



Annual Report 2021



Angelini
Industries

Annual Report 2021



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Letter from the CEO

Angelini Industries had an important year in 2021: one of confirmation, challenge, and positive reaction. Against a general backdrop of the ongoing Covid-19 pandemic, with the resulting social problems, and the economic and financial instability generated by some key variables for industrial activities, such as rising energy and raw material costs, the Group was able to cope with the difficulties, continuing on its path of growth, investment in innovation, human resources, product and production process quality, business diversification and international expansion. All pillars of long-term, sustainable strategic development.

Angelini Industries now has an ambitious goal: to reposition itself as a diversified industrial group capable of establishing itself internationally through the quality of its products and its ability to take care of people and families in their everyday lives, while creating value for all its stakeholders.

The numbers presented in this report paint a clear picture: a strong industrial vocation, a leading role in its businesses, a natural

prominence in the Italian domestic market and also significant consolidation on foreign markets.

A few figures are cited below to give an account of the Group's performance; a detailed analysis is left to later sections.

Angelini Industries, which closed the year with a net profit of approximately 97 million euros and consolidated total revenues in excess of 1.7 billion euros, a slight increase over 2020, a year of major growth compared to the previous year. The consolidation of revenues was driven by our companies operating in the Pharmaceutical, Consumer Goods and Industrial Technology sectors, which confirmed their contribution to overall revenue generation, as well as by the recovery – nearly to pre-pandemic levels – in Perfumery and Wine, where the Covid-19 crisis had had a strongly negative impact in 2020. In 2021 Angelini Industries made the most significant investment in its history: the acquisition by Angelini Pharma, one of the Group's operating companies, of Arvelle Therapeutics, a biopharmaceutical company

Letter from the CEO

focused on developing innovative third-generation treatments for epilepsy and the exclusive licensee in the European Union and other countries in the European Economic Area for the marketing of cenobamate, a highly effective antiepileptic molecule. This deal strengthens Angelini Pharma's position among European players in the mental health field, in line with our medium-to-long-term strategy for the pharmaceutical sector.

As was to be expected, the acquisition of Arvelle resulted in a decrease in EBITDA and EBIT in view of start-up costs and annual depreciation and amortization, along with a reduction in net financial position, despite an extraordinary year in terms of cash generation, with an operating cash flow of more than 130 million euros.

I would like to conclude these brief notes by pointing out another 'event' that, although fully occurring in 2022, got under way in 2021, with a deep impact on the Group: its rebranding. We adopted a new name, Angelini Industries, a 'monolithic' branding system that unites all Group companies, and a new 'welcoming',

'wrapper' brand to supersede the historic triangular A, to ensure our codes of expression best reflect our purpose and values. A project that expresses and represents not only the Group's new visual identity, but above all the strategic choice, the very essence of Angelini, which stands, in its renewed multi-industry, multinational positioning, at the service of people.

Rome, May 2022

Sergio Marullo di Condojanni
CEO Angelini Industries

Corporate Governance

Angelini Holding S.p.A., as industrial holding company of the Angelini Industries Group, aims to manage the industrial equity investments in the businesses in which the Group operates. In particular, the Holding Company carries out activities of strategic guidance and coordination of the Subsidiaries and also provides various types of services such as IT, financial, administrative, management, insurance, legal and corporate services.

BOARD OF DIRECTORS¹

CHAIRMAN	Franco Masera
VICE CHAIRMAN	Thea Paola Angelini
EXECUTIVE VICE CHAIRMAN ²	Thea Paola Angelini
VICE CHAIRMAN	Sergio Marullo di Condojanni
CEO/LR ³	Sergio Marullo di Condojanni
BOARD MEMBERS	Giovanni Ciserani Stefano Proverbio Lorenzo Tallarigo Attilio Zimatore

¹ Appointed on 06.28.2021 and in office until the Shareholders' Meeting called to approve the Financial Statements as of 12.31.2023.

² Delegation of powers to the Executive Vice Chairman (Thea Paola Angelini) appointed on 07.07.2021 in office until the shareholders' meeting called to approve the Financial Statements as of 12.31.2023.

³ CEO/LR (Sergio Marullo di Condojanni) appointed on 07.07.2021 and in office until the Shareholders' Meeting held to approve the Financial Statements as of 12.31.2023.

Corporate Governance

BOARD OF STATUTORY AUDITORS⁴

CHAIRMAN	Fabrizio Marchetti
STATUTORY AUDITORS	Riccardo Tiscini Lorenzo Barbone
ALTERNATE AUDITORS	Gianluca Leone Giuseppe Marciano

⁴ Appointed on 06.28.2021 in office until the approval of the Financial Statements as of 12.31.2023.

SUPERVISORY BODY⁵

CHAIRMAN	Fulvia Astolfi
STANDING MEMBERS	Antonio Miani Daniele Del Monaco

⁵ Appointed on 07.07.2021 in office until the approval of the Financial Statements as of 12.31.2023.

INDEPENDENT AUDITORS

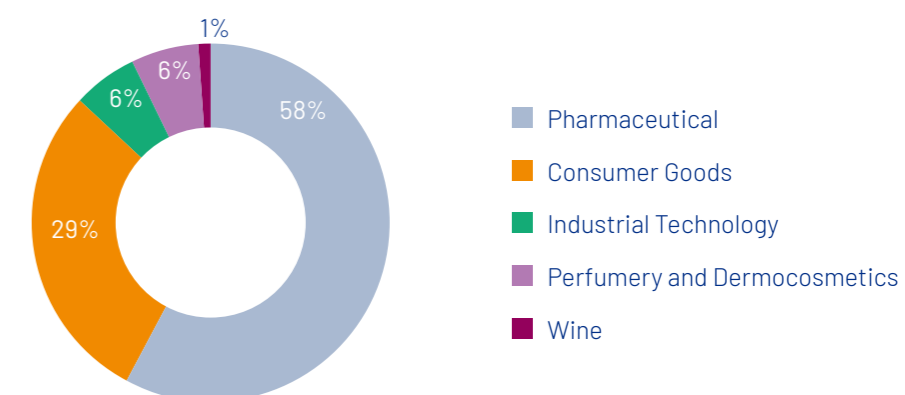
E&Y S.p.A.



