematically, but is tested for impairment, either annually or more frequently in the presence of specific events or circumstances that may indicate a loss in value.

No events or circumstances occurred during the period to indicate possible losses of value with regard to the above-mentioned goodwill.

15. INTANGIBLE ASSETS

Intangible assets, net of accumulated amortisation, amounted to € 563,754 thousand as at 30th June 2024 (€ 579,352 thousand as at 31st December 2023). The table below shows the items of which the overall balance is composed and the changes that occurred during the reporting period.

€ (thousands)	Patent rights and marketing authorisations	Distribution, licences, trademarks and similar rights	Other	Assets under construction and advances	Total
Cost of acquisition					
Balance as at 31.12.23	212,204	514,993	13,231	14,816	755,244
Additions	-	355	-	4,240	4,595
Disposals	-	-	-	-	-
Reclassifications	-	6,998	-	(6,998)	-
Balance as at 30.06.24	212,204	522,346	13,231	12,058	759,839
Accumulated amortisation/write-downs					
Balance as at 31.12.23	90,116	72,365	13,231	-	175,712
Amortisation and write-downs	4,689	15,683	-	-	20,372
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
Balance as at 30.06.24	94,805	88,048	13,231	-	196,085
Carrying amount					
30th June 2024	117,399	434,298	-	12,058	563,754
31st December 2023	122,088	442,628	-	14,816	579,532

In the first half of 2024, total increases of € 4,595 thousand were made in capex investments as follows:

- € 2,904 thousand related to the implementation of the S/4 Hana management software;
- € 1,691 thousand related to the development and improvement of computer apps used by various corporate functions.

Amortisation, which totalled € 20,372 thousand, was calculated on all amortisable assets on the basis of their finite useful life and for a period not exceeding 20 years.

16. INVESTMENTS

Investments as at 30th June 2024 amounted to € 1,848,264 thousand (€ 1,845,346 thousand as at 31st December 2023).

Please refer:

- to Attachment 1 for details of movements occurring during the reporting period;
- to Attachment 2 for the percentage interests and the number of shares or quotas held;
- to Attachment 3 for a comparison between the carrying amount of the investments and the corresponding pro-rata equity.

The increase compared with 31st December 2023 is mainly due to the following changes:

- an increase of € 3,605 thousand due to adjustments to the carrying amount of investments by an amount corresponding to the cost of the instruments granted to the employees of subsidiaries, in accordance with IFRS 2, as part of the incentive plans, of which € 1,550 thousand in relation to the cost of stock options and € 2,055 thousand in relation to the cost of performance shares. According to IFRS 2, incentive plans for the employees of subsidiaries constitute an increase in the value of the relative investments. That increase in value consists of the fair value of the options on the grant date and it is recognised as an increase in the investments at constant rates over the period between the grant and the vesting period, with the balancing entry recognised directly in equity;
- an increase of € 5 thousand due to the acquisition of the investment in Recordati Argentina S.r.l.;
- a decrease of € 693 thousand due to the fair value adjustment as at 30th June 2024 of the investment in the British company PureTech Health p.l.c., a company listed on the London stock exchange specialised in investments in start-up companies specialising in turn in innovative therapies, medical devices and new research technologies.

No events or circumstances occurred during the period to indicate possible losses with regard to the recoverability of the amounts recognised.

17. OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets as at 30th June 2024 amounted to € 83 thousand (unchanged since 31st December 2023) and relate exclusively to long-term security deposits.

18. DEFERRED TAX ASSETS

Deferred tax assets amounted to € 9,507 thousand as at 30th June 2024 (€ 10,045 thousand as at 31st December 2023), down by € 538 thousand in the reporting period.

19. INVENTORIES

Inventories amounted to € 102,539 thousand as at 30th June 2024 (€ 109,345 thousand as at 31st December 2023). Details and changes in the period are shown below:

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
Raw materials, ancillary materials, consumables and supplies	24,845	24,180	665
Intermediates and work-in-process	31,230	28,144	3,086
Finished products and goods	46,464	57,021	(10,557)
Total	102,539	109,345	(6,806)

Final inventories are sufficient to meet expected future requirements and they are stated net of the related provision for obsolescence, which as at 30th June 2024 amounted to € 1,769 thousand, a significant decrease compared with the figure for 31st December 2023 (€ 2,988 thousand)

20. TRADE RECEIVABLES

Trade receivables amounted to € 175,767 thousand as at 30th June 2024 (€ 144,881 thousand as at 31st December 2023), as detailed below:

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
Trade receivables from subsidiaries	98,302	81,833	16,469
Trade receivables from others:	78,482	64,058	14,424
<i>Italy</i>	63,131	51,864	11,267
<i>Abroad</i>	15,351	12,194	3,157
	176,784	145,891	30,893
Allowance for doubtful accounts	(1,017)	(1,010)	(7)
Total trade receivables	175,767	144,881	30,886

The increase of € 11,267 thousand in trade receivables from others in Italy compared with the end of the previous year is mainly due to a change in the seasonal trend for sales in the pharmaceutical sector. The allowance for doubtful accounts rose by € 7 thousand in the first half of 2024, due to additions made of € 67 thousand and uses of € 60 thousand in the period.

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

21. OTHER RECEIVABLES

Other receivables amounted to € 44,430 thousand as at 30th June 2024 (€ 45,768 thousand as at 31st December 2023). Details are given in the table below.

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
Tax income	5,110	20,271	(15,161)
From subsidiaries	20,636	14,750	5,886
Advances to employees and agents	4,360	1,886	2,474
Other	14,324	8,861	5,463
Total other receivables	44,430	45,768	(1,338)

Tax receivables, totalling € 5,110 thousand, were composed of € 4,801 thousand for research tax credits, € 172 thousand for IRAP (regional tax on production) tax credits, € 132 thousand for foreign VAT tax credits and €5 thousand for sundry other tax credits. The aggregate decrease of € 15,161 thousand compared with 31st December 2023 was mainly due to lower IRES (corporate income tax) and IRAP tax credits (down € 8,025 thousand) and also due to lower VAT credits from the tax consolidation (down € 6,774 thousand).

Receivables from subsidiaries, totalled € 20,636 thousand, of which € 20,080 thousand relating to subsidiaries in the tax consolidation as follows: Italcimici S.p.A. (€ 11,871 thousand), Natural Point S.r.l. (€ 7,653 thousand), Recordati Rare Diseases Italy S.r.l. (€ 395 thousand) and Innova Pharma S.p.A. (€ 160 thousand). The remainder related to further receivables due from Italcimici S.p.A. and Recordati Rare Diseases Italy S.r.l.. The increase of € 5,886 thousand compared with the previous year is mainly due to greater receivables from the tax consolidation.

