

**RECORDATI: MERGER BY ABSORPTION OF FIMEI S.P.A. AND ROSSINI INVESTIMENTI S.P.A. INTO RECORDATI S.P.A. APPROVED**

- *Reverse merger by absorption of Fimeì S.p.A. and Rossini Investimenti S.p.A. into Recordati S.p.A. approved by Board of Directors.*
- *Objective - shortened chain of control and simplified corporate governance structure.*
- *As a result of the merger, no variations of Recordati S.p.A.'s share capital and Articles of Association.*
- *As a result of the merger, the shareholdings in Recordati S.p.A. of Rossini S.à r.l. (indirectly held by CVC Capital Partners VII Limited), currently equal to 51.820% of Recordati S.p.A.'s share capital, as well as those of the other shareholders, remain unchanged.*
- *Reassignment to Rossini S.à r.l. of all Recordati shares held by Fimeì against cancellation of all Rossini Investimenti shares held by Rossini S.à r.l. itself.*
- *No effect on Recordati S.p.A.'s net financial position, capital allocation policy or strategy.*
- *No recognition of goodwill or intangible assets arising from the transaction in Recordati S.p.A.'s financial statements.*
- *Lower taxes due to transfer of tax benefits to Recordati S.p.A.. A non-recurring tax benefit of € 12.9 million (subject to tax ruling) and a recurring benefit estimated at € 1.3 million per year are expected.*
- *The Board also approved the execution of a merger agreement with Rossini Luxembourg S.à r.l., providing customary representations and warranties and related indemnification obligations of the latter.*
- *The merger, together with the merger agreement, - as major related party transaction - received unanimous favourable opinion from Control, Risks and Sustainability Committee of Recordati S.p.A., acting as Related Party Transactions Committee.*
- *Completion of the merger is conditional upon approval by the extraordinary shareholders' meeting and favourable opinion on the fairness of the exchange ratio by the expert appointed by the Court.*
- *Accounting and tax effective date referred to in the merger plan: 1 April 2021.*

Milan, 1 October 2020 – The Boards of Directors of Rossini Investimenti S.p.A. ("**Rossini Investimenti**"), Fimeì S.p.A. ("**Fimeì**" and, together with Rossini Investimenti, the "**Disappearing Companies**") and Recordati S.p.A. ("**Recordati**" or the "**Surviving Company**" and, together with the Disappearing Companies, the "**Participants in the Merger**") - all subject to the management and coordination activity of Rossini Luxembourg S.à r.l. ("**Rossini Luxembourg**") - examined and approved [by unanimous vote of those present] the reverse merger by incorporation of Rossini Investimenti and Fimeì into Recordati (the "**Transaction**" or the "**Merger**") and the documentation preparatory to implementation of the Merger, including the relevant merger plan (the "**Merger Plan**").

The Merger, together with the merger agreement described below, received the favourable opinion of Recordati's Control, Risk and Sustainability Committee (the "**Committee**"), which acts as the Related Party Transactions Committee pursuant to the regulations governing Related Party Transactions (the "**Procedure**").

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Società Soggetta all'attività di Direzione e Coordinamento di Rossini Luxembourg S.à r.l



## Participants in the Merger

### Recordati

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

### Fimeì

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

As at today's date, Fimeì holds shares representing 51.820% of the share capital of Recordati and the share capital of Fimeì is held entirely by Rossini Investimenti.

### Rossini Investimenti

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

As at today's date, the share capital of Rossini Investimenti is held entirely by Rossini S.à r.l. ("**Rossini Sarl**").

## Major related party transaction

As indicated in the above description of the Participants in the Merger, on the date of this press release:

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

Rossini Investimenti, Fimeì and Rossini Luxembourg are therefore to be considered related parties of Recordati pursuant to letter (a)(i) of the definition of "*Related Parties*" in Annex 1 to the regulation adopted by Consob under resolution no. 17221 of 12 March 2010 and most recently amended by resolution no. 21396 of 10 June 2020 (the "**OPC Regulations**"). The Merger, together with the merger agreement, also constitutes a "major" related party transaction, pursuant to the OPC Regulations and the Procedure, insofar as at least one of the significance indicators set out in Annex 3 to the OPC Regulations exceeds the threshold of 5% (in particular, the "countervalue significance indicator" is 51.82% and the "assets significance indicator" is 112.43%).