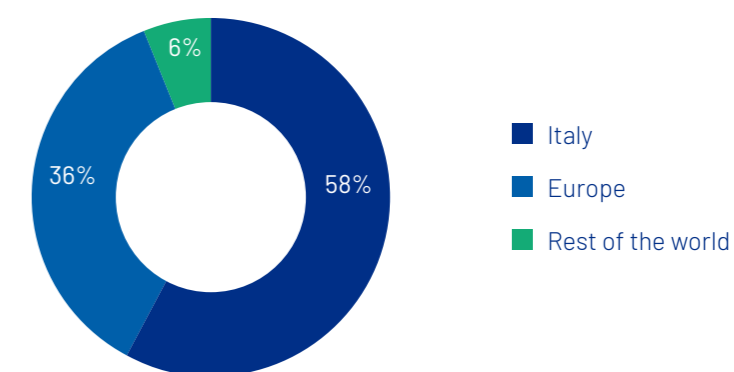
At a glance

Revenues <i>(Thousands of euros)</i>	2021	2020
	1,725,224	1,699,471

2021 revenues by business segment



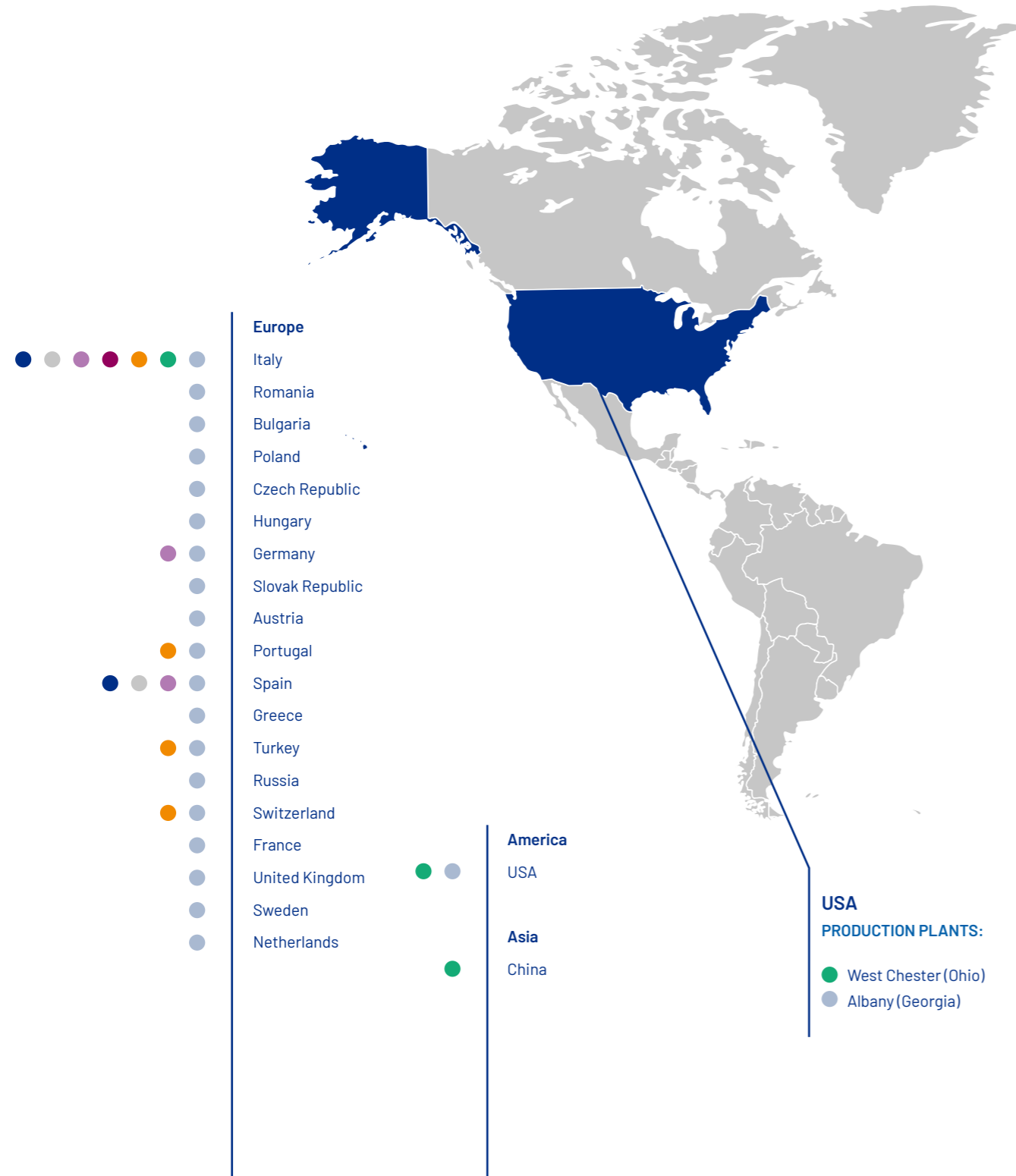
2021 revenues by geographical area



At a glance

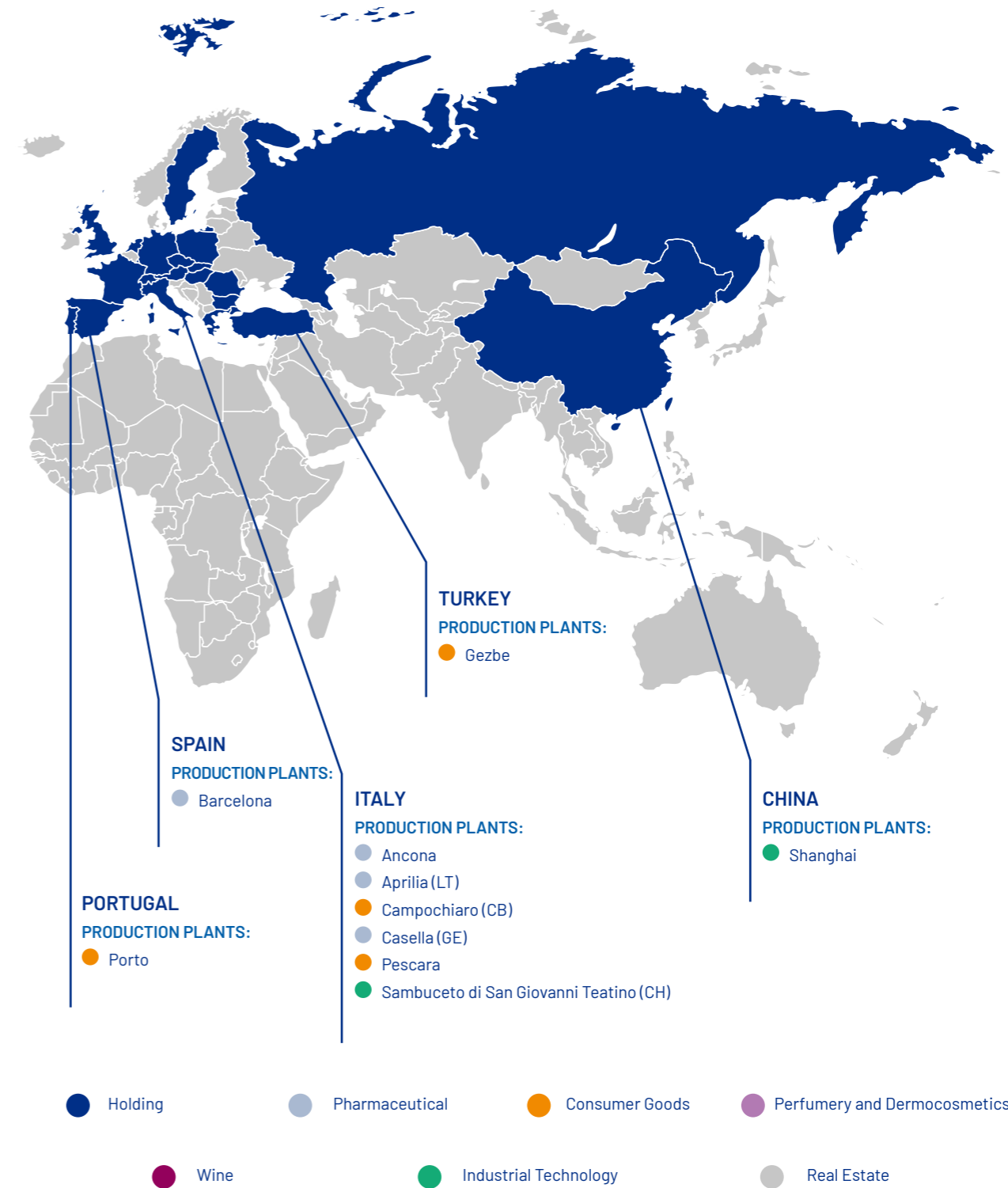


ANGELINI INDUSTRIES WORLDWIDE: DIRECT PRESENCE AND PRODUCTION PLANTS



At a glance

The Angelini Industries Group operates with 12 production plants, 6 of which are in Italy.



Angelini Industries

Who we are

Led by Angelini Holding, the Angelini Industries Group was founded in Ancona by Francesco Angelini in 1919. Today, it is a robust, well-structured industrial Group operating in 21 countries and generating annual revenues of 1.7 billion euros in 2021.

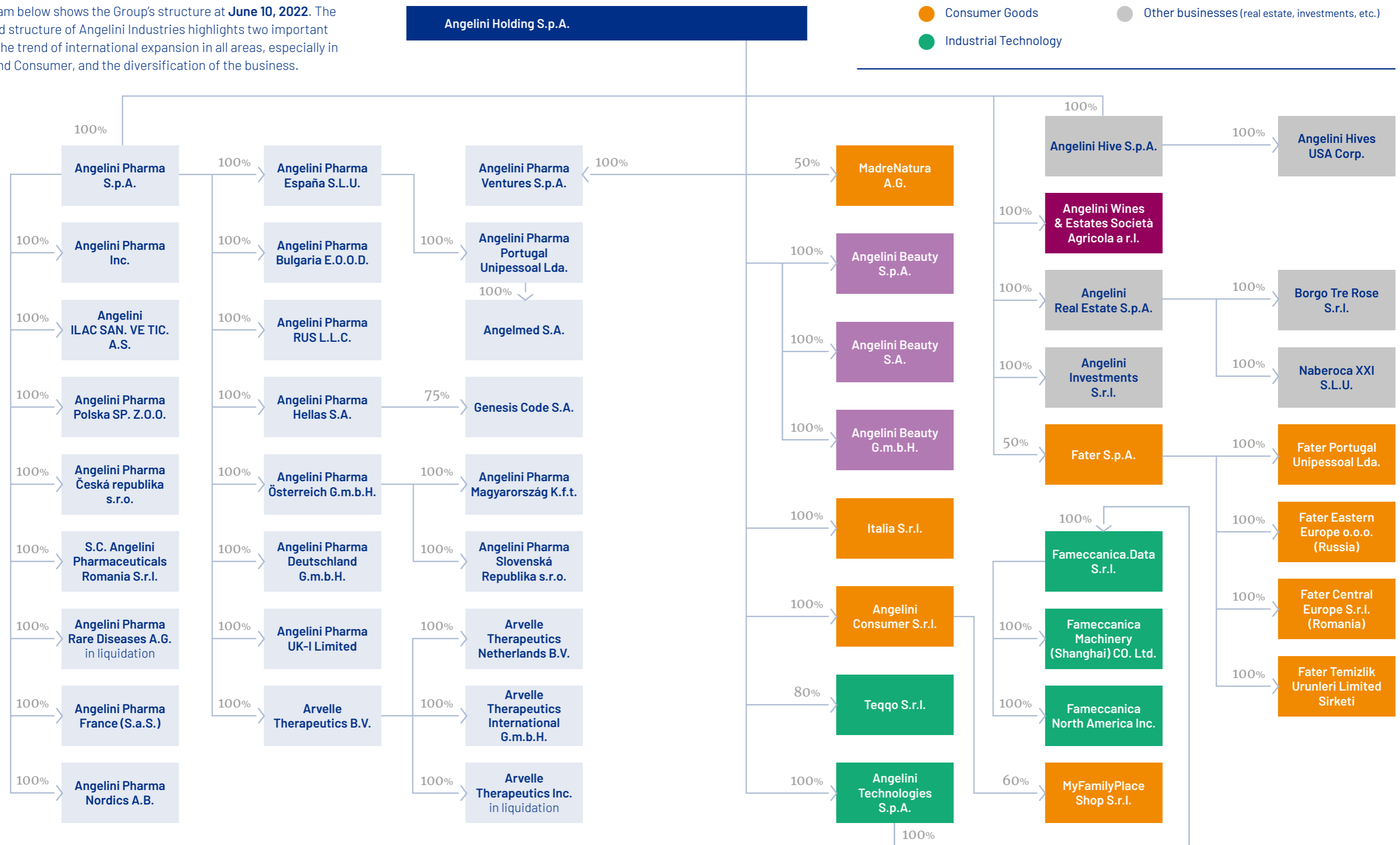
Angelini Industries operates in the Pharmaceutical, Consumer Goods, Industrial Technology, Perfumery and Dermocosmetics and Wine sectors. An investment strategy aimed at growth, a constant commitment to research and development and a deep knowledge of its markets and business sectors make Angelini one of the foremost Italian companies in its sectors of operation. For more than 100 years the Angelini family has been guiding the evolution of the Group with an entrepreneurial style that is typical of Italian family capitalism and based on long-term growth in the respect and interest of all stakeholders.



Corporate structure

The diagram below shows the Group's structure at **June 10, 2022**. The articulated structure of Angelini Industries highlights two important aspects: the trend of international expansion in all areas, especially in Pharma and Consumer, and the diversification of the business.

- Corporate and Services
- Perfumery and Dermocosmetics
- Pharmaceutical
- Wine
- Consumer Goods
- Other businesses (real estate, investments, etc.)
- Industrial Technology



Angelini Industries

Business sectors and operating companies

PHARMACEUTICAL

 **Angelini Pharma** Angelini Industries operates in the Pharmaceutical sector through **Angelini Pharma**, an international group that **researches, develops and markets health solutions** with a main focus on **brain health**, which includes mental health and epilepsy, **rare diseases** and **consumer healthcare**. It operates in **20 countries** and employs about **3,000 people**.

Angelini Pharma is an integrated company with extensive, recognized research and development programs, world-class production plants and international marketing of leading active ingredients and pharmaceuticals in many sectors of the market.

Over the years, **research** has identified major active ingredients such as trazodone and benzydamine; programs are currently active to develop new treatments to better tailor therapy to the specific needs of different patients. The company has public-private partnerships with universities and centers of excellence at

national and international level, recognizing scientific partnerships as contributing significantly to innovation. The five Angelini Pharma **production plants** are at the forefront of technology and industry standards as well as environmental protection, thanks to the use and integration of renewable sources. They are located in Italy - Ancona (Finished Products), Aprilia, LT (Raw Materials) and Casella, GE (Amuchina branded products), in Spain - Barcelona (food supplements such as Pastillas Juanola) and in the USA - Albany, Georgia (ThermaCare Heatwrap products).

Angelini Pharma has a direct presence in **Italy, Spain, Portugal, Austria, Poland, the Czech Republic, Slovakia, Hungary, Germany, Romania, Bulgaria, Greece, Turkey, France, UK, Sweden, Holland, Switzerland, Russia and the USA**.

Strategic alliances with leading global pharmaceutical groups now allow Angelini Pharma pharmaceuticals to be distributed in over 70 countries.

These include Trittico (trazodone,

Angelini Industries

antidepressant), Latuda (lurasidone hydrochloride, antipsychotic), Tantum (benzydamine, anti-inflammatory), Aulin (nimesulide, anti-inflammatory analgesic), Vellofent (fentanyl, analgesic) and Xydalba (dalbavancin, antibiotic).

CONSUMER GOODS

Consumer Goods is the second-largest contributor to the Angelini Industries Group's revenues. Coverage of this sector is provided by three companies: Fater, Angelini Consumer and MadreNatura.

 **Fater**, founded in 1958 by the Angelini family, has been a **50/50 joint venture between Angelini Industries and Procter & Gamble** since 1992. Fater is leader in the Italian market of personal care products with the brands Lines, Lines Specialist and Pampers and a key player in the European market of home care products

with the ACE, Neoblanc, Comet brands, which it markets in 38 countries worldwide. In Italy, three out of four households have at least one Fater product.

Innovation has guided the company's development since its founding: first in Italy, in the early 1960s, to develop the market for baby diapers and female sanitary pads. Over the decades Fater has expanded into new categories, such as incontinence sanitary pads (1979) and ultra-thin sanitary pads (1992), culminating, after the acquisition (2013) of ACE, Neoblanc and Comet, in a redesign of the entire range for all home and fabric cleaning needs. From an environmental perspective, Fater is committed to developing according to three guidelines: reducing virgin plastic by 50% by 2025; designing less impactful products; and analyzing its environmental footprint throughout the value chain.

Each of the company's brands has developed its own social purpose that affects, with specific projects, themes related to the different categories in which it operates. Fater invests about 4% of annual sales in

Angelini Industries

innovation and has 1,600 employees (Italy and abroad). It has its headquarters in **Spoltore (PE)** and production facilities located in Italy, in **Pescara** and **Campochiaro (CB)**, in Portugal, in **Porto**, and in Turkey, in **Gebze**.



Angelini Consumer

Angelini Consumer is the Angelini Industries company dedicated **to the creation and development of new consumer-oriented businesses**. A true laboratory that operates under the banner of economic, social, and environmental sustainability, with the goal of bringing quality products and services to communities and families, taking care of them **from infancy through to elderly care needs**.



MadreNatura, founded in 2019 and headquartered in Lenzburg, Switzerland, is a 50/50 **joint venture between Angelini**

Industries and Hero Group. It brings together the knowledge of the two companies to offer moms and dads a healthy, balanced food path for their children. The brand under which MadreNatura presents itself to consumers is **HERO Solo 100% Organic**.

MadreNatura aims to be close to families with small children, thanks to the know-how of both industrial groups. With the mission **“Giving children the best start in life”**, MadreNatura’s goal is to bring healthy growth to every home where there is a child, through a natural diet based on fruits and vegetables.

The HERO Solo product line includes homogenized foods, pureed fruit, cereal, baby pasta and snacks. It is all 100% organic and natural baby food made with simple ingredients and nothing more.

INDUSTRIAL TECHNOLOGY

With more than 1,200 machines delivered worldwide, **over 750 patents** under its belt and around **700 employees** in its three production

Angelini Industries



sites in **Italy** (San Giovanni Teatino, in the province of Chieti), **China** (Shanghai) and the **United States** (West Chester), **Fameccanica** is

the Angelini Industries Group Company that **designs and develops technologies, robotics and services for the industrial production** of Consumer Goods products, sustainable packaging, automated handling and recognition for logistics and digital services dedicated to process optimization, with a constant focus on sustainability and continuous innovation. Founded in 1975, historically specialized in the design and production of production lines for consumer goods and a leader in the disposable hygiene products sector, it has constantly innovated over the years, developing new high-productivity technologies and high value-added digital services, becoming a key player in smart factory automation. In 2021 it was the most innovative Italian company according to the EPO (European Patent Office) report, with 85 patent applications made.