Advances to employees and agents, amounting to € 4,360 thousand (€ 1,886 thousand as at 31st December 2023), mainly refer to receivables from employees for the exercise of stock options. The item also includes small amounts for advances to employees and expense accounts for pharmaceutical sales representatives.

Receivables from others, amounting to € 14,324 thousand (€ 8,861 thousand as at 31st December 2023), mainly include the receivables for charges to GSK (€ 10,849 thousand) for the “Strategic Amount” under the framework agreement signed in 2023. We also report advances to suppliers (€ 2,619 thousand), receivables for sundry charges to be issued (€ 635 thousand) and receivables from social security institutions (€ 221 thousand).

22. OTHER CURRENT ASSETS

Other current assets as at 30th June 2024 amounted to € 5,813 thousand (€ 2,453 thousand as at 31st December 2023). This item consists exclusively of prepaid expenses comprised of payments made in advance for various services and of insurance premiums also paid in advance.

23. FAIR VALUE OF HEDGING DERIVATIVES (current assets)

As at 30th June 2024 the value of derivative instruments classified within this item stood at € 16,637 thousand (€ 11,049 thousand as at 31st December 2023).

The fair value as at 30th June 2024 of the cross-currency swaps entered into by the Company to hedge a bond issued for \$ 75 million on 30th September 2014, totalled € 7,702 thousand.

That value represents the potential benefit resulting from a lower value of the future cash flows in United States dollars in terms of principal and interest, due to an appreciation of the foreign currency with respect to the time of finalising the loan and acquiring the hedge instruments. More specifically, the fair value of the derivative to hedge the \$ 50 million tranche of the loan granted by Mediobanca was positive by € 4,497 thousand, while that of the instrument to hedge the \$ 25 million tranche of the loan granted by Unicredit was positive by € 3,205 thousand.

The interest rate swaps to hedge the medium and long-term loans measured at fair value as at 30th June 2024 gave rise to a total asset of € 6,082 thousand which represents the unrealised benefit of paying the currently expected variable rates for the duration of the loans instead of the rates agreed.

The fair value as at 30th June 2024 of forward contracts entered into to hedge currency risks on the loan granted to the company Recordati Rare Diseases Japan (€ 292 thousand) was recognised through profit or loss.

The fair value as at 30th June 2024 of forward contracts entered into to hedge currency risks on the loan granted to the Recordati Pharmaceuticals Ltd (€ 166 thousand) was recognised through profit or loss.

The fair value as at 30th June 2024 of forward contracts entered into to hedge currency risks on loans to the company Recordati Rare Diseases (€ 2,358 thousand) was recognised through profit or loss.

The fair value as at 30th June 2024 of forward contracts entered into to hedge currency risks on the loan granted to the company Recordati Rare Diseases S.A. de C.V. (€ 37 thousand) was recognised through profit or loss.

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

24. OTHER SHORT-TERM RECEIVABLES

Other short-term receivables as at 30th June 2024 amounted to € 45,838 thousand (€ 113,087 thousand as at 31st December 2023). This item is comprised solely of the short-term portions of loans from subsidiaries. Interest is paid on these loans at short-term market rates.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to € 43,350 thousand as at 30th June 2024 (€ 28,562 thousand as at 31st December 2023) and consisted mainly of current account sight deposits, as reported in the table below:

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
Current-account sight deposits	41,336	26,637	14,699
Petty cash	6	3	3
Proceeds from derivative instruments	2,008	1,922	86
Cash and cash equivalents	43,350	28,562	14,788

26. EQUITY

A summary of the changes in the equity accounts is reported in the relative statement. Following the entry into force of Legislative Decree 6/2003, which amended the Italian Civil Code, the table contained in Attachment 4 was introduced, which gives the composition of reserves on the basis of availability for use and distribution.

Share capital

The share capital as at 30th June 2024, amounting to € 26,141 thousand, was fully paid up and was composed of 209,125,156 ordinary shares with a par value of € 0.125 each. It remained unchanged over the first six months of 2024.

Additional paid-in capital

Additional paid-in capital amounted to € 83,718 thousand as at 30th June 2024 and remained unchanged compared with 31st December 2023.

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

Treasury stock

The treasury stock reserve amounted to € 124,356 thousand as at 30th June 2024 (€ 127,970 thousand as at 31st December 2023), and represents the value of the 2,882,863 treasury shares held in portfolio (3,119,044 as at 31st December 2023).

The change during the period was due to the sale of 992,250 shares for € 41,177 thousand at the service of incentive plans and to the purchase of 756,069 shares for € 37,562 thousand.

Statutory reserve

The statutory reserve as at 30th June 2024 amounted to € 5,228 thousand and remained unchanged compared with 31st December 2023 because the limit set by Art. 2430 of the Italian Civil Code had been reached.

Revaluation reserve

The revaluation reserve amounted to € 2,602 thousand and was unchanged compared with 31st December 2023. The item includes revaluation balances pursuant to Law No. 413/1991.

Other reserves

Other reserves as at 30th June 2024 totalled € 231,763 thousand (€ 256,442 thousand as at 31st December 2023). The composition and changes in this item are shown below:

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
Gain on merger	30,204	30,204	-
Extraordinary reserve	14,508	38,036	(23,528)
Reserve under Art.13 par.6 Legislative Decree No. 124/1993	99	99	-
Extraordinary VAT concession reserve	517	517	-
Research and investment grants	17,191	17,191	-
Non-distributable reserve for investments in southern Italy	3,632	3,632	-
International accounting standards reserve	161,660	167,049	(5,389)
Total	227,811	256,728	(28,917)
Fair value of derivative instruments	3,952	(286)	4,238
Total other reserves	231,763	256,442	(24,679)

Gain on merger

The merger gain reserve as at 30th June 2024 amounted to € 30,204 thousand and was unchanged since 31st December 2023.

Extraordinary reserve

The extraordinary reserve as at 30th June 2024 amounted to € 14,508 thousand (€ 38,036 thousand as at 31st December 2023). The decrease of € 23,528 thousand compared with the previous year is a result of the following:

- the use of € 23,457 thousand for the distribution of a dividend in accordance with a shareholders' resolution dated 22nd April 2024;
- a decrease of € 71 thousand relating to the adjustment to the debt arising from the acquisition of the shareholding in Opalia Pharma SA.

Reserve under Art. 13, paragraph 6 of Legislative Decree No. 124/1993

As at 30th June 2024 this amounted to € 99 thousand and remained unchanged compared with 31st December 2023.

Extraordinary VAT concession reserve

This reserve (Laws 675/1977, 526/1982, 130/1983 and 64/1986), amounting to € 517 thousand, relates to special VAT allowances on investments and is unchanged compared with 31st December 2023.