For the reasons set out above, the Committee was involved in the negotiation and investigation of the Merger, as well as the merger agreement, and in the approval of the proposed resolution to be submitted to the extraordinary shareholders' meeting of Recordati and, on 28 September 2020, expressed its reasoned favourable opinion on the existence of the interest of Recordati in carrying out the Transaction, as well as on the expediency and substantial correctness of the terms and conditions of the Transaction, pursuant to the OPC Regulations and the Procedure.

In addition, the information document referred to in Article 5 and Annex 4 of the OPC Regulations (the “**Information Document**”) will be published within the deadlines and in accordance with the methods established pursuant to the law and regulations. It should also be noted that, although the Merger is to be considered significant also pursuant to Article 70 of the Issuers' Regulation, Recordati opted, with effect from 20 December 2012, to exercise its right to derogate from the obligations to publish the information documents prescribed for significant mergers, demergers, capital increases by means of the contribution of assets in kind, acquisitions and transfers, pursuant to Article 70, paragraph 8, and Article 71, paragraph 1-*bis*, of the Issuers' Regulation and, therefore, the preparation of the information document pursuant to Annex 3B of the Issuers' Regulation is not planned.

Finally, it should be noted that the Merger does not entail a public offering of securities and cannot be classed as a reverse merger pursuant to European Regulation 2017/1129 (the Prospectus Regulation), Article 117-*bis* of the TUF (Italian Consolidated Law on Finance) and IFRS 3, paragraph B.19; therefore, a prospectus does not have to be published.

#### **Purpose of the Transaction**

The main reasons underlying the decision to proceed with the Merger, with the consequent expediency of the Transaction for Recordati and for the entire group to which it belongs (the “**Group**”), are as follows:

- (a) shortening the chain of control with respect to the operating companies and simplifying the Group's corporate structure, in line with national and international practice;
- (b) reducing the administrative costs associated with maintaining the Disappearing Companies, with the consequent release of resources for the benefit of the entire Group;
- (c) obtaining administrative synergies and synergies linked to fixed structural costs, as well as greater financial efficiency resulting from a shortening of the chain of control which will allow a faster recovery of dividend flows, and resulting in a lower tax cost as a consequence of the elimination of additional tax levels.

Furthermore, as a result of the Merger, Recordati will be able to enjoy the ACE tax benefits generated by Rossini Investimenti, as described in greater detail in the Merger Plan and the Information Document.

#### **Terms and conditions of the Transaction**

With reference to the methods of implementing the Merger, it is pointed out that the decision to proceed with the reverse merger by incorporation of the Disappearing Companies into Recordati will enable the Surviving Company to ensure the continuation of its contractual relations and to maintain the status of a listed company that it would otherwise have lost in the event of the merger of Recordati into Rossini Investimenti or Fimeì.

It should also be noted that the Participants in the Merger and Rossini Luxembourg today signed a merger agreement, containing certain representations and warranties given by Rossini Luxembourg with regard to the Disappearing Companies (concerning, inter alia, their accounting records, labour law and tax aspects, the absence of litigation pending or threatened in writing) and the relevant indemnity obligations in the event of their inaccuracy or untruthfulness (the “**Merger Agreement**”).

Based on, (i) the consolidated half-year financial report as at 30 June 2020, prepared pursuant to Article 154-ter of the TUF and approved by the Board of Directors of Recordati on 30 July 2020 for the Surviving Company, and, (ii) for the Disappearing Companies, their balance sheets as at 30 June 2020, prepared pursuant to Article 2501-*quater* of the Italian Civil Code and approved by their Boards of Directors on 11 September 2020, used as reference financial data pursuant to and for the purposes of Article 2501-*quater* of the Italian Civil Code, as well as (iii) the other assumptions described in detail in the Merger Plan and in the Information Document, the Boards of Directors of the Participants in the Merger determined the following exchange ratio (the “**Exchange Ratio**”):

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

with third-party shareholders (i.e. other than Rossini Sarl, following the Merger, and the Surviving Company itself) maintaining the same number of ordinary shares of Recordati held by them as at such date.

The Merger will not entail any change in the share capital of the Surviving Company nor is any balancing cash payment planned.