Today, Fameccanica designs and develops **products, solutions, and services that improve automation and production processes for a wide range of products**, such as: disposable sanitary pad products for personal hygiene, personal and home care products, pods and single-dose detergents, disposable first aid devices and products (e.g., band-aids), liquid bottling, sustainable packaging, and robotics for automated package handling and recognition (e-commerce logistics).



Angelini Technologies

Fameccanica is the main company of **Angelini Technologies**, the industrial technology division of Angelini Industries. Its goal is to bring together an **ecosystem of companies dedicated to the design and development of technologies, products and services aimed at improving manufacturing and industrial processes**. In keeping with the aims of Angelini Industries, the mission of Angelini Technologies is to

Angelini Industries

improve the daily lives of people, whether they are the direct users of this technology or the end users of the products it develops.


PERFUMERY AND DERMOCOSMETICS

 **Angelini Beauty** is the business unit of Angelini Industries, based in Milan, which operates in the **selective perfumery and dermocosmetics (skincare and suncare) sectors**.

It is responsible for the creation, development and international distribution of the perfume lines of Trussardi, Laura Biagiotti, Chiara Ferragni, Angel Schlessler, Blumarine, Mandarina Duck and Armand Basi and the skincare and suncare lines of Anne Möller. Angelini Beauty is present in strategic markets such as Italy, Germany, Austria, Switzerland, Spain and Portugal, with a team of 200 employees, who breathe and convey **“Made in Italy” excellence**.

Making the consumer dream through the magic and uniqueness of its products while developing a sustainable, responsible business model is the mission pursued by Angelini Beauty, which, in unwavering respect for the identity and uniqueness of each brand, creates fragrances and skin care and protection products, while paying close attention to design and communication and collaborating with the industry's foremost international talents.

WINE

 **Angelini Wines & Estates** In the wine field, **Angelini Wines & Estates**, formerly Bertani Domains, operates by combining tradition and innovation. Today it consists of 6 wineries of a total area of 1,700 hectares, 460 of which cultivated as vineyards, and produces around 4 million bottles a year. At its three historic Tuscan wineries, it produces fine wines in three different appellations of origin: Brunello d47

Angelini Industries

i Montalcino in Val di Suga, Vino Nobile di Montepulciano in Tenuta Trerose and Chianti Classico in San Leonino. In the Marche region, Fazi Battaglia winery, a historical brand of Italian wine, is renowned for the production of Verdicchio dei Castelli di Jesi Classico. Cantina Puiatti in Romans d'Isonzo (GO) is dedicated to the production of the great white wines of Friuli, whereas Bertani is known for the production of Amarone della Valpolicella Classico and Valpantena. In 2018 it became an agricultural company, thus tying its wine production exclusively to the vineyards owned. A courageous choice, which is more than a simple change of company and which explains the commitment of the Group in investing and enhancing its viticultural heritage. Angelini Wines & Estates has always been a company with a vocation for sustainable production: this vocation drove it to embark on the process that led it to obtain organic certification for Tenuta Trerose in Montepulciano.

OTHER HOLDING COMPANY ACTIVITIES

 **Angelini Real Estate** **Angelini Real Estate** manages investment properties belonging to

Angelini Industries and develops investments in the real estate sector. It offers services in this field to all Group companies. The Company's portfolio is concentrated in Italy and Spain, where it operates with a local branch.

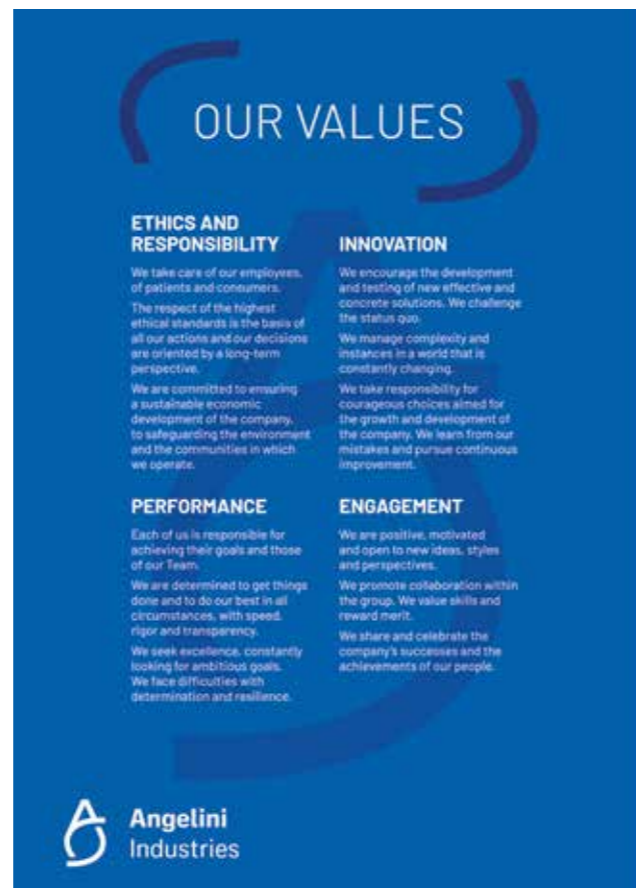
 **Angelini Investments** **Angelini Investments** is the Angelini Industries company that aims to enhance the value of its assets over the medium and long term, operating in the financial markets through the acquisition and management of minority interests in Italian and foreign companies, taking advantage of the investment opportunities offered by the market.

Angelini Industries

The Angelini way

OUR VALUES

At the heart of the Angelini Industries Group's identity and culture are four founding values that inspire and guide all the choices, actions, and interactions that are made on a daily basis, both through the work of its employees and through the trust created and renewed in its customers. Ethics, innovation, results and involvement are the foundations on which the Group was created, stands and is projected into the future. These values are the basic premise for conducting the company's business.



Angelini Industries

Ethics and Responsibility



We take care of our employees, of patients and consumers. The respect of the highest ethical standards is the basis of all our actions and our decisions are oriented by a long-term perspective. We are committed to ensuring a sustainable economic development of the company, to safeguarding the environment and the communities in which we operate.

Performance



Each of us is responsible for achieving their goals and those of our Team. We are determined to get things done and to do our best in all circumstances, with speed, rigor and transparency. We seek excellence, constantly looking for ambitious goals. We face difficulties with determination and resilience.

Innovation



We encourage the development and testing of new effective and concrete solutions. We challenge the status quo. We manage complexity and instances in a world that is constantly changing. We take responsibility for courageous choices aimed for the growth and development of the company. We learn from our mistakes and pursue continuous improvement.

Engagement



We are positive, motivated and open to new ideas, styles and perspectives. We promote collaboration within the group. We value skills and reward merit. We share and celebrate the company's successes and the achievements of our people.

Angelini Industries

OUR VISION

Vision represents the 'dream' of entrepreneurs and the shareholders: what they would like to achieve looking forward. It is the highest moment in defining the path of the enterprise. It is a tension toward the future that shareholders want to shape through their actions. Vision guides development and, together with values, is the foundation of company culture. The Angelini Industries Group's vision is to build a better future. We aim to achieve sustainable growth for everyone, with the objective of creating value for new generations.

OUR PURPOSE

Purpose is the *raison d'être* of an enterprise, representing the imprint it would like to leave on the world; the rationale for all business and organizational decisions. From the purpose derive the business choices, the products and services, the benefit that the daily actions of the company bring to all its stakeholders



Angelini Industries

and society in general. The focus of purpose is on others and the commitment made by the Group to them. We are an entrepreneurial group oriented to the world from Italy. Taking care of people and families in everyday life is the purpose that has always guided us and inspired the quality and attention we put into our products. We listen to the needs and desires of the community and give our best in pursuit of new and sustainable solutions and opportunities that benefit communities, our employees and shareholders.

OUR GOVERNANCE

Angelini Industries has adopted a modern system of corporate governance inspired by the highest standards of transparency and correctness in the management of the company and in its dealings with stakeholders. The Board of Directors of the Parent Company, inspired by market best practices, is made up of 7 members, 5 of whom are independent. The Group's governance and organizational model

is based on accountability: all the managers who manage the operating companies come from the market and have been selected on the basis of the strictest selection criteria. Fully autonomous and accountable in their respective roles, they are characterized by an open approach to change and innovation. This system of corporate governance, as well as being an essential tool for ensuring the effective management and control of activities within the company, is oriented towards the creation of value for shareholders, the quality of service to customers, the control of business risks and transparency towards the market.

Angelini Industries

More than 100 years of history

1919-1940 ORIGINS: In 1919, the 32-year-old pharmacist Francesco Angelini from the Marche region, together with two partners, established a company for the production and sale of medicines based in Ancona, where his pharmacy was located. In 1922, the company took the name of ANFERA and distinguished itself for the development of a network of direct delivery of medicines to pharmacies in central and southern Italy so as to become, in 1939, the first Italian distributor in the sector. In 1941, the company was dissolved and Francesco Angelini founded ACRAF - Aziende Chimiche Riunite Angelini Francesco.



1950

INDUSTRIAL DEVELOPMENT: The post-war years are characterized by the industrial development of the company led by Angelini. The drug Dobetin is its first commercial success, a response to a serious health need such as the spread of pernicious anemia in the starving Italian population during the war. The 1950s marked three fundamental stages in the company's expansion: the decision to move the management offices to Rome, the beginning of the marketing of Tachipirina, which is still one of the best-selling drugs in Italy, and the acquisition of Fater, a company producing consumer goods.

1960

RESEARCH, DEVELOPMENT AND INNOVATION: Angelini invests in pharmaceutical research and starts producing its first original and patented molecules: oxolamine (anti-cough), benzydamine (anti-inflammatory), trazodone (antidepressant), and dapiprazole (anti-glaucoma). In the same decade, Fater entered the homes of Italian families with the Lines brand and revolutionize the sanitary market in our country with the first disposable baby diapers and feminine sanitary napkins.



1970

NEW MARKETS AND TERRITORIES: In 1972, Tantum Verde, based on benzydamine, and Trittico, based on trazodone, were put on the market. In 1975, Fameccanica, specialized in the production of industrial machines, was founded in Abruzzo. During this period, Angelini went beyond national borders: in 1979 the Lepori Pharmaceutical Group of Barcelona is acquired, from which a process of international expansion began, starting with Spain and Portugal.

1980

ON THE FRONT LINE IN COMMUNICATION WITH MOMENT: In 1985 Angelini realized the potential of the analgesic ibuprofen in Italy and launched a self-medication drug specifically for headaches, Moment, the first example of marketing applied to pharmaceutical products.

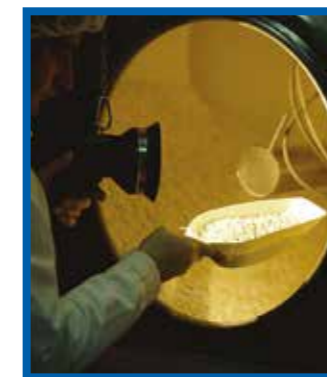


1990

AN ARTICULATED INDUSTRIAL GROUP: In 1992, Angelini further consolidated its position in the hygienic-sanitary sector by setting up a 50-50 joint venture with Procter & Gamble to manage Fater and Fameccanica. In 1994, it entered the wine sector, with the acquisition of the three Tuscan wineries Trerose, Val di Suga and San Leonino, and the fragrance sector, with the acquisition of the Spanish company Idesa Parfums.

2000

INCREASINGLY GLOBAL: In 2000, Angelini acquired Amuchina, a company known for its disinfectant and sanitizing products. Fameccanica expanded into China and North America. In the wine sector, Puiatti wineries are acquired in Friuli and Bertani in Valpolicella, known as one of the most prestigious producers of Amarone.



2010

A LEADING GROUP: In the pharmaceutical sector, Angelini focused its efforts on the therapeutic areas of pain and inflammatory disorders, diseases and disorders of the nervous system, and pediatrics. The launch of the antipsychotic Latuda, for which Angelini is Marketing Authorization Holder, testified to its commitment to the field of mental health. The wine business was reorganized in Bertani Domains, which was completed with the acquisition of Fazi Battaglia, historical enological company from the Marche region, producer of Verdicchio dei Castelli di Jesi Classico.