Research and investment grants

This reserve amounted to € 17,191 thousand and was unchanged compared with 31st December 2023. The grants will be subject to taxation if they are used for purposes other than to cover losses, which, however, is not planned by the Company. The assets corresponding to the grants received from the Ministry of Industry and Commerce (formerly Asmez) have been depreciated.

Non-distributable reserve for investments in southern Italy

This reserve amounted to € 3,632 thousand and remained unchanged compared with 31st December 2023.

International accounting standards reserve

The International Accounting Standards Reserve amounted to € 161,660 thousand as at 30th June 2024 (€ 167,049 thousand as at 31st December 2023). The composition and changes in this item are as follows:

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
Reversal of non-current asset revaluations	40,479	40,479	-
Revaluation of investments	43,054	43,054	-
Inventories	463	463	-
Employee benefit obligations	(86)	(86)	-
Stock options	31,893	30,852	1,041
Adjustment to investments for stock options	32,000	30,449	1,551
Performance shares	2,619	1,150	1,469
Adjustment to investments for performance shares	3,909	1,853	2,056
Rossini Luxembourg S.à.r.l. incentive scheme	5,571	5,059	512
Reserve to adjust entries for merged company	24	24	-
Financial instrument adjustment reserve	13,068	13,752	(684)
Treasury stock adjustment reserve	(11,334)	-	(11,334)
Total	161,660	167,049	(5,389)

We report the following with regard to the items that changed during the reporting period:

- the *stock options reserve*, amounting to € 31,893 thousand (€ 30,852 thousand as at 31st December 2023), which was measured in accordance with IFRS 2, relates to personnel expenses for stock options issued and granted after 7th November 2002 and which have not yet been exercised;
- the reserve for *Adjustments to investments for stock options*, amounting to € 32,000 thousand (€ 30,449 thousand as at 31st December 2023), also includes the cost of stock options for employees of subsidiaries in addition to those of the Company's managers, the value of which, in accordance with IFRS 2, was recognised as an increase in the value of the investments of the companies in which these employees work;
- the *Performance shares reserve*, amounting to € 2,619 thousand (€ 1,150 thousand as at 31st December 2023), which was measured in accordance with IFRS 2, relates to personnel expenses for performance shares granted on 27th June 2023),
- the *reserve for adjustments to investments for performance shares*, amounting to € 3,909 thousand (€ 1,853 thousand as at 31st December 2023), also includes the cost of stock options and performance shares for employees of subsidiaries in addition to those of the Company's managers, the value of which, in accordance with IFRS 2, was recognised as an increase in the value of the investments in the companies in which these employees work;

- the *Rossini Luxembourg S.à.r.l. incentive plan reserve*, amounting to € 5,571 thousand (€ 5,059 thousand as at 31st December 2023) relates to the cost calculated in accordance with IFRS 2 for the incentive plan from which some employees benefited in 2019 and under which they purchased Rossini Luxembourg S.à.r.l. shares at their par value;
- the *financial instrument adjustment reserve*, amounting to € 13,068 thousand (€ 13,752 thousand as at 31st December 2023), is a result almost entirely of the adjustment as at the adjustment date, net of tax, of the value of the investment in PureTech Health Plc, a company listed on the London Stock Exchange;
- the *treasury stock adjustment reserve*, negative by €11,334, arose from the difference between the amount paid by Group employees who exercised options as part of incentive plans and the carrying amount of the treasury stock recognised in the balance sheet, in accordance with international accounting standards.

Reserve for derivative instruments

In accordance with the provisions of IFRS 9, this reserve is comprised of the following: the balancing entry of the amounts for the assets resulting from measurement at market value of cross-currency swaps of a cash flow hedge nature, the balancing entry of the amount recognised through profit or loss to offset movements in the exchange rate at the end of the year relating to a hedged loan in foreign currency and the liabilities resulting from the measurement at the market value of interest rate swaps also of a cash flow hedge nature. The amount as at 30th June 2024, net of tax, was positive by € 3,952 thousand.

For tax purposes we report that as at 30th December 2024 the untaxed (suspended taxation) reserves amounted to € 87,826 thousand (as indicated in Attachment 4) and were composed as follows:

- € 15,964 thousand for the Research and investment grant reserve, net of the taxed portion;
- € 517 thousand for the Extraordinary VAT concession reserve
- € 99 thousand for the Reserve under Art.13 par.6 Legislative Decree No. 124/1993 (Law establishing pension funds);
- € 71,246 thousand for Revaluation reserves, net of substitute taxes. These reserves, amounting to € 68,644 thousand, were derecognised in compliance with international accounting standards and the non-taxability was transferred to the additional paid-in capital reserve.

No deferred tax provisions were recognised in respect of those reserves, because, in accordance with IAS 12, these deferred tax provisions will be recognised in the year in which the distribution is declared.

Incentive plans

Three stock option plans were in place in favour of certain Group employees as at 30th June 2022: the 2014-2018 plan, with options granted on 13th April 2016; the 2018-2022 plan, with options granted on 3rd August 2018; and the 2021-2023 plan with options granted on 6th May 2021, 1st December 2021 and 24th February 2022.

The strike price of the options is the average of the company's listed share price during the 30 days prior to the grant date. The options vest in four tranches over five years, starting in the second year for the earliest grants and three years, in one lump sum, for the 2021 grant and will expire if not exercised by the end of the eighth year following the year granted.

During the first half of 2023 the 2021-2023 plan was revoked, limited to the grant of options scheduled for 2023 under that plan, without therefore affecting the validity and effectiveness of the plan for the options granted in 2021 and 2022.

However, options cannot be exercised if employees leave the Company before they are vested.

Details of stock options outstanding as at 30 June 2024 are given in the table below.

	Strike price (€)	Options outstanding as at 1.1.2024	Options exercised during 2024	Options cancelled and expired	Options outstanding as at 30.06.2024
<u>Grant date</u>					
13 th April 2016	21.93	512,250	(316,250)	-	196,000
3 rd August 2018	30.73	1,893,000	(536,000)	(4,500)	1,352,500
6 th May 2021	45.97	2,391,500	(140,000)	(61,000)	2,190,500
1 st December 2021	56.01	130,000	-	-	130,000
24 th February 2022	47.52	3,093,000	-	(167,000)	2,926,000
Total		8,019,750	(992,250)	(232,500)	6,795,000

Starting in 2019, certain Group employees have been designated as beneficiaries of an incentive plan, with a vesting period of five years, granted and fully financed by Rossini Luxembourg S.à r.l., an indirect shareholder of Recordati S.p.A.. They will benefit from a return at the end of the plan and if the performance goals are met. Recognition, in accordance with IFRS 2 resulted in a charge recognised in the income statement of € 513 thousand, which also includes the incentive plan granted by Rossini Luxembourg S.à r.l. to the CEO of the Recordati group.