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

The Exchange Ratio was assessed by the Committee, supported by Prof. Pietro Mazzola as independent financial advisor, which declared that such Exchange Ratio, as identified through the calculation method submitted to the Committee, can be deemed fair from a financial perspective; the advisor further identified the assumptions which would make equally fair a possible different value calculated if the number of Recordati shares held by Fimeì at the Effective Date were different from that as at 30<sup>th</sup> June 2020.

It should also be noted that, on 1 September 2020, the management bodies of the Participants in the Merger filed a petition with the Court of Milan for the appointment of the expert pursuant to Article 2501-*sexies* of the Italian Civil Code, with the option, in accordance with Article 2501-*sexies*, paragraph 4 of the Italian Civil Code, to request from the court of the place where the company resulting from the merger is based the appointment of one or more joint experts, with the task of certifying, in their report, the appropriateness of the Exchange Ratio (the “**Expert**”).

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

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

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

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

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

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

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

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

In addition to the approval of the Merger Plan by the extraordinary shareholders' meetings of the Participants in the Merger, pursuant to Article 2502 of the Italian Civil Code, completion of the Transaction is subject to the occurrence of the following conditions:

- non-receipt of communications from the Presidency of the Council of Ministers – to which the Merger shall be notified pursuant to Legislative Decree No. 21/2012, converted with Law No. 56/2012, containing "*Rules concerning special powers over corporate assets in the defence and national security sectors, as well as for activities of strategic importance in the energy, transport and communication sectors*", and subsequent measures in this regard (the "**Golden Power law**") – concerning the exercise of vetoes and/or remarks and/or the imposition of conditions on the Merger pursuant to the same Golden Power law, by the Effective Date;

- issue of a positive opinion on the appropriateness of the Exchange Ratio by the joint Expert;
- non-occurrence of one or more events or circumstances with a significant negative effect on the activities, legal relationships, liabilities and/or operating results of the Participants in the Merger, and, in any case, such as to alter the risk profile or assessments on which the Exchange Ratio is based, by the Effective Date;
- the absence, on the Effective Date, of pledges or other rights in rem of third parties on shares representing the entire share capital of Fimei and on shares representing the entire share capital of Rossini Investimenti, on the current accounts of Fimei and Rossini Investimenti, on any claims of Rossini Investimenti against Fimei as well as personal guarantees provided by Rossini Investimenti within the framework of the indirect acquisition of Recordati.

Therefore, subject to the fulfilment of the aforementioned conditions, and assuming the absence of events outside the sphere of control of the Participants in the Merger, which could cause a delay in activities, the Participants in the Merger plan to complete the Transaction during the first half of 2021.

### **Shareholders post-Merger**

As stated, the Exchange Ratio indicated in the Merger Plan provides that third-party shareholders (i.e. other than Rossini Sarl, following the Merger, and the Incorporating Company itself) will maintain the same number of ordinary shares of Recordati held by them at that date.

Therefore, on the basis of the current indirect holding of CVC Capital Partners VII Limited in Recordati and the Exchange Ratio, CVC Capital Partners VII Limited would continue to hold, indirectly, 51.820% of the ordinary capital of Recordati S.p.A as resulting from the Merger and, subject to any changes in shareholdings and/or the number of own shares independent of the Merger, which are unforeseeable and unquantifiable as at today's date, the shareholder structure of the issuer would be unchanged.

### **Procedure followed for approval of the Transaction**

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

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

As from receipt of the first draft of the Dossier, the Committee - which in the performance of its work and for the purposes of issuing its decision on the Merger decided to consult (i) Prof. Pietro Mazzola, through Partners S.p.A., as an independent financial expert, (ii) Studio Legale Galbiati, Sacchi e Associati, in the person of senior partner Aldo Sacchi, as legal advisor to the Committee in the context of the decision-making process resulted in the issuance of the opinion provided by Article 8 of the OPC Regulations, and (iii) Studio McDermott Will & Emery, as independent tax advisor, - promptly began the activities preliminary to the examination of the Merger and the merger agreement and was duly involved in the negotiation, investigation and approval of the proposed resolution to be submitted to the extraordinary shareholders' meeting of Recordati through the receipt of a complete, timely and

adequate information flow on the terms and conditions of the Transaction, including with reference to the Merger Agreement. More specifically, this information - which allowed the Committee to be constantly updated on the development of the activities carried out in relation to the Merger - concerned the existence and nature of the correlation, implementation and conditions for carrying out the Merger, the assessment procedure followed, the interests and grounds underlying the Transaction, as well as the risk profiles inherent in the Transaction.