Angelini Industries

2019

THE 100TH ANNIVERSARY: Angelini celebrated its 100th anniversary by looking to the future with renewed entrepreneurial commitment, as expressed by Francesco Angelini: "We are preparing to celebrate the 100th anniversary of our Group with great excitement. We look to the future with deep respect for the founding principles and an entrepreneurial philosophy that is renewed today, also thanks to the commitment of the new generation, and in particular of my daughter Thea Paola and her husband Sergio. I would like to thank the people who work at Angelini, our customers, partners and stakeholders who have trusted our company for 100 years".



2020

A NEW ERA: 2020 begins with the definition of a new Group governance model which combines an industrial-style holding company with the independence and accountability of operating companies. The concept of taking care is identified as the underlying theme of Angelini's activities in all of the sectors in which it operates. From the focus on the needs of consumers – one of the pillars of the future development of the Group – comes Angelini Consumer, a division dedicated to the development of new opportunities in the consumer sector; in the baby food area MadreNatura is created as part of a joint venture with Hero Group. In pharmaceuticals, there is growth in the area of internationalization and innovation, as confirmed by the acquisition of the ThermoCare brand and biotech company Arvelle Therapeutics (2021), which will give Angelini an increasingly multinational dimension.



2021

A NEW BRAND FOR THE GROUP: In 2021 a new brand identity consistent with the path taken was unveiled: the Angelini Group became Angelini Industries, with a new brand and name to represent the nature of a multinational, proudly industrial group that is building value and growing in multiple business sectors.



2022

In 2022, Angelini Industries acquires the remaining 50% of Fameccanica, up to that point a joint venture on equal footing with P&G, thereby ending up with 100% of the international company specialized in automation and robotics for the consumer goods industry.



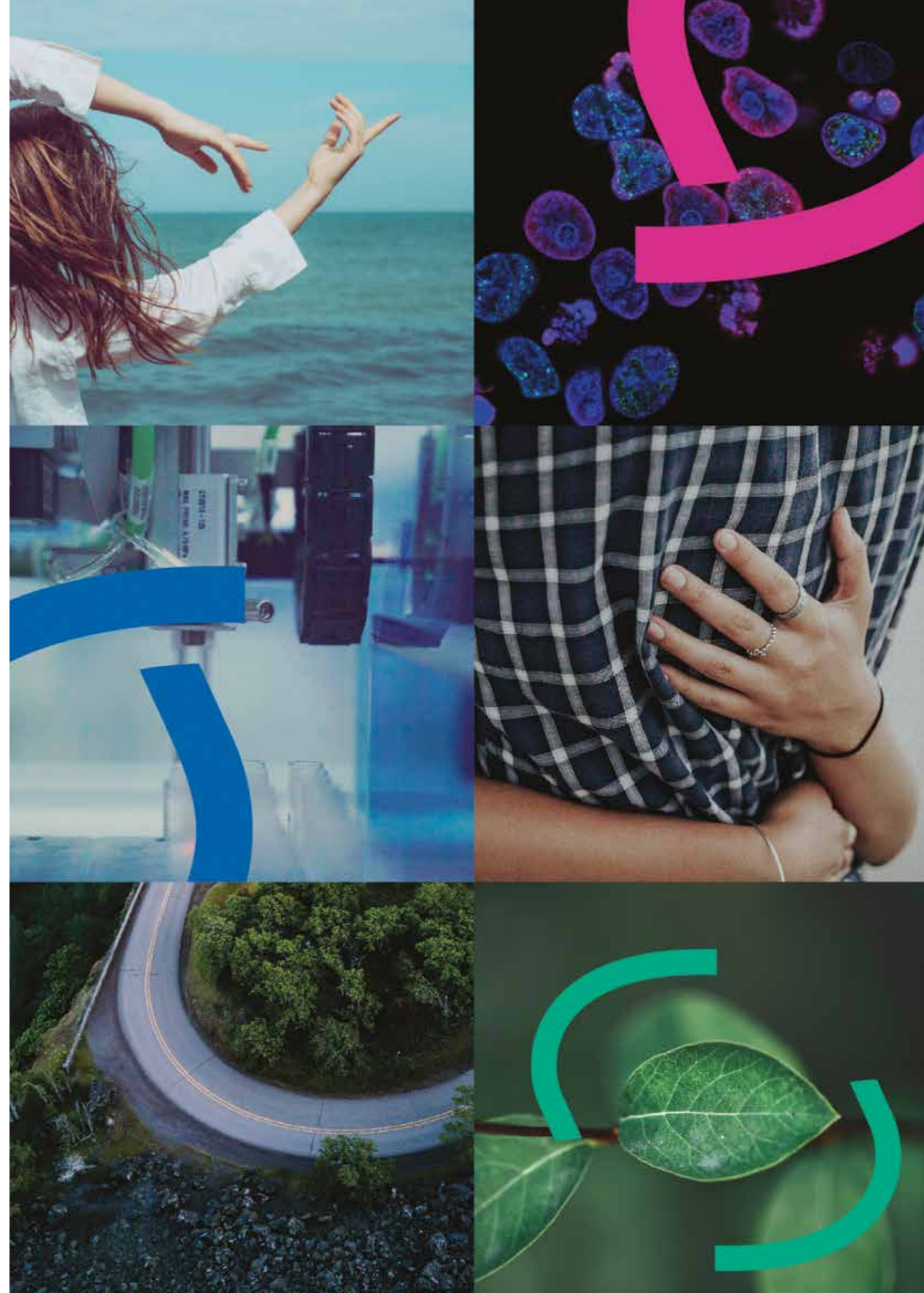
Angelini Industries

A new brand identity



In order to adapt the Group's codes of expression to its multi-sector and multinational positioning and to represent Angelini's value universe, a rebranding project was developed during 2021, involving both the Parent Company and the operating companies. The project is based on the values and purposes that inspire Angelini's daily activity: taking care of people and families in their everyday lives, looking to the future and building a better world.

An open and inclusive iconic new brand name replacing the historic triangular A was thus adopted, and a new name, Angelini Industries, identifying both the Parent Company and the Group as a whole, was chosen to summarize its long history of family capitalism, its industrial nature, diversification and internationalization.



Angelini Industries

Strategic positioning and products

Angelini Industries is a multi-industry, multinational group. As analyzed above, it operates in the following business sectors: Pharmaceuticals, Consumer Goods, Industrial Technology, Perfumery and Dermocosmetics, Wine. The image alongside summarizes the major brands associated with each business sector.



Pharmaceutical

Acutil, Amuchina, Aulin, Daparox, Dobetin, Infasil, Latuda, Momendol, Moment, Moment Act, Ontozry, Tachidol, Tachipirina, Tachifludec, Tantum, Tantum Natura, ThermaCare, Trittico, Vellofent, Xydalba.



Consumer Goods

Pampers, Lines, Lines Specialist, Tampax, Ace, Neoblanc, Comet, HERO Solo.



Industrial Technology

Paksis and Podker.



Perfumery and Dermocosmetics

Creation, development and international distribution of the perfume lines Trussardi, Laura Biagiotti, Chiara Ferragni, Blumarine, Mandarin Duck, Angel Schlessler, Armand Basi and the skincare and suncare lines of Anne Möller.



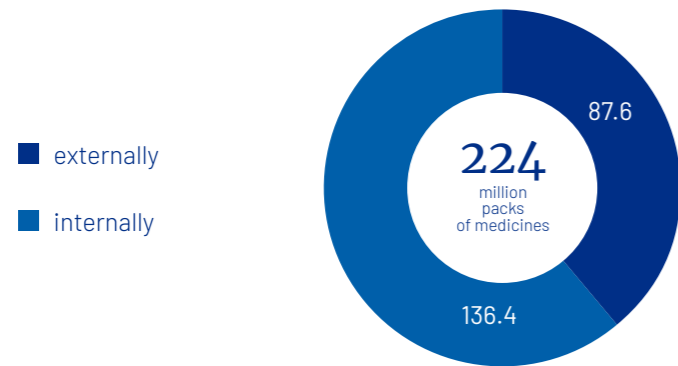
Wine

Bertani Wineries (Veneto), Puiatti (Friuli Venezia Giulia), Val di Suga, Trerose, San Leonino (Tuscany), Fazi Battaglia (Marche).

Angelini Industries

In **2021**

Angelini Pharma
produced:



Fater
sold in Italy:



115.6 million
packages of sanitary pads and panty-liners

Angelini Industries

Fameccanica
has deposited:



85
new patent applications with the European Patent Office, ranking first in Italy

Angelini Beauty
produced:



6.2 million
bottles

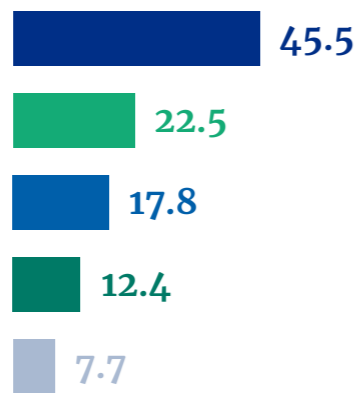
Angelini Wines & Estates:



vinified
34,932
quintals of grapes

millions of packs of:

- Tachipirina
- ThermaCare
- Tantum Verde
- Amuchina
- Moment



31.6 million
packages of diapers



236.3 million
liters of bleach



more than
400,000
liters of perfume



sold
3.6 million
bottles of wine

Angelini Industries

Strategies and business models

The Angelini Industries Group's long-term strategic objective is to support growth internationalization and the creation of value by its business portfolio through the offer of innovative, functional products focused on caring for individuals and families in their everyday lives. Angelini Industries has ambitions to become a European champion, recognized for its strength and ability to innovate in its businesses.

This ambition is achievable by clearly defining business strategy and identifying key enabling factors.

The distinctive elements of the Group's business strategy and enabling factors, shown in the figures below, represent the key factors of success on which the operating companies are constantly working.

BUSINESS STRATEGY

- **BRAND RECOGNITION:** Strengthening the notoriety and image of the Angelini brand.

- **INTERNATIONAL EXPANSION:** International growth and expansion in all business areas, with a focus on strategic countries.
- **PARTNERSHIPS AND ACQUISITIONS:** Consolidation of partnerships, collaborations with public and private entities and new acquisitions.
- **INTEGRATION AND EXECUTION:** Close coordination between Marketing, Sales, Research and Development and Operations.
- **INNOVATION:** Focus on product innovation, functional R&D on core areas and new models for businesses already in portfolio.
- **DIVERSIFICATION:** Growth based on new businesses, new products and new markets.

ENABLING FACTORS

- **GOVERNANCE:** Angelini Industries has designed a governance model that allows it to have a Board of Directors with diversified yet vertical competencies on each of the businesses in its portfolio, in addition

Angelini Industries

- to a process of continuous exchange of information between holding and operating companies to foster the development of strategies always consistent with the Group's objectives.
- **PEOPLE:** The Group aims to attract and cultivate top talent internally by offering numerous training opportunities, customized career paths and rotation programs within different functions/businesses.
- **NEW BRAND IDENTITY:** Angelini Industries aims to provide a consolidated view of its business portfolio, offering the end consumer a clear view of the Group's offerings, centered on the concept of "care".

Angelini Industries

LONG-TERM VISION

Angelini Industries aims to continue to grow through continuous innovation in both consolidated businesses and new businesses

WHERE WE WANT TO GET TO

"We want to assure sustainable growth for everyone"



- Achieve a **leadership** position Europe-wide in selected business segments
- Grow and become a **leader of innovation** for the **new businesses**
- Be a **benchmark** of excellence for the **organizational** and **operative** aspects

WHERE WE ARE

"We are structuring our work to stay on a route of lasting, continuous growth"



- **Release the Group's potential** by investing in **consolidated businesses** and **new businesses**
- Implement both **organizational** and **operative** changes

WHERE WE WERE

"Angelini is one of the best examples of Italian excellence"



- Solid Group with a **strong focus** on the **main products/markets**

Angelini Industries

THE PEOPLE, THE GOVERNANCE AND A NEW BRAND ARE ALL FACTORS THAT WILL ENABLE LASTING SUCCESS

ENABLING FACTORS



1 Governance

Rely on the **competences** of the **BoD** and managers to guide the Group, assuring a suitable **balance of control and delegation**.



2 People

Attract, retain and **take care** of talent through **training** opportunities, personalized **career paths, rotations and special programs**.



3 New brand

Complete **rebranding** based on the **corporate purpose** and its **positioning**, to increase the **brand's notoriety and value**.