In the first half of 2023, the Company adopted a new long-term incentive plan named the “2023-2025 Performance Shares Plan” in favour of certain Group employees. The plan involves three grants of rights to receive shares in the Company free of charge, one for each year covered by the plan. After a vesting period of three years following the grant, the grantees will receive shares in the parent company which may reach up to 175% of the original amount set, depending on the achievement of certain performance indicators. These rights, however, will lapse if employees leave the company before the end of the vesting period. The first two grants were made on 27th June 2023, consisting of 440,485 rights and again on 9th May 2024 consisting of 437,34 rights. The total cost for the period, calculated in accordance with IFRS 2, was € 1,469 thousand.

27. LOANS

Loans outstanding as at 30th June 2024 and 31st December 2023 are summarised in the table below.

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
Bond subscribed in dollars by the investor Pricoa Capital Group (Prudential)	41,705	46,543	(4,838)
Bond subscribed in euro by the investor Pricoa Capital Group (Prudential)	125,000	125,000	-
Loan granted by a pool of banks with Mediobanca as the agent at a floating interest rate repayable in semi-annual instalments by 2024	-	128,000	(128,000)
Loan granted by Allied Irish Bank at a floating interest rate repayable in semi-annual instalments commencing from 2022 and until 2026	31,000	34,000	(3,000)
Loan granted by a pool of national and international lenders, led by Mediobanca, at a floating interest rate repayable in a single payment in 2026	180,000	180,000	-
A syndicated loan at a floating interest rate repayable in semi-annual instalments commencing on 31 st March 2023 and repayable by 2 nd February 2027	638,600	692,400	(53,800)
Bond subscribed in euro by the investor Pricoa Capital Group (Prudential)	75,000	75,000	-
Loan granted by Cassa Depositi e Prestiti at a floating interest rate and repayable in semi-annual instalments starting from October 2025 for 70% and from April 2033 for the remaining 30%	50,000	50,000	-
Loan agreement signed with a pool of national and international lenders, led by Mediobanca, at a floating interest rate repayable in increasing semi-annual instalments, commencing from 2024 and to be fully repaid by May 2028	277,500	300,000	(22,500)
Loan from HSBC Continental Europe, at a floating interest rate, repayable in semi-annual instalments starting on 31 st August 2025 with the last on 29 th February 2029	70,000	-	70,000
Total amortised cost of loans	1,488,805	1,630,943	(142,138)
Portion due within one year	(220,301)	(314,716)	94,415
Portion due after one year	1,268,504	1,316,227	(47,723)
Expenses relating to loans	(4,428)	(5,626)	1,198
Portion due after one year net of costs	1,264,076	1,310,601	(46,525)
Long-term lease liabilities (IFRS 16)	7,070	6,731	339
Total	1,271,146	1,317,332	(46,186)

Long-term lease liabilities include long-term liabilities arising from the application of IFRS 16, amounting to € 7,070 thousand (€ 6,731 thousand as at 31st December 2023), representing an obligation to make payments under existing lease contracts.

We report the repayment of a loan of € 400.0 million in the first half of 2024 (€ 128.0 million as at 31st December 2023) under an agreement signed by the Company in June 2019, initially with Mediobanca, Natixis and Unicredit and then subsequently syndicated with the involvement of a pool of national and international banks, with a 5-year term for which the repayment plan involved semi-annual repayments of the principal from 30th June 2020 until June 2024.

Details of loans outstanding as at 30th June 2024

- a) A bond subscribed by the Company on 30th September 2014 for a total of \$ 75 million, divided into two tranches: \$ 50 million at a fixed rate, repayable semi-annually from 30th March 2022 and maturing on 30th September 2026; and \$ 25 million, again at a fixed rate, repayable semi-annually from 30th March 2023 and maturing on 30th September 2029.

During the period, \$ 5 million of the first tranche and \$ 1.8 million of the second tranche were repaid and the total remaining debt as at 30th June 2024 amounted to \$ 44.6 million.

The conversion of the debt as at 30th June 2024 (totalling € 41,705 thousand) resulted in a net decrease in the liability of € 4,838 thousand compared with 31st December 2023, slightly less than the instalments repaid due to an appreciation of the United States dollar against the Company's accounting currency.

The loan was hedged at the same time by two cross-currency swap transactions, which transformed the original debt into a total of € 56.0 million (€ 33.3 million as at 30th June 2024), of which € 37.3 million (€18.6 million as at 30th June 2024) at a lower fixed interest rate for the tranche maturing in 12 years and € 18.7 million (€14. 7 million as at 30th June 2024) again at a lower fixed interest for that maturing in 15 years.

The measurement of the hedging instruments at fair value as at 30th June 2024, was positive on aggregate by € 7,702 thousand and was recognised directly as an increase in equity and an increase in the asset item "Fair value of hedging derivatives " (see note 23).

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

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

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

Those conditions were fulfilled.

- b) A bond was issued by the Company in May 2017 for a total of € 125 million, at a fixed rate, repayable annually from 31st May 2025 and maturing on 31st May 2032.

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

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

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

Those conditions were fulfilled.

- c) A loan agreement for € 40 million signed by the Company on 30th March 2021 with Allied Irish Bank at a floating interest rate equal to the 6-month Euribor (with a zero floor) plus a spread, floating on the basis of a step up/step down mechanism as a function of changes in the leverage ratio, with semi-annual payment of interest and principal, again on a semi-annual basis, starting from March 2022 and continuing until March 2026. The remaining outstanding debt recognised as at 30th June 2024 totalled € 31 million. The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan.

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

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

Those conditions were fulfilled.

- d) A loan agreement for € 180 million was negotiated by the Company in May 2021, provided by a consortium of domestic and international lenders led by Mediobanca. The main terms and conditions of the loan are a floating interest rate equal to the 6-month Euribor (with a zero floor) plus a fixed spread and a life of five years with repayment of the principal in a single instalment. Disbursement, net of structuring and up-front fees, took place on 21st May 2021.

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

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

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

Those conditions were fulfilled.

- e) A loan agreement for a total of € 800 million was negotiated by the Company in two stages in 2022, granted by a consortium of domestic and international lenders.

The main terms and conditions are a floating interest rate equal to the 6-month Euribor (with a zero floor) plus a spread, floating on the basis of a step up/step down mechanism as a function of changes in the leverage ratio, and a life of five years, with repayments of the principal in semi-annual instalments starting from 31st March 2023, with the last instalment payable on 3rd February 2027.