Furthermore, the Committee which, as described in more detail in the Information Document, met on several occasions, exercised its right to request information and formulate observations, receiving prompt feedback from the management involved in the investigation phase.

On conclusion of its activities, on 28 September 2020 and [unanimously], the Committee expressed its favourable opinion on the existence of Recordati's interest in carrying out the Transaction, as well as on the expediency and substantial correctness of the relevant conditions, as set out in the Merger Plan and the Merger Agreement. This opinion will be appended to the Information Document together with the fairness opinion of the financial advisor engaged by the Committee, Pietro Mazzola, relating to the appropriateness of the Exchange Ratio, and the opinion of the Committee's tax advisor.

As per the subject of this press release, the Merger Plan was finally approved by the Boards of Directors of the Participants in the Merger as at today's date.

As indicated above, the Participants in the Merger and Rossini Luxembourg also signed the Merger Agreement today.

#### **Consultants**

The Committee was assisted by the following advisors for the Transaction:

- Pietro Mazzola, through Partners S.p.A., as independent financial advisor;
- Studio Legale Galbiati, Sacchi e Associati, in the person of senior partner, Aldo Sacchi, as legal advisor;
- Studio Dermott Will & Emery, as independent tax advisor.

The Boards of Directors of the Participants in the Merger were assisted by:

- Studio Legale Gattai, Minoli, Agostinelli & Partners, as legal advisor;
- Facchini Rossi Michelutti Studio Legale Tributario, as tax advisor.

Furthermore, the Surviving Company was assisted by Studio Gatti, Pavesi, Bianchi exclusively with regard to matters relating to the negotiation of the Merger Agreement.

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

### **Further information**

For more information on the terms and methods of execution of the Transaction, please refer to the Merger Plan, the Information Document and the explanatory report of the Board of Directors of Recordati prepared pursuant to Article 2501-*quinquies* of the Italian Civil Code and Article 70, paragraph 2, of the Issuers' Regulation.

Said documents and the remaining documentation required by the provisions of law and regulations will be made available to the public according to the terms and conditions of law and regulations.

Note that the documentation relating to the shareholders' meeting of Recordati will be made available to the public, under the terms and conditions established by the provisions of law and regulations, at the registered office, on the website [www.recordati.com](http://www.recordati.com) and on the authorised storage mechanism 1Info <https://www.1info.it>.

### **Conference Call**

Note that Recordati will organise a conference call on Friday, 2<sup>nd</sup> October at 8:30 am CET. Access numbers are as follows:

Italy: +39 02 8058811, Freephone 800 213 858

UK: +44 1 212818003, Freephone 0 800 0156384

USA: +1 718 7058794, Freephone +1 855 2656959

France: +33 170918703

Germany: +49 69 255114451

If you are interested, please call 10 minutes before the start. To get support from the Help Desk, enter \*0 or call +39 02 8061371.

A recording of the conference call will be available at [www.recordati.com](http://www.recordati.com).

A set of slides which will be referred to during the call are available on our website [www.recordati.com](http://www.recordati.com) under Investors/Company Presentations.

*Recordati, established in 1926, is an international pharmaceutical group, listed on the Italian Stock Exchange (Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271), with a total staff of more than 4,300, dedicated to the research, development, manufacturing and marketing of pharmaceuticals. Headquartered in Milan, Italy, Recordati has operations throughout the whole of Europe, including Russia, Turkey, North Africa, the United States of America, Canada, Mexico, some South American countries, Japan and Australia. An efficient field force of medical representatives promotes a wide range of innovative pharmaceuticals, both proprietary and under license, in a number of therapeutic areas including a specialized business dedicated to treatments for rare diseases. Recordati is a partner of choice for new product licenses for its territories. Recordati is committed to the research and development of new specialties with a focus on treatments for rare diseases. Consolidated revenue for 2019 was € 1,481.8 million, operating income was € 465.3 million and net income was € 368.9 million.*

*For further information:*

*Recordati website: [www.recordati.com](http://www.recordati.com)*





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