Angelini Industries

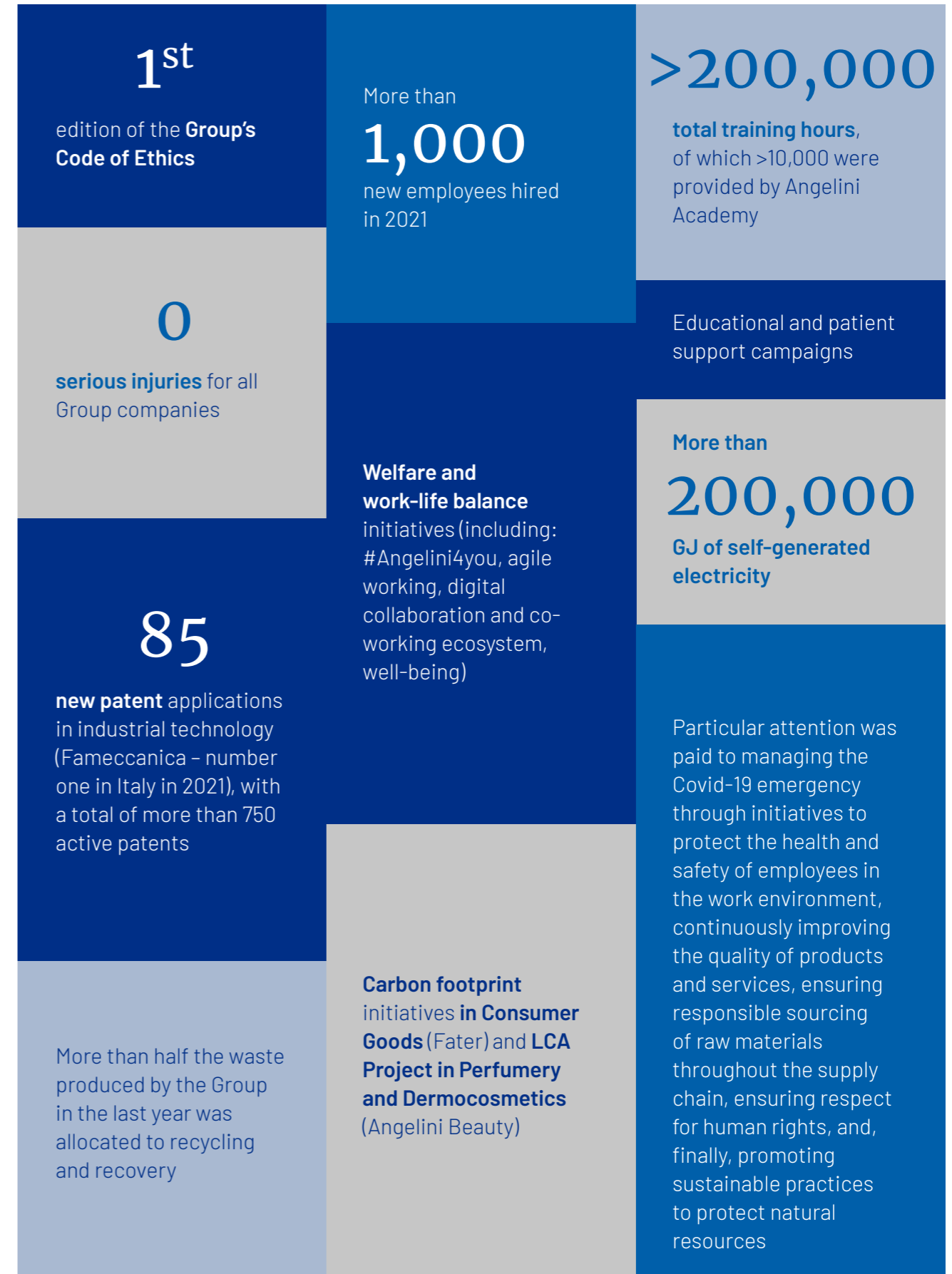
Sustainability

To Angelini Industries, sustainability represents, first and foremost, the organization's ability to share values and responsibilities with its stakeholders, while also communicating how business objectives are pursued responsibly and inclusively in increasingly uncertain and complex competitive environments. All of this in keeping with the Group's purpose, which identifies long-term value creation as the key objective of reference for formulating the corporate vision and executing sustainable strategies.

In the second half of 2020, Angelini Industries launched the Group Sustainability Project with the intent to:

- assess the positioning of the Parent Company and operating companies on the issues that standards and the market identify as core issues to be monitored from an ESG perspective;
- progressively apply a systematic approach to sustainability issues;
- set up governance that can organically coordinate all initiatives undertaken by the Group's operating companies and launch new initiatives.

Thus far the process has seen Angelini Industries publish its **first Group Sustainability Report** in September 2021 and achieve **LEED Platinum** certification for its Rome headquarters, Casa Angelini. The **second Group Sustainability Report** is scheduled to be published in 2022, reporting the 2021 ESG performance, the main results of which are presented below.



Angelini Holding S.p.A. a single-shareholder company

Consolidated financial statements
at December 31, 2021



Report on operations

01

Report on operations

Introduction

This Report has been prepared, in accordance with Article 2428 of the Italian Civil Code, to accompany the Consolidated Financial Statements of Angelini Holding S.p.A. as of and for the year ended December 31, 2021 and is intended to provide information and detailed clarification useful for understanding the operating performance and results achieved by the Angelini Industries Group during the reporting period and broken down into the business sectors in which Angelini Industries operates, including: Pharmaceuticals, Consumer Goods, Industrial Technology, Perfumery and Dermocosmetics, Wine, and financial and real-estate investment Holding.

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Company performance

In FY 2021 the Angelini Industries Group reported a positive operating performance even though the global economic-financial scenario was characterized by a high degree of uncertainty, mainly due to the continuing adverse effects of the Covid-19 pandemic and the sharp increase in the cost of energy and, more generally, raw materials, which led, especially in the last quarter of the year, to a slowdown in industrial activity.

As a result of its business diversification and internationalization, the Group reported consolidated revenues of 1,725 million euros, a slight increase compared to the previous year, which ended with revenues of 1,699 million euros.

EBITDA was 193 million euros, down by 66 million euros on the previous year. The decrease reflects higher costs for external operating services incurred during 2021, particularly significant of which are the start-up costs incurred for the integration and development of the operating activities of the companies acquired and established during the year, as

better described within the section “Significant Events During the Year” below.

Similarly, EBIT amounted to 1.45 million euros, undergoing an even more significant decrease compared to the previous year.

The considerable decrease, amounting to -111 million euros, stems mainly from higher depreciation and amortization charges affecting 2021 operations, resulting from the revaluation of the “Moment” and “Tachipirina” brands, the amortization of which took effect as of this fiscal year, and from the amortization of the license for the cenobamate-based product under the Ontozry brand, acquired through the direct investment by the subsidiary Angelini Pharma S.p.A. in 100% of the capital of Arvelle Therapeutics B.V.

In FY 2021 net financial income amounted to 159 million euros, a significant increase of 99 million euros on FY 2020. This was mainly due to the optimization of the Group's use of liquidity, pursued especially by the investment activities carried out by the companies Angelini Investments S.r.l. (formerly Angelini

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Partecipazioni Finanziarie S.r.l.) and Angelini Holding S.p.A.

Earnings before tax amounted to 126 million euros in 2021, compared to 160 million euros in the previous year. Due to the effect of the tax burden, net profit as of December 31, 2021 amounted to 96.7 million euros, down 34.1 million euros on 2020.

The Report on Operations analyzes the main factors that give rise to this decrease, breaking them down into the Group's different areas of management, namely result of operations, assets and liabilities and cash flows, highlighting the contribution of each business to the Group's reported results as of and for the year ended December 31, 2021.

 Report on operations

Significant events during the year

1. ARVELLE THERAPEUTICS GROUP ACQUISITION

In February 2021 Angelini Pharma acquired ownership of the entire Arvelle Therapeutics Group (hereinafter also “Arvelle Group”), which holds the license in Europe (including the United Kingdom and Switzerland) for the brand name Ontozry, a cenobamate-based product effective in the area of the central nervous system, and in particular in the treatment of epilepsy. Through this acquisition, the Angelini Industries Group expects to achieve two very important strategic goals in the pharma business: strengthening its leadership in the European CNS market and direct entry into the Nordics (Sweden, Norway, Denmark and Finland), UK-I (UK and Northern Ireland), FraBeNe (France, Belgium and Holland) and Switzerland markets, and expansion in Germany (where the Group was already present in the consumer health segment), including in the prescription segment. During 2021, total third-party sales of the Ontozry product were about 6 million euros.

As of the acquisition date, the Arvelle Group included one company in the U.S., one company in Switzerland and three companies in the Netherlands, as well as six operating branches in Italy, Spain, Germany, the United Kingdom, France, and Sweden.

The reorganization and rationalization of the Arvelle Group within the organizational structure of Angelini Pharma S.p.A., a subholding company of the Angelini Industries Group operating in the pharmaceutical sector, began in 2021, with the closure of the first branches in countries where the Group was already present. By the end of 2022 it is expected that the liquidation procedure of the U.S. company will be completed and the remaining companies will be merged into Angelini Pharma S.p.A.



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2. FORMATION OF ANGELINI PHARMA VENTURES S.R.L.

Another significant event involving the pharmaceutical business sector was the establishment in July 2021 of Angelini Pharma Ventures S.r.l. with a capitalization of 5.35 million euros; the Company will be active in initiatives related to open innovation. Specifically, the first investments were in the start-up incubator Argobio in France, in the investment in the limited partnerships Angelini Lumira Biosciences (ALBF) and Lumira International and the direct investment in the start-up Pretzel Therapeutics.

3. DEVELOPMENT OF THE CONSUMER GOODS BUSINESS

Through Angelini Consumer S.r.l. two transactions were finalized in FY 2021 with the aim of providing the Group with better and new development opportunities in the consumer

products business. First, the remaining 30% stake in the capital of the subsidiary MyFamilyPlace S.r.l. was acquired for 6 million euros, and the company was then merged into the former by incorporation during 2022. Second, a new company was established in partnership with Prenatal S.p.A., MyFamilyPlace Shop S.p.A. The subscribed capital share is 60%, with a value of 2 million euros. Specifically, the new company was formed with the aim of building a digital marketplace through which to offer the commercial ranges of the two shareholders to consumers in a D2C perspective.

4. FORMATION OF ANGELINI HIVE S.P.A.

Angelini Hive S.p.A., a wholly owned subsidiary of Angelini Holding S.p.A., was set up on June 16, 2021. Angelini Hive S.p.A., with registered capital of 5 million euros, was established with the

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aim of providing the Angelini Industries Group with new avenues of development through the acquisition, holding, and disposal of stakes or interests in other companies or entities, both in Italy and abroad, making investments in digital health.

5. ACQUISITION OF TEQO S.R.L.

On May 10, 2021, Angelini Holding S.p.A. acquired 80% of the share capital of Teqo S.r.l. (formerly Butterfly S.r.l.) by the company Italbedis S.r.l. for an amount of 3.05 million euros. As of December 31, 2021, Italbedis S.r.l. continues to hold a minority stake of 20%. Teqo S.r.l. holds a patent on an innovative technology for the design and industrial-level production of environmental sanitization equipment and is therefore a strategic investment for the industrial technology business in which Angelini Industries Group operates.

6. REVALUATION OF PATENTS OWNED BY FAMECCANICA DATA S.P.A.

The company Fameccanica Data S.p.A., operating in the Industrial Technology business, on the basis of the provisions of Article 110, paragraphs 1-7 of Decree Law no. 104 of August 14, 2020, converted with amendments by Law no. 126 of October 13, 2020, has opted for the faculty to write-up the value of some of its intellectual property (industrial patents) booked during the year before the provision came into force. In view of the Company's fiscal year ending June 30, the revaluation of these assets, unlike those of Angelini Pharma, which were revalued in the financial statements for the year ending December 31, 2020, had an impact in these financial statements, for the determination of which the Company commissioned KPMG Advisory S.p.A. to prepare a special appraisal of their fair value. Following the assessment conducted by KPMG, the following was recognized:

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- a revaluation of patents amounting to 14.497 million euros;
- a special equity reserve named “Law 126/20 revaluation reserve” of 14.062 million euros.