The remaining outstanding debt recognised as at 30th June 2024 totalled € 638.6 million. Starting in July 2022, the loan was partially hedged by an interest rate swap (a cash flow hedge), which converted the hedged portion to a fixed interest rate. The measurement of the derivatives at fair value as at 30th June 2024 was positive in some cases for a total of € 4,582 thousand recognised directly as an increase in equity and an increase in the asset item "Derivatives measured at fair value" (see note 23), in other cases it was negative by a total of € 4 thousand, recognised directly as a decrease in equity and an increase in liability item "Derivatives measured at fair value" (see Note 35).

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

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

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

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

Those conditions were fulfilled.

- f) A bond issued by the Company on 12th September 2022 totalling € 75 million was placed privately and fully with companies belonging to the Prudential group. The main terms and conditions are a fixed interest rate with semi-annual interest payments and a term of 12 years, with repayment of the principal in five annual instalments starting in September 2030 and ending on 12th September 2034. This transaction, designed to continue with the acquisition of medium to long-term funds to support the Group's further growth, enabled it to benefit from attractive market conditions. It has standard terms and conditions, common to the US private placement market, substantially in line with those of a bond issued by the Company in 2017. The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan.

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

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

Those conditions were fulfilled.

- g) A loan of € 50 million negotiated by the Company in April 2023 with Cassa Depositi e Prestiti. The main terms and conditions are a floating interest rate equal to the 6-month Euribor (with a zero floor) plus a spread, semi-annual payment of interest and a life of 10 years with semi-annual repayments at constant rates starting in October 2025 for 70% of the principal and repayment in April 2033 for the remaining 30%. The disbursement took place on 18th May 2023. The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan.

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

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

Those conditions were fulfilled.

- h) A loan agreement totalling € 400 million was signed on 16th May 2023 by Recordati S.p.A. with a pool of eight national and international lenders, which included Mediobanca in the role of lead coordinator, with an individual quota of € 50 million. The loan consists of two independent loans of € 300.0 million and € 100.0 million each, both at an interest rate equal to the 6-month Euribor (with zero floor), plus a floating step up/step down spread based on changes in the leverage ratio with semi-annual interest payments and a term of five years. The largest loan was disbursed on 14th June 2023 and will be repaid in semi-annual instalments in increasing amounts starting in April 2024 with full repayment in May 2028. It was partially hedged with an interest rate swap (a cash flow hedge), which transforms the hedged portion to a fixed interest rate. The remaining outstanding debt recognised as at 30th June 2024 totalled € 277.5 million.

The measurement of the derivatives at fair value as at 30th June 2024 was positive in some cases for a total of € 1,501 thousand, recognised directly as an increase in equity and an increase in the asset item "Derivatives measured at fair value" (see note 23), in other cases it was negative by a total of € 193 thousand, recognised directly as a decrease in equity and an increase in the liability

item "Derivatives measured at fair value" (see Note 35).

The € 100.0 million loan consists of a "Capex Line" that can be used to finance specific investments, with guaranteed availability of disbursements for 18 months, of which no drawdown has been made so far, with repayments in equal semi-annual instalments starting in October 2025 for half of the principal and in May 2028 for the remaining half.

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

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

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

Those conditions were fulfilled.

- i) A loan agreement for € 70.0 million entered into on 1st March 2024 by the Parent with HSBC Continental Europe, at a floating interest rate equal to the 6-month Euribor (with a zero floor), plus a spread floating on the basis of a step up/step down mechanism as a function of changes in leverage ratio, and a term of five years with repayments of the principal in semi-annual instalments starting from 31st August 2025 with the last instalment on 29th February 2029. The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan.

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

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

Those conditions were fulfilled.

28. EMPLOYEE BENEFIT OBLIGATIONS

The balance as at 30th June 2024 was € 3,781 thousand (€ 3,886 thousand as at 31st December 2023) down by € 105 thousand.

29. OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities as at 30th June 2024 amounted to € 93,414 thousand (€ 45,249 thousand as at 31st December 2023). The item consists exclusively of the long-term portions of loan agreements entered into with Recordati Rare Diseases Inc. in 2023 (USD 75,000 thousand) and 2024 (two loans totalling USD 100,000 thousand).

30. TRADE PAYABLES

Trade payables as at 30th June 2024 amounted to € 94,615 thousand (€ 98,234 as at 31st December 2023). The item also includes end-of-period provisions for invoices to be received and is composed as follows:

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
Intercompany Suppliers	29,828	29,300	528
Suppliers, others	64,787	68,934	(4,147)
Total trade payables	94,615	98,234	(3,619)

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

31. OTHER CURRENT PAYABLES

Other current payables as at 30th June 2024 amounted to € 48,199 thousand (€ 41,819 thousand as at 31st December 2023). The composition and changes in the individual items are as follows:

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
Payables to non-group entities for the acquisition of Opalia Pharma S.A.	3,751	3,680	71
Employees	16,535	18,168	(1,633)
Social security	8,900	9,533	(633)
Commissions to agents	896	775	121
Payables to AIFA (Italian Medicines Agency)	1,853	1,071	782
Payables to shareholders for dividends to be paid	2,211	886	1,325
Other intercompany payables	12,140	5,958	6,182
Other	1,913	1,748	165
Total other current payables	48,199	41,819	6,380

Payables to non-Group entities regard the acquisition of a further 10% of the share capital of Opalia Pharma S.A., reclassified into short-term liabilities on the basis of contractually agreed call and put options. The fair value of this purchase option is measured at level 2 because the valuation model considers the present value of the expected payments.

Amounts due to employees include amounts accrued and not paid, vacations accruing and not taken and bonuses for presence and for achieving objectives. The decrease compared with 31st December 2023 is mainly due to the payment in 2024 of bonuses for objectives achieved in 2023.

In addition to including contribution charges related to the aforementioned accruals, social security payables include the debt to pension institutions accrued in September.

The debt to AIFA (Italian Medicines Agency) relates to the payback provision (1.83%) for the first half of 2024.

Other payables mainly include payables to subsidiaries for charges to be received (€ 12,140 thousand) and for credit notes to be issued (€ 1,157 thousand). The remaining amount is comprised of sundry

debts, including contributions due in Bulgaria and Hungary for Eligard®, local taxes and various charges to be received.