7. LIQUIDATION OF ASSOCIATED COMPANY FAMECCANICA INDUSTRIA E COMERCIO DO BRASIL LTDA

During fiscal year 2021 the industrial technology business saw the liquidation of the associated company Fameccanica Industria e Comercio do Brasil Ltda, whose residual capital, amounting to 0.3 million euros, was fully redeemed and the value of the investment presented in the financial statements of the Parent Company Fameccanica Data S.p.A. was written off.



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Economic scenario

As mentioned above, the 2021 economic scenario was strongly influenced, as in the previous year, by the continuing Covid-19 pandemic. However, the year saw a steady recovery in the world economy, which brought global GDP back to pre-Covid levels, thanks mainly to extensive vaccination programs in Europe and the most advanced countries and the gradual reduction of restrictive measures to contain the virus.

A crucial role in consolidating the post-crisis recovery of the economy and strengthening its basis for sustainable growth in the medium-to-long term was played by the extraordinary recovery plans adopted by major economies, such as Next Generation EU (NGEU), initiated by the European Union: an 800-billion-plus-euros recovery instrument that will help repair the immediate economic and social damage caused by the pandemic, to create a post Covid-19 Europe that is greener, more digital, resilient and ready for present and future challenges. Leveraging NGEU resources, the Italian government adopted a National

Recovery and Resilience Plan (NRRP), which aims to overcome the country's main structural weaknesses and thus strengthen its efficiency and competitiveness. To achieve this goal, the NRRP leverages increased investment spending: through the "Recovery and Resilience Facility" (RRF), the centerpiece of NGEU, resources of more than 190 billion euros are allocated, 69 billion euros of which are outright grants. In addition, the NRRP includes a series of reforms to be implemented in a relatively short timeframe.

PHARMACEUTICAL

In this scenario, the markets in which companies in the pharmaceutical business operate have been impacted by two factors: the absence of seasonal pathology and the spread of Covid-19. Specifically, with regard to the Italian markets in which Angelini Pharma S.p.A. operates directly:

- the "fever" market contracted, in both the

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"adult" (-6% vs. 2020) and "children" (-8% vs. 2020) segments;

- the "pain" market grew, mainly due to the therapeutic effects required by Covid-19, with the Omicron variant causing a surge in case numbers in the second half of 2021 (+2% vs. 2020);
- the "self-medication" market did not change significantly, staying at the same volumes as the previous year, although it is still far from the performance recorded before the Covid-19 pandemic (-8% vs. 2019 pre-pandemic);
- the "hand gel" market contracted by 36% compared to 2020, yet it should be pointed out that the negative performance in 2021 was due to the extraordinary nature of the previous year's results.

The Covid-19 pandemic had a major impact on the pharmaceutical industry. In the first half of the year, the continued high number of infections led - as in 2020 - to a reduction in doctor visits, surgeries, and the initiation of new therapies with a consequent impact on drug prescriptions. Pharmaceutical detailing

activities, carried out by pharmaceutical companies, also continued to be affected by the pandemic environment, due to restrictions on access to hospitals and doctors' offices, as well as the limited ability to support or organize scientific events. Nonetheless, there was still a general improvement over 2020 that allowed for a return to a situation of near normality in the second half of 2021.

In general, the prescription medicine Italy pharmaceutical market (classes A+C+SoP), in the pharmacy channel, remained basically stable compared to the previous year (+0.5%), confirming a value of about 8.7 billion euros. Angelini Pharma S.p.A. was once again confirmed as a growth company, outperforming the market (+0.5%) with sales of 254 million euros, up +1.5% on the previous year, ranking it as the number-seven company in the market, with a QM of 3% (IQVIA 2021 sell-in data). On the "fever" market (IQVIA sell-in data, Dec. 2021, Ind. revenues):

- the "adult" market ended 2021 at -6% on the previous year; Tachipirina Adults in particular

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closed at -3%;

- the “children’s” market closed 2021 at -8% on the previous year; Pediatric Tachipirina declined -11% on 2021.

The market trend was positive in the other segments in which Angelini Pharma S.p.A. operates and in which it has managed to achieve results that are almost always better than the market. Although the “pain” market closed 2021 at +2% on the previous year, Tachipirina 1000 recorded growth of 7%, Tachifene of 5%, and finally, Vellofent a significant increase of 15%. The “antipsychotics” market ended 2021 at +0.4% over the previous year, a market in which Latuda recorded +17%. The injectable antibiotics market for ABSSSI (acute bacterial skin and skin structure infections) contracted by 6% on the previous year (declining values due to generics), a market in which Xydalba performed

counter to the trend with 25.5% growth. The antidepressants market ended 2021 at +2% compared with the previous year, while Trittico declined slightly, ending the reporting year with -1%.

About two years after the start of Covid, the self-medication market suffered a severe decline, losing -16 m units (-8%) compared to 2019, the pre-pandemic year. The decline was very substantial on the influenza-related (“seasonal”) segment, losing -12 m units (75% of the self-medication market) with a reduction of -17% vs. 2019 (pre-Covid year). The drastic reduction in influenza pathology was the main cause of such a marked market contraction, along with the continuation of traffic restriction measures, social distancing and the massive introduction of mask use.

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NET SALES

(Thousands of euros)

	2021 PC	CHANGE 2021-2020
Total Consumer Healthcare BU	109,969	-3%
Seasonal	13,231	-42%
Non-seasonal	96,738	6%

In this scenario, despite the presence of seasonal products in its portfolio, such as Tantum Verde and Tachifludec, Angelini Pharma S.p.A. maintained its market position, which was even better than that of its main competitors (Sanofi, GlaxoSmithKline C.H., Bayer, Reckitt).

In the home and personal care market, after the surge in 2020, many of the target markets for Amuchina-branded products gradually realigned in terms of sales to the pre-Covid period (home care 2021 +8% vs. 2019, personal care -5% vs. 2019). The exception was the hand gel market, which, while registering -50% on 2020 in terms of value in 2021 (coming in at 95 million euros), confirmed a value as much as seven times higher than 2019 (pre-Covid year).

MKT DETAILS

(Millions of euros)

	2019	2020	2021	% CHANGE 2021-2020
Hand Gel	12	189	95	-50%
Home Care	601	720	652	-9%
Personal Care	13	27	12	-55%
TOTAL	626	936	759	-19%

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The sales of the Licensing Out unit for supplies destined for export of finished products – drugs and other product categories defined as foreign finished products – was 30.6 million euros in 2021, a decrease of 3.5% compared to 2020, equivalent to 1 million euros. Applying the classification introduced in 2020, foreign finished product exports can be divided into four product clusters: the Tantum Verde cluster, for products with benzydamine as the active ingredient, intended for the treatment of oropharyngeal cavity disorders; the Trittico cluster, for products with trazodone as the active ingredient, intended for the treatment of depression; the ThermaCare cluster, for products without active ingredient intended for the treatment of musculoskeletal disorders; and the others cluster, also called legacy portfolio, for diversified products in various therapeutic areas. The breakdown of 2021 sales among the four clusters was as follows: Tantum Verde 24%, Trittico 32%, ThermaCare 19% and Others or

Legacy Portfolio 25%. Most of the decrease in 2021 was due to the Tantum Verde family, which contributed 3 million euros, or 30% compared with the previous year, caused by the decrease in oropharyngeal influenza pathologies due to the measures to contain the Covid-19 pandemic. The Trittico family saw an increase in sales in 2021 of 1 million euros over the previous year's value, representing 15% growth. The main contributor to this increase was the launch of the Inseris branded Contramid form of the product in Brazil by the customer Apsen. The ThermaCare family saw growth in sales of 1 million euros, a 20% increase, mainly in revenues on supplies to the customer Verfora (Switzerland). The other (legacy portfolio) family saw its revenue essentially unchanged from the previous year. For active ingredients, there is a slight increase in sales in 2021 compared to 2020 of 13% or 300,000 euros. The contribution of different exported active ingredients to the 2021 result is as follows: trazodone 77%,

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benzydamine 19% and other 4%. For trazodone, growth of 1.4 million euros was observed in 2021 compared to 2020 (+27%). A decrease of 0.6 million euros compared to 2019 (-31%) was seen for benzydamine. A decrease of 0.5 million euros (-62%) was observed for other products.

PRODUCT TYPE REVENUES <i>(Millions of euros)</i>	2020	2021		CHANGE 2021-2020	% CHANGE 2021-2020
Foreign captive raw materials	6.5	6.8		0.3	4%
Foreign finished products	31.7				
Licensing out	38.2		100%		

FOREIGN CAPTIVE RAW MATERIALS REVENUES <i>(Millions of euros)</i>	2020	2021		CHANGE 2021-2020	% CHANGE 2021-2020
Trazodone	3.8	5.2	77%	1.4	27%
Benzydamine	1.9	1.3	19%	-0.6	-31%
Other	0.8	0.3	4%	-0.5	-62%
Foreign captive raw materials	6.5	6.8	100%	0.3	-66%

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INDUSTRIAL TECHNOLOGIES

One of the main challenges faced by companies operating in the Industrial Technologies business in the year just ended was the global shortage of raw materials. This phenomenon gave rise to, and will continue to give rise to, significant delays in the delivery time of finished products. Specifically, as a response to this critical issue, Fameccanica Data S.p.A. made advance purchases of components considered critical to the production process, minimizing the risk of discontinuity in supply chains. In fact, the recovery in industrial production recorded in FY2021, driven by the significant support from expansionary monetary and fiscal policies, contributed to a drastic increase in the need for raw materials, effectively exacerbating the problem associated with their procurement.

CONSUMER GOODS

Similarly to previous fiscal years, in 2021 the Consumer Goods market, particularly those for baby care products and feminine hygiene protection, was subject to demographic factors that negatively affected their size. In contrast, the market for household and laundry detergent products confirmed growth that continues to be supported by the health emergency related to the spread of the Covid-19 pandemic. In this context, Fater S.p.A. continued its strategic actions in line with its role as a brand company: it continued to innovate its products, while also adopting commercial policies to identify the right quality/price ratio for all its commercial range and maintaining the necessary focus on the territorial extension of its markets and the diversification of promotional/advertising investments. During the fiscal year just ended,

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Fater S.p.A. continued to work jointly with customers on efficient consumer response, also developing co-marketing plans aimed at stimulating consumer demand. These measures – together with other innovative promotional tools and a constant advertising push – made it possible to mitigate the impacts of the unfavorable market situation in the baby care and feminine hygiene protection sectors, the presence of qualified competitors, and the growing and continuous development of commercial brands, on the value of the categories in which Fater S.p.A. operates and the market shares of its brands. During the period under review, the commodity market of reference increased on the previous year, and was thus unfavorable overall, with rises in both the pulp and plastics sectors, where the most significant rises were recorded. In particular, the price of oil rose significantly; this increase was particularly reflected in the plastics market,

with sharply rising prices of business paper (diapers and women's sanitary pad sector) and bleach. Also noteworthy is the increase in the price of cellulose, the main raw material of hygiene products.

PERFUMERY AND DERMOCOSMETICS

It was a year of recovery in 2021 for prestige beauty, a sector in which companies in the Perfumery and Dermocosmetics business operate, after the deep crisis in the various markets due to the Covid-19 pandemic. Notably, in the second half of the year, thanks to the spread of vaccines and the resulting resilience of the health care system, lower restrictions in various countries allowed a gradual recovery to pre-pandemic levels. On the main European markets, Italy and Spain (where Angelini Beauty

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S.p.A. and Angelini Beauty S.A. (with a direct presence) were among the fastest-recovering markets, thanks to the measures introduced by governments and the very wide adherence to the vaccination campaign, preventing other severe, difficult lock-downs.

The German market (served by Angelini Beauty G.m.b.H.) reported a decline in 2021 (compared to 2020) due to the high number of infections and greater restrictions, particularly in the latter part of the year, due in part to lower vaccination coverage. In 2020 Germany also recorded a lower rate of decline than other major European countries (-16% vs. -21%) due, on the contrary, to a lower level of restrictions on store opening and movement of individuals. Fragrances are the category that most drove growth, due particularly to consumption in the second half of the year.

In Germany, the fragrance trend was up slightly, counter to the general figure. In e-commerce, after the dizzying growth in 2020, an effect

of restrictions in physical stores, the current situation shows stabilization, albeit with growth above pre-pandemic levels, especially in a country like Italy, with lower penetration rates and lower absolute values. E-commerce, crucial during the pandemic in Italy, tripled its weight compared to the pre-Covid period. Turning to the specifics of the Italian market, thanks to greater social life and fewer constraints, there was a significant recovery in the second half of the year, in which B&M (brick and mortar) was only slightly negative compared to the pre-Covid level, -3.3%.

WINE

In the Wine market, the climate trend affected the production of the 2021 harvest with the effects of a prolonged summer drought, albeit with differentiated trends according to the different regional locations where vineyards

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owned by Angelini Wines & Estates Società Agricola a r.l. (formerly Bertani Società Agricola a r.l.). In particular, an excellent yield in both quality and quantity was obtained in the Friulian estate, a significant average decrease in quantity in the estates located in Tuscany and Marche, despite good grape quality, while in Veneto, thanks to the cultivation practices implemented, the quantity produced was kept stable, while recording an excellent year in terms of quality. The above led to a slight increase in the average cost of production, which was, however, mitigated thanks to the continuous attention paid to the improvement of cultivation techniques in vineyards and processing in wine cellars, which made it possible to keep costs in line with the company standard, with an advantageous final cost compared to the market values of the bulk wines of reference.

HOLDING ACTIVITIES

Finally, in the holding business sector, involving investments in financial markets conducted by Angelini Investments S.r.l. and Angelini Holding S.p.A., the high degree of uncertainty that characterized the global economy during fiscal year 2021 did not prevent the equity markets from registering a significant growth after the drastic decline recorded in 2020. This trend was also reflected in the Italian stock exchange, which ended the year with one of the best performances among European stock exchanges. After the many uncertainties related to the Covid-19 pandemic, which negatively affected stock market performance in the previous fiscal year, the Milan FTSE MIB gained 23% in 2021, more than the STOXX Europe average of 22.47% (source: *Il Sole 24 Ore*). Growth also extended to the other major stock markets in Europe, with Paris and Amsterdam rising even more than Milan to end 2021 with

+29.21% and +28.12%, respectively. Less, but still significant, growth was also recorded in Frankfurt (+15.79%), London (+14.6%) and Madrid (+7.9%). On Wall Street, the S&P500 index closed out 2021 with a sharp +27.79%, while the Dow Jones did not go beyond 19%. On the currency market, the euro fell 7.3% against the dollar while, on the government bond front, the BTP-Bund spread widened by 23.7%.



Report on operations

Summary of the consolidated economic, equity and financial results

INCOME STATEMENT

The reclassified Income Statement for FY 2021 is shown below to highlight some financial performance indicators:

RECLASSIFIED INCOME STATEMENT (Thousands of euros)

	CURRENT YEAR		PREVIOUS YEAR		DIFFERENCES	
	2021	% on revenues current year	2020	% on revenues previous year	DIFFERENCES	VARIATION %
Net turnover	1,725,224		1,699,471		25,753	1.52%
Internal production	(3,887)		10,939		(14,826)	<(100)%
Other revenues	64,969		49,024		15,945	32.52%
VALUE OF PRODUCTION	1,786,306		1,759,434		26,872	1.53%
Operational external costs	1,184,624	68.66%	1,114,285	65.57%	70,339	6.31%
Other operative costs	37,393	2.17%	42,943	2.53%	(5,550)	(12.92)%
Staff costs	370,992	21.50%	342,924	20.18%	28,068	8.18%
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA)	193,297	11.20%	259,282	15.26%	(65,985)	(25.45)%
Depreciation, amortization and risk accruals	191,843	11.12%	147,934	8.70%	43,909	29.68%
EARNINGS BEFORE INTEREST AND TAX (EBIT)	1,454	0.08%	111,348	6.55%	(109,894)	(98.69)%
Adjustments on financial activity	(35,277)	(2.04)%	(11,372)	(0.67)%	(23,905)	>100%
Financial income and charges	159,455	9.24%	59,930	3.53%	99,525	>100%
FINANCIAL RESULT BEFORE TAXES	125,632	7.28%	159,906	9.41%	(34,274)	(21.43)%
Current and deferred taxes	28,966	1.68%	29,045	1.71%	(79)	(0.27)%
FINANCIAL RESULT OF THE YEAR	96,666	5.60%	130,861	7.70%	(34,195)	(26.13)%

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VALUE OF PRODUCTION

The Group's revenues increased by a total of 25,753 thousand euros during the year. The Pharmaceuticals and Consumer Goods businesses reported revenues substantially in line with the previous period, with minor decreases that were negligible and not significant as a proportion of total sales. Specifically, the Pharmaceuticals business ended 2021 with revenues of 998,749 thousand euros, compared to 1,005,637 thousand euros in 2020, while the Consumer Goods business ended 2021 with revenues of 498,885 thousand euros, compared to 498,289 thousand euros in the previous year. The gain was driven primarily by the increase in revenues recorded in the Perfumery and Dermocosmetics business, amounting to 25,822 thousand euros compared to the previous year, the result of the global economic recovery after the sharp contraction that occurred in 2020 related to the global spread of the Covid-19 pandemic. In terms of market, there was a significant increase in sales to third parties of

40%, particularly in the Far East and Middle East markets, with sales growth of more than even 100% over the previous year's figures. The Wine business contributed to the growth of the Group's revenues by reporting revenues of 26,898 thousand euros, an increase of 4,919 thousand euros compared to fiscal year 2020. The economic performance of Angelini Wines & Estates Società Agricola a r.l. was characterized by a general recovery in all the markets to which its business extends, albeit with differentiated trends and more marked performances in some countries and sales channels. Overall, revenues were up by +34%, with effects on margins of +37%, with the latter index also showing an improvement in average prices and the product mix sold. The Industrial Technology business, bucking the trend, recorded a decrease in revenues of 4,412 thousand euros, ending fiscal year 2021 with a value of production of 102,786 thousand euros, compared to 107,198 thousand euros in the previous year. However, it should be noted that this effect is due to the implementation in fiscal

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year 2020 of a major, extraordinary, and non-recurring project to supply industrial machines for the production of surgical masks, without which 2021 revenues would have been up from the previous period.

Finally, with reference to the Holding business segment, the management of the Group's real estate assets, mainly through Angelini Real Estates S.p.A., generated revenues of 6,105 thousand euros, an increase over the previous year of 971 thousand euros in addition to the realization of capital gains totaling 8,609 thousand euros, mainly from the sale of the commercial building for office use, located in Barcelona in Riu de l'Or.

EBITDA

In 2021 the Group reported EBITDA of 193,297 thousand euros, down 65,985 thousand euros from the previous year. The significant decrease was mainly due to the increase in external services and personnel costs as a result of the business development and territorial expansion goals pursued by the Group in this fiscal year.

During FY 2021, in the Pharmaceutical business, the increase in costs for external operating services, significant among which were the start-up costs incurred for the integration, development and launch of the Ontozry product, with particular reference to the companies of the Arvelle Therapeutics Group (which for the first year are included in the scope of consolidation), was substantially offset by a decrease in costs for raw materials and consumables.

Both the Perfumery and Dermocosmetics business and the Wine business contributed significantly to the increase in costs for external

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operating services, recorded at the level of the Angelini Industries Group as a whole, of 22,713 thousand euros. The increase in costs appears to be in line with the trend in revenues and the recovery of the reference markets, compared to the decrease recorded in 2020 due to the restrictions imposed to combat the spread of the Covid-19 pandemic.

Similarly, there was a further increase in service costs from both the Holding business, of 9,477 thousand euros, mainly due to the increase in the cost of services of an ICT nature and in particular consultancy and software maintenance fees, and in the Consumer Goods business, of 9,589 thousand euros, mainly due to the increase in expenses and fees for repairs and maintenance of Fater S.p.A. and the start-up and construction phase of the operating structure of Angelini Consumer S.r.l. Finally, in the Industrial Technology business, there was a general decrease in external operating costs of 3,578 thousand euros.

Personnel costs increased 8.18% over the previous year, for a total value of 370,992 thousand euros (342,924 thousand euros in 2020). The increase of 28,068 thousand euros was mainly due to increased costs in the Pharmaceutical business, where there was a rise of 19,912 thousand euros, mainly attributable to the contribution for the first year of the Arvelle Group.

In the Consumer Goods business, the increase in personnel costs amounted to 6,185 thousand euros and was mainly attributable to the development of the Angelini Consumer S.r.l. structure.

EBIT

At the end of this fiscal year, EBIT amounted to 1,454 thousand euros, showing a particularly significant decrease from the previous year of 109,894 thousand euros (111,348 thousand euros in 2020).

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The decrease in the item, in addition to reflecting the negative impacts on EBITDA, was caused by the combined effect of higher amortization and depreciation incurred in fiscal year 2021, which increased by a total of 77,362 thousand euros, offset in part by lower write-downs of fixed assets and receivables included in Current Assets of 32,792 thousand euros. The increase in depreciation and amortization was driven by the Pharmaceutical business, where higher depreciation and amortization of 74,426 thousand euros was recorded, mainly due to the following:

- amortization of the Moment and Tachipirina trademarks of 45,556 thousand euros, which were revalued in the previous fiscal year for a total value of 820,000 thousand euros, the amortization of which, in accordance with applicable regulations, took effect from the beginning of fiscal year 2021;
- amortization of the Ontozry license of 33,836 thousand euros, including the consolidation difference for the acquisition of the Arvelle Group of 20,744 thousand euros;

- increased amortization of the ThermaCare trademark of 3,277 thousand euros, acquired from Angelini Pharma S.p.A. on March 30, 2020 and therefore only partially amortized in the previous year.

There were no significant changes in depreciation and amortization in the other businesses in which Group companies operate.

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EARNINGS BEFORE TAXES

At the end of FY 2021, the Angelini Industries Group recorded pre-tax profit of 125,632 thousand euros, down by 34,274 thousand euros on the previous year (159,906 thousand euros at December 31, 2020), mainly thanks to the extraordinary results achieved by financial operations, of 159,455 thousand euros (59,930 thousand euros at the close of the previous year), partly offset by the impairment applied to the values of financial assets for 35,277 thousand euros (11,372 thousand euros at end 2020).

The increase in the adjustments made to financial assets of 23,905 thousand euros was mainly due to the write-downs applied by Angelini Holding S.p.A. to current financial assets included in its portfolio. Of particular note are the write-downs made to the Moderna shares, amounting to 11,738 thousand euros, to Denali Therapeutics Inc. shares, amounting to 1,075 thousand euros, to Seres Therapeutics shares, amounting to 1,145 thousand euros, and finally to the value of bonds in the portfolio,

amounting to 1,761 thousand euros.

With reference to Angelini Investments S.r.l., a write-down of 9,056 thousand euros was made to the equity investment in Unicredit S.p.A. held by the Company.

Similarly, financial income is also mainly due to the investment activities conducted by Angelini Holding S.p.A. and Angelini Investments S.r.l., which generated 95,276 thousand euros more financial income than the previous year. Of particular note is the income earned by Angelini Holding S.p.A. of 64,439 thousand euros from dividends of 64,439 thousand euros on the investment in Flagship IV and from the sale by Angelini Investments S.r.l. of its equity investment in Club Tre S.p.A., on which a capital gain of 35,269 thousand euros was realized.

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NET PROFIT

The Group reported a Net Profit of 96,666 thousand euros, down 34,195 thousand euros from the previous year.

Taxes were 28,966 thousand euros, essentially in line with the 29,045 thousand euros recorded in the previous year.

Finally, the main profitability ratios are shown with a comparison to the values for the previous year:

ECONOMIC RATIOS

	2021	PREVIOUS YEAR
ROE (Net Financial Result/two years average Equity)	3.37%	5.55%
ROI (EBIT/Total Assets)	0.03%	2.68%
ROS (EBIT/Net turnover)	0.08%	6.55%

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BALANCE SHEET

Below is the Consolidated Balance Sheet as of December 31, 2021, reclassified according to financial criteria:

BALANCE SHEET ASSETS			BALANCE SHEET LIABILITIES		
<i>(Thousands of euros)</i>					
	2021	2020		2021	2020
TOTAL CURRENT ASSETS	2,074,747	2,352,896			
Cash and cash equivalents	505,291	1,079,869	Current liabilities	704,005	682,302
Receivables	1,280,554	984,547	Non-current liabilities	560,675	589,652
Inventory	288,902	288,480	Provisions	85,710	79,029
TOTAL FIXED ASSETS	2,197,842	1,808,197	Equity	2,922,199	2,810,110
Intangible assets	1,502,113	1,117,817			
Tangible assets	403,782	427,209			
Financial assets	291,947	263,171			
TOTAL INVESTMENTS	4,272,589	4,161,093	INVESTMENTS SOURCES	4,272,589	4,161,093

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Overall, with reference to the Group's financial structure, we note, as in previous years, an optimal ratio of short-term assets to short-term liabilities and of medium-to-long-term sources of financing and uses.