32. TAX LIABILITIES

Tax liabilities as at 30th June 2024 amounted to € 15,730 thousand (€ 3,452 thousand as at 31st December 2023). The composition and changes in this item are as follows:

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
Liabilities for current taxation	8,915	-	8,915
VAT liabilities	1,965	-	1,965
Liabilities for employee withholding taxes	2,990	3,260	(270)
Liabilities for self-employed and associate workers withholding taxes	1,860	192	1,668
Total tax liabilities	15,730	3,452	12,278

The increase in this item compared with the previous year is mainly due to payables for current taxation, which amounted to € 8,915 thousand as at 30th June 2024. It should be noted that as at 31st December 2023 the Company had a credit for current taxation, as the advances paid were higher than the tax provisions made. We also highlight an increase of € 1,965 thousand in VAT payable (the Company had a VAT credit as at 31st December 2023) and an increase of € 1,668 thousand in liabilities for self-employed and associate worker's withholding taxes.

33. OTHER CURRENT LIABILITIES

Other current liabilities, amounting to € 95 thousand as at 30th June 2024 (€ 191 thousand as at 31st December 2023), include up-front payments resulting from licence and distribution agreements received in prior years but accruing at a later date.

34. PROVISIONS

Provisions for liabilities and charges as at 30th June 2024 amounted to € 5,268 thousand (€ 4,627 thousand as at 31st December 2023). The composition and changes in this item are as follows:

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
For taxes	144	144	-
For agent customer indemnities	1,497	1,525	(28)
For other risks	3,627	2,958	669
Total provisions	5,268	4,627	641

The provision for taxes arises from the merger of the former parent company FIMEI S.p.A. and is maintained on the balance sheet to cover any liabilities related to it.

The provision for other risks was recognised to cover risks for returns from Assinde (€ 1,754 thousand), reductions in National Health Service spending (€ 1,310 thousand), legal litigation expenses (€513 thousand) and for labour legal cases (€ 50 thousand).

35. DERIVATIVES MEASURED AT FAIR VALUE

As at 30th June 2024 the fair value of derivative instruments classified within this item stood at € 4,971 thousand (€ 17,588 thousand as at 31st December 2023).

The fair value as at 30th June 2024 of the interest rate swaps to hedge medium and long-term loans gave rise to a total liability of € 197 thousand, which represents the missed opportunity to pay in future the currently expected floating rates for the duration of the loans instead of the rates agreed.

The fair value measurement relates to interest rate swaps entered into by the Company to hedge interest rates on the following loans:

- a loan agreement for € 193 thousand signed in May 2023 with a consortium of eight national and international lenders, including Mediobanca in the role of lead coordinator and Intesa Sanpaolo. It should be noted that this loan was partially hedged for precisely € 215.0 million, and that the negative fair value measurement relates only to the interest rate swaps to hedge a € 70.0 million portion (the fair value measurement of the interest rate swaps on the remaining € 145.0 million was positive).
- € 4 thousand for a loan totalling € 800.0 million, negotiated in 2022 by the Company in two stages. It should be noted that this loan was partially hedged specifically for € 348.4 million, and that the negative fair value measurement relates only to the interest rate swaps to hedge a € 34.6 million portion (the fair value measurement of the interest rate swaps on the remaining € 313.8 million was positive).

The fair value as at 30th June 2024 of a forward contract entered into to hedge currency risks on a loan to the company Recordati AG for CHF 33,309 thousand nominal was negative by € 4,774 thousand and the change was recognised through profit and loss.

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

36. LOANS – DUE WITHIN ONE YEAR

The short-term portions of loans outstanding as at 30th June 2024, totalling € 221,558 thousand (€ 315,727 thousand as at 31st December 2023) are reported as follows:

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
Bond subscribed in dollars by the investor Pricoa Capital Group (Prudential)	12,676	12,280	396
Bond subscribed in Euro by the investor Pricoa Capital Group (Prudential)	15,625	-	15,625
Loan granted by a pool of banks with Mediobanca as the agent at a floating interest rate repayable in semi-annual instalments by 2024	-	127,636	(127,636)
Loan granted by Allied Irish Bank at a floating interest rate repayable in semi-annual instalments commencing from 2022 and until 2026	7,000	6,000	1,000
A syndicated loan at a floating interest rate repayable in semi-annual instalments commencing on 31 st March 2023 and repayable by 2 nd February 2027	140,000	123,800	16,200
Loan agreement signed with a pool of national and international lenders, led by Mediobanca, at a floating interest rate repayable in increasing semi-annual instalments, commencing from 2024 and to be fully repaid by May 2028	45,000	45,000	-
Total loans due within one year	220,301	314,716	(94,415)
Current portion of lease liabilities (IFRS 16)	1,256	1,011	245
Total	221,558	315,727	(94,170)

This item includes short-term liabilities resulting from the application of the financial reporting standard IFRS 16, amounting to € 1,256 thousand (€ 1,011 thousand as at 31st December 2023), which represent an obligation to make payments under existing lease contracts.

37. PAYABLES TO BANKS

Short-term liabilities to banks amounted to € 45,921 thousand as at 30th June 2024 (€ 96,213 thousand as at 31st December 2023).). The composition and changes in this item are as follows:

€ (thousands)	30.06.2024	31.12.2023	Changes 2024/2023
Current account overdrafts	2,208	533	1,675
Expenses on derivative instruments	341	383	(42)
Interest on loans	13,248	13,718	(470)
Interest on bonds	1,494	1,579	(85)
Drawings on short-term credit facilities	18,000	40,000	(22,000)
Revolving credit facilities	10,000	40,000	(30,000)
Total	45,291	96,213	(50,922)

The decrease compared with the previous year is mainly due to less use of short-term (€ 22,000 thousand) and revolving credit facilities (€ 30,000 thousand).

38. OTHER SHORT-TERM PAYABLES

Other short-term payables as at 30th June 2024 amounted to € 662,995 thousand (€ 709,226 thousand as at 31st December 2023).

The item includes payables to subsidiaries only, of which € 549,284 thousand of payables arising from centralised treasury management and € 113,711 thousand related to borrowings.

39. LITIGATION AND CONTINGENT LIABILITIES

The Company is party to certain minor legal actions and disputes.

These include a provision made of € 513 thousand related to the progress of ongoing litigation, in which an appeal to the TAR (Regional Administrative Tribunal) was lost in the court of first instance. The Company promptly appealed against the ruling.

40. RELATED-PARTY COMPANIES

As at 30th June 2024, the Company had an aggregate net debt position of € 633,602 thousand towards group companies, with credit positions of € 164,776 thousand and debt positions of € 798,378 thousand.

The table below summarises these receivables and payables by nature:

RELATIONS WITH RELATED PARTIES	Receivables (€ thousand)	Payables (€ thousand)	Net (€ thousand)
Loans	45,838	(207,125)	(161,287)
Cash pooling	-	(549,284)	(549,284)
Trade	98,302	(29,828)	68,474
Other	20,636	(12,140)	8,496
Total	164,776	(798,378)	(633,602)

Sales, services and royalties supplied to Group companies in the first half of 2024 amounted to € 214,484 thousand.

Dividends payable to the company were declared during the period by the following:

- Recordati Rare Diseases S.à.r.l. (€ 90,913 thousand);
- Italchimici S.p.A. (€ 40,524 thousand);
- Recordati UK Limited (€ 40,000 thousand);
- Casen Recordati S.L. (€ 38,712 thousand);
- Bouchara Recordati (€ 20,000 thousand);
- Natural Point S.r.l. (€ 20,000 thousand);
- Recordati Romania S.r.l. (€ 6,029 thousand);
- Herbacos Recordati S.r.o. (€ 2,031 thousand).

41. SUBSEQUENT EVENTS

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

On October 4th, the Group announced an agreement with Sanofi to acquire the global rights to Enjaymo[®], a biologic which is the only approved targeted product for the treatment of cold agglutinin disease (CAD), a rare B-cell lymphoproliferative disorder. In 2022, Enjaymo[®] was granted approval by the U.S. Food and Drug Administration (FDA), the European Commission (EC) and the Japanese Ministry of Health, Labor and Welfare.

Under the terms of the agreement, the Group will make an upfront payment of \$ 825 million and additional commercial milestone payments of up to \$ 250 million, if net sales reach certain thresholds at or above the top end of peak year sales expectations. The transaction is expected to close by the end of 2024, subject to regulatory clearances.

The Company in order to grant the finance of the transaction, in addition to a credit line already in force and currently undrawn for up to € 100 million, secured a new financing agreement of € 700 million with three major relationship banks - with a further incremental facility for up to € 150 million to be syndicated - with draw down subject to closing of the acquisition.

RECORDATI S.p.A.
STATEMENT OF CHANGES IN DIRECT INVESTMENTS

ATTACHMENT 1

€ (thousands)	Balance as at 31 st December 2023	Acquisitions	Fair value measurement	IFRS 2 Stock option measurement	IFRS2 Performance shares measurement	Balance as at 30 th June 2024
Investments in subsidiaries						
Casen Recordati S.L. – Spain	275,324	-	-	265	255	275,844
Innova Pharma S.p.A. – Italy	10,569	-	-		4	10,573
Bouchara Recordati S.a.s. – France	59,630	-	-	184	178	59,992
Recordati Pharmaceuticals Ltd. – United Kingdom	11,777	-	-	19	30	11,827
Recordati Hellas Pharmaceuticals S.A. – Greece	5,098	-	-	15	16	5,130
Herbacos Recordati s.r.o. – Czech Republic	20,085	-	-	24	32	20,140
Recordati Polska Sp. z.o.o. - Poland	20,855	-	-	92	94	21,041
Italchimici S.p.A. – Italy	106,294	-	-			106,294
Natural Point s.r.l. – Italy	83,643	-	-	7		83,650
Recordati AG – Switzerland	207,253	-	-	161	361	207,775
Recordati Rare Diseases Canada Inc. – Canada	245	-	-			245
Recordati Rare Diseases Inc. – United States	6,081	-	-	315	576	6,972
Recordati Rare Diseases S.A. de C.V. – Mexico	951	-	-	7	10	967
Recordati Rare Diseases Comercio Medicamentos Ltda – Brazil	263	-	-	7	13	283
Recordati Ireland Ltd – Ireland	2,021	-	-	63	34	2,118
Opalia Pharma S.A. – Tunisia	19,982	-	-			19,982
Recordati Romania Srl – Romania	1,724	-	-	15	15	1,755
Recordati Pharma GMBH – Germany	88,100	-	-	48	69	88,217
Accent LLC – Russian Federation	66,707	-	-			66,707
Recordati Ukraine LLC – Ukraine	-	-	-	0	0	0
Tonipharm S.A.S. – France	72,636	-	-			72,636
Recordati Bulgaria Ltd – Bulgaria	58	-	-	4		62
Recordati (Beijing) Pharmaceutical Co., Ltd – China	847	-	-	7		854
Recordati UK Limited	707,489	-	-	124	51	707,664
Recordati Rare Diseases S.a.r.l. – France	56,359	-	-	194	317	56,870
Recordati Argentina S.r.l. – Argentina	-	5	-	-	-	5
	1,823,990	5	-	1,550	2,055	1,827,601
Investments in other companies:						
Sifir S.p.A. – Reggio Emilia	-	-	-	-	-	-
Consorzio Dafne – Reggello (Florence)	2	-	-	-	-	2
Consorzio Nazionale Imballaggi – Rome	-	-	-	-	-	-
DGT – United States	-	-	-	-	-	-
PureTech Health p.l.c. – United Kingdom	21,351	-	(692)	-	-	20,659
Miacomet Inc.	-	-	-	-	-	-
Standard Biotoools Inc. – United States	3	-	(1)	-	-	2
	21,356	-	(693)	-	-	20,663
TOTAL	1,845,346	5	(693)	1,550	2,055	1,848,264

RECORDATI S.p.A.
SUMMARY STATEMENT OF DIRECT INVESTMENTS

ATTACHMENT 2

€ (thousands)	Balance as at 30 th June 2024	Percentage ownership	Number of shares or quotas possessed
Investments in subsidiaries			
Casen Recordati S.L. – Spain	275,844	100.00	2,389,660
Innova Pharma S.p.A. – Italy	10,573	100.00	960,000
Bouchara Recordati S.a.s. – France	59,992	100.00	10,000
Recordati Pharmaceuticals Ltd. – United Kingdom	11,827	100.00	15,000,000
Recordati Hellas Pharmaceuticals S.A. – Greece	5,130	100.00	1,005,000
Herbacos Recordati s.r.o. – Czech Republic	20,140	100.00	N/A
Recordati Polska Sp. z.o.o. – Poland	21,041	100.00	90,000
Italchimici S.p.A. – Italy	106,294	100.00	7,646,000
Natural Point s.r.l. – Italy	83,650	100.00	1
Recordati AG – Switzerland	207,775	100.00	650,000
Recordati Rare Diseases Canada Inc. – Canada	245	100.00	1,000
Recordati Rare Diseases Inc. – United States	6,972	100.00	100
Recordati Rare Diseases S.A. de C.V. – Mexico	967	100.00	49,999
Recordati Rare Diseases Comercio Medicamentos Ltda – Brazil	283	100.00	166
Recordati Ireland Ltd – Ireland	2,118	100.00	200,000
Opalia Pharma S.A.– Tunisia	19,982	90.00	612,000
Recordati Romania Srl – Romania	1,755	100.00	500,000
Recordati Pharma GMBH – Germany	88,217	55.00	1
Accent LLC – Russian Federation	66,707	100.00	1
Recordati Ukraine LLC – Ukraine	0	0.01	N/A
Tonipharm S.A.S. – France	72,636	100.00	2,577
Recordati Bulgaria Ltd – Bulgaria	62	100.00	50
Recordati (Beijing) Pharmaceutical Co., Ltd – China	854	100.00	1
Recordati UK Limited	707,664	100.00	10
Recordati Rare Diseases S.a.r.l. – France	56,870	84.00	4,580
Recordati Argentina S.r.l. – Argentina	5	5.00	446,525
	1,827,601		
Investments in other companies:			
Consorzio Dafne – Reggello (Florence)	2	1.16	1
Consorzio Nazionale Imballaggi – Rome	-	n.s.	1
DGT – United States	-	n.s.	n.s.
PureTech Health p.l.c. – United Kingdom	20,659	3.30	9,554,140
Miacomet Inc.	-	n.s.	n.s.
Standard Biotoools Inc. – United States	2	n.s.	1,698
	20,663		
TOTAL	1,848,264		

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

€ (thousands)	Share capital	30.06.2024 Equity	H1 2024 Net income (loss)	Percentage ownership	Corresponding pro-rata equity (A)	Carrying amount (B)
Investments						
Casen Recordati S.L. – Spain	238,966	452,010	20,063	100.00%	452,010	275,844
Innova Pharma S.p.A. – Italy	1,920	12,848	1,394	100.00%	12,848	10,573
Bouchara Recordati S.a.s. – France	4,600	33,110	20,019	100.00%	33,110	59,992
Recordati Pharmaceuticals Ltd. – United Kingdom	17,723	15,945	1,007	100.00%	15,945	11,827
Recordati Hellas Pharmaceuticals S.A. – Greece	10,050	8,562	292	100.00%	8,562	5,130
Herbacos Recordati s.r.o. – Czech Republic	1,023	17,026	620	100.00%	17,026	20,140
Recordati Polska Sp. z.o.o. – Poland	1,044	21,105	2,464	100.00%	21,105	21,041
Italchimici S.p.A. – Italy	7,646	57,652	8,590	100.00%	57,652	106,294
Natural Point s.r.l. – Italy	10	65,643	8,720	100.00%	65,643	83,650
Recordati AG – Switzerland	67,469	426,457	40,085	100.00%	426,457	207,775
Recordati Rare Diseases Canada Inc. – Canada	239	2,809	467	100.00%	2,809	245
Recordati Rare Diseases Inc. – United States	11,190	427,718	32,652	100.00%	427,718	6,972
Recordati Rare Diseases S.A. de C.V. – Mexico	831	3,337	550	100.00%	3,337	967
Recordati Rare Diseases Comercio Medicamentos Ltda – Brazil	0	370	(1,352)	100.00%	370	283
Recordati Ireland Ltd – Ireland	200	160,168	33,920	100.00%	160,168	2,118
Opalia Pharma S.A. – Tunisia	2,869	25,436	2,750	90.00%	22,892	19,982
Recordati Romania Srl – Romania	1,005	10,369	4,777	100.00%	10,369	1,755
Recordati Pharma GmbH - Germany*	600	160,131	25,882	55.00%	88,072	88,217
Accent LLC – Russian Federation*	0	392	10	100.00%	392	66,707
Recordati Ukraine LLC – Ukraine*	24	4,432	608	0.01%	0	0
Tonipharm S.A.S. - France*	258	21,601	1,683	100.00%	21,601	72,636
Recordati Bulgaria Ltd – Bulgaria	26	153	(11)	100.00%	153	62
Recordati (Beijing) Pharmaceutical Co., Ltd - China*	734	216	(461)	100.00%	216	854
Recordati UK Limited	0	208,071	32,315	100.00%	208,071	707,664
Recordati Rare Diseases S.a.r.l. – France	420	280,131	49,113	84.00%	235,310	56,870
Recordati Argentina S.r.l. – Argentina	91	19	(72)	5.00%	1	5
	368,938	2,415,711	286,085		2,291,838	1,827,601

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

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

ATTACHMENT 4

€ (thousands)	Amount	Availability for use	Amount available	Amount distributable without tax effects	Amount distributable with tax effects	Summary of uses over the preceding three years		Notes
						Replenishment of losses	Other Uses	
Share capital	26,141							
Additional paid-in capital	83,718	A B C	83,718	15,074	68,644			1
Revaluation reserve	2,602	A B C	2,602	-	2,602			
Statutory reserve	5,228	B	-	-	-			
Treasury stock reserve	(124,355)		(124,355)	(124,355)	-			
Other reserves								
Gain on merger	30,204	A B C	30,204	30,204	-			
Extraordinary reserve	14,508	A B C	14,508	14,508	-		(50,085)	2
Reserve under Art. 13 par. 6 Legislative Decree No. 124/1993	99	A B C	99	-	99			
Research and investment grants	17,191	A B C	17,191	1,227	15,964			3
Extraordinary VAT concession reserve	517	A B C	517	-	517			
Southern Italy investment fund	3,632							
IAS reserve	165,612	A B C	165,612	165,612	-			
Interim dividends	-							
Net income (loss) for the period	281,574	A B C	281,574	281,574	-			
Total equity	506,671		471,670	383,844	87,826		(50,085)	

Legend:

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

Notes:

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

RECORDATI S.p.A.

ATTACHMENT 5

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

Annual financial statements of the company Rossini Luxembourg S.à.r.l.	Amounts in euro 31/12/2023	Amounts in euro 31/12/2022
INCOME STATEMENT		
REVENUE		
OPERATING COSTS	(103,869)	(92,354)
FINANCIAL INCOME (EXPENSES)	0	(136)
TAXES	(8,385)	(5,385)
NET INCOME (LOSS) FOR THE YEAR	(112,254)	(97,875)
ASSETS		
NON-CURRENT ASSETS	1,098,330,981	1,098,330,981
CURRENT ASSETS	1,584,783	1,695,107
TOTAL ASSETS	1,099,915,765	1,100,026,088
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,108,568	1,108,568
Reserves	1,099,417,178	1,099,417,178
Prior year net income (losses)	(517,638)	(419,763)
Net income (loss) for the year	(112,254)	(97,875)
TOTAL EQUITY	1,099,895,854	1,100,008,108
LIABILITIES		
CURRENT LIABILITIES	19,911	17,980
TOTAL LIABILITIES	19,911	17,980
TOTAL EQUITY AND LIABILITIES	1,099,915,765	1,100,026,088

CERTIFICATION IN RESPECT OF THE FINANCIAL STATEMENTS UNDER ARTICLE 154-BIS, PARAGRAPH 2 OF LEGISLATIVE DECREE 58/1998

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

Milan, 8th November 2024

Luigi La Corte

*Manager appointed to prepare
the corporate accounting documents*