Immediate cash and cash equivalents recorded a decrease at the end of fiscal year 2021 compared to the previous period of 574,578 thousand euros, resulting largely from the use of cash for the acquisition of the Arvelle Group and the greater need for cash by the Parent Company Angelini Finanziaria S.p.A., net of cash generation for the year.

Deferred cash and cash equivalents showed an increase over the previous year of 296,007 thousand euros, mainly due to an increase in cash pooling receivables from the Parent Company Angelini Finanziaria S.p.A., partially offset by the sale of securities in the portfolio.

Both inventories and trade receivables were substantially in line with the values of the previous year, with a slight decrease in the latter, while there was an increase in receivables from Group companies not

included in the scope of consolidation of 54,470 thousand euros, mainly from Arvelle Therapeutics Netherlands B.V.

As of December 31, 2021, fixed assets presented a significant increase of 389,645 thousand euros compared to the previous year. The change is mainly due to the increase of intangible fixed assets, which rise by 384,296 thousand euros on the previous period, mainly due to the entry of the company Arvelle Therapeutics International G.m.b.H. into the consolidation area, operating in the Pharmaceutical business and owner of the Ontozry license for a value that, gross of amortization, is 482,137 thousand euros.

In addition to this increase, long-term financial investments increased by 28,776 thousand euros, driven by the increase in financial investments in other companies recorded by Angelini Pharma Ventures S.r.l. and Angelini Investments S.r.l., as well as by the increase resulting from the new Subsidiaries established during the year, but not consolidated as of December 31, 2021. The increases described above were partially offset by the decrease

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in tangible assets of 23,427 thousand euros, mainly as a result of several real estate disposals carried out as well as depreciation charges accrued during fiscal year 2021. Current liabilities increased by 21,703 thousand euros, mainly due to an increase in accounts payable to suppliers and Subsidiaries of 90,887 thousand euros and decreases in other payables of 11,674 thousand euros and in accounts payable to the Parent Company of 61,544 thousand euros.

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Non-current liabilities, to which the Group's payables beyond one year contribute, show a decrease of 28,977 thousand euros, mainly due to the decrease in payables to credit institutions that characterized the Consumer Goods business and the lower accrual of the substitute tax on the revaluation of trademarks in the Pharma business.

Finally, the change in Shareholders' Equity mainly refers to the Group's consolidated net profit for the year and the revaluation reserve recorded during the year by Fameccanica Data S.p.A. in relation to the revaluation of industrial patents.

The main balance sheet ratios, compared with the values for the previous year, are shown below:

ASSET STRUCTURE RATIOS

(Thousands of euros)

	2021	2020
Primary structure margin (Equity-Total Fixed Assets)	724,357.00	1,001,913.00
Primary structure quotient (Equity/Total Fixed Assets)	1.33	1.55
Secondary structure margin (Equity+Liabilities LT)-Total Fixed Assets	1,370,742.00	1,670,594.00
Secondary structure quotient (Equity+Liabilities LT)/Total Fixed Assets	1.62	1.92
Financial autonomy ratio (Equity/Total Assets)	0.68	0.68
Ratio of debt (Liabilities LT+Payables ST)/Equity	0.46	0.48

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ROTATION RATIOS

	2021	2020
Inventory rotation (net turnover/inventory)	5.97	5.89
Current Assets rotation (Net turnover/Current Assets)	0.83	0.72
Investments rotation (Net turnover/Total Assets)	0.40	0.41

The analysis of the balance sheet ratios shown in the tables above denotes an optimal Group balance sheet equilibrium, as also seen in the previous year. The trend expressed by each KPI highlights the effective correlation between short-term assets and liabilities and between funding sources and medium-to-long-term uses. Despite the reduction in the primary and secondary structure margin due to the changes in equity described above, there were no critical issues in inventory turnover and working capital.

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FINANCIAL MANAGEMENT

Below is a table detailing the Group's Net Financial Position as of December 31, 2021 (amounts in thousands of euros):

NET FINANCIAL POSITION
(Thousands of euros)

	2021	2020	DIFFERENCES
Cash on hand	89	90	(1)
Bank and postal current accounts	505,202	1,079,779	(574,577)
Securities and derivative financial instruments	323,106	464,990	(141,884)
a) Cash and cash equivalents	828,397	1,544,859	(716,462)
b) Current financial receivables	387,195	563	386,632
c) Non-current financial receivables	0	0	0
Current bank liabilities	50,497	46,449	4,048
Other current financial debts	3,882	50,462	(46,580)
d) Current financial liabilities	54,379	96,911	(42,532)
e) Current net financial position (a+b+c-d)	1,161,213	1,448,511	(287,298)
Non-current bank liabilities	551,178	570,593	(19,415)
Other non-current financial debt	0	0	0
f) Non-current financial liabilities	551,178	570,593	(19,415)
NET FINANCIAL POSITION (e-f)	610,035	877,918	(267,883)

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As can be seen from the figures and their composition, the Group's Net Financial Position declined 267,883 thousand euros compared to the previous year.

Despite the decrease during the year, there is no risk to the Group's solidity and solvency in view of its positive overall net financial position. In fact, the change in Net Financial Position is mainly due to the acquisition of the Arvelle Therapeutics Group, and the significant transfer of cash to the Parent Company Angelini Finanziaria S.p.A., which simultaneously generated an increase in current financial receivables for cash pooling from the Parent Company of 386,139 thousand euros.

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R&D activities and investments

In the Pharmaceutical business, during the fiscal year the R&D activity continued, conducted by the in-house structure with the use of highly qualified instrumentation and equipment, a specialized staff of 188, in addition to other costs of external organizations, also including consultants of an international level, for a total investment of about 9% of sales to third parties. Research in the specialty area is increasingly enriched by the opportunities offered by digitalization and the focus on finding innovative solutions for the management of complex diseases that negatively impact patients' lives. In the area of technology and within the funded project "Marche Biobank", research activity continued on the use of 3D printing for the preparation of pharmaceutical forms for pediatric and personalized use. The OTC area saw strong efforts, reflecting a constantly increasing focus on the health and well-being of the population and a commitment to providing quality solutions, products and services in line with the needs of increasingly aware and informed consumers, taking an

active role in making choices for their health and well-being. In particular, there was an increase in initiatives relating to the historical products in the company's portfolio to render them increasingly competitive with products on the market and attractive to healthcare professionals and consumers by generating new scientific evidence both through international clinical trials and by delving into their mechanism of action, where not yet fully explored. At the same time, digital events were held that, by recruiting a wide audience of both medical specialists and pharmacists, continued the work of consolidating current knowledge, focusing on their lesser-known features. In self-medication products similar initiatives were undertaken for the new heated bandage, with the aim of giving the product a company image distinct from the past and of developing new products that meet the needs of an increasingly demanding clientele in terms of both bandage design and scope of application in various areas of the body.



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In addition, in order to maintain the leading position in heat treatment, clinical studies were conducted to expand the currently available data on the efficacy and safety performance of the device. Furthermore, an awareness-raising strategy was developed for the importance of heat therapy involving a network of international experts to strengthen its role as an appropriate therapeutic tool in treating patients with musculoskeletal pain, while also offering constant support to pharmacists in their role in providing advice and guidance in citizens' health journeys and to pharmacies as the first local health care providers.

Work also continued on developing new pharmaceutical forms to complement those currently on the market to improve patient compliance through optimizations of taste or ease of taking the drug. Finally, new scientific collaboration activities began with other private

and academic research centers, university and hospital institutes, both in Italy and internationally, to prepare new development plans with the ultimate goal of launching new products in 2021-2024.

In 2021 Angelini Pharma S.p.A. – including through its investee Angelini Pharma Ventures S.p.A. – launched a wide range of initiatives related to open innovation: holdings in the start-up incubator Argobio, Angelini Lumira Biosciences (ALBF), Lumira Ventures IV L.P. and Pretzel Therapeutics Inc.

These initiatives confirm how Angelini Pharma is looking with growing interest at the innovation ecosystem with a specific goal: to become an important partner to start-ups, to actively participate in the growth of the sector, and, in the long term, to identify new health solutions to serve patients, their families and the players involved in the care process.

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There are three parts to the open innovation process:

- 1.** on the level of technical expertise, there is constant interaction with a team of external experts that is an integral part of the medical department;
- 2.** internal projects are managed through external research companies and academic centers of excellence, which, under the coordination of the medical department, carry out the experimental work;
- 3.** the pipeline is fed with new projects from the outside, and a dedicated team scouts start-ups around the world.

In the Consumer Goods business, the research and development activities of Fater S.p.A extended to the following areas: hygienic-sanitary products, for which Procter & Gamble Company, which holds a 50% interest in the Company, continued, through its research facilities, to provide its knowledge and

technological updates, with the exception of research on aids for severe incontinence, which was conducted internally; that relating to bleach, detergents, laundry additives, household cleaning products and hard surfaces, managed by an internal structure; and finally, that relating to the area of environmental sustainability.

In the Industrial Technology business, research and development activities continued, mainly dedicated to:

- 1.** reengineering the existing product platform;
- 2.** reducing the environmental impact of sanitary pad products, including through a project co-funded by the European Community;
- 3.** developing platforms for the production of water-soluble products for sustainable packaging;
- 4.** implementing robotic solutions for factory automation;

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5. developing digital solutions based on digital intelligence.

The strategic direction taken in 2020 will be confirmed in the coming years: research and development activities will continue to focus mainly on design-to-cost and the development of innovative technologies that will allow entry into market sectors adjacent to those currently served.

To protect and increase intellectual property assets, 85 new patent applications were filed in the past year, achieving Italy's top ranking according to the European Patent Office (EPO).

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Investments in human capital and occupational safety

In 2021 the Pharmaceutical business, and specifically Angelini Pharma S.p.A., saw, from an organizational point of view, the gradual consolidation of the organizational structures created in 2020 and a new organization of Italy into three business units and, within the Prescription Medicines BU, an organization by franchises dedicated to specific therapeutic areas. The headcount as of December 31, 2021 was 1,546 in Italy, with an average age of 46 years and a gender breakdown of 42% female vs 58% male.

The population is concentrated in the Industrial Operations Department (Ancona, Aprilia and Casella sites) and Italy (Ancona, Rome and field force sites).

In 2021, 86 people were hired, 65% of whom were on permanent contracts, and 48% of whom were women.

The Global HR & Organization department identified four pillars of its strategic imperative "Become an Employer of Choice":

1. Engagement: development of an inclusive culture, based on a two-way dialogue, that fosters the motivated involvement of its people, so that they feel they are at the forefront of organizational life, right from the decision-making stages.
2. Attractiveness: continuous improvement of working conditions and environment to be recognized as an employer of choice by talented individuals present in all geographical areas of its target market.
3. Leadership and Development: new processes and programs functional to identifying, enhancing and developing the potential of all its people (Core Behaviors, Performance Management, Talent Identification, Talent Management, Development and Learning).
4. Total Rewarding: Angelini Pharma studied modern rewarding systems to implement a model that is flexible (adapted to the different needs of different population segments and nationalities) and comprehensive (placing

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numerous people care activities alongside the classic component dimensions of remuneration).

Some of the commitments completed over the past two years include:

- Flexible Working: integration of flexible work as prescribed by law even after the end of the state of crisis;
- Global Opinion Surveys: a recurring program of listening to and valuing people's needs, consisting of four occasions repeated cyclically involving 100% of the corporate population: collecting feedback, sharing results, jointly constructing action plans to support the required changes and implementing and monitoring the action plans;
- Shadow Board: a group of talented young people under 30, renewed annually following a selective, internationally managed nomination process with the opportunity to contribute to formulating action plans to implement

strategic lines, representing the younger generation in the design phase of the future organization;

- Top Employers Europe Certification: Angelini Pharma invests resources and pays close attention to market needs and trends, studying the best practices of other companies and readjusting its internal processes. Continuous improvement work is ongoing, resulting in increased assessment outcomes underlying Top Employer certification. Certified countries to date are Italy, Spain, Portugal, Poland, Turkey, Russia, Germany and Romania;
- Market Intelligence and Candidate Experience: Angelini Pharma began a process of revisiting and innovating processes and tools to support its recruitment and selection processes, with the ultimate goal of readjusting its strategies to talent market trends, while also improving the candidate experience by caring for candidates with the same values and levels of

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commitment invested in its people. Angelini Pharma also uses observation and survey tools to collect feedback from candidates on their selection experience for this purpose;

- Key Positions Map and Succession Planning: to complement the process of reviewing the weighting of its business positions, Angelini Pharma annually engages all business leaders, from staff functions and international markets, to review the organization in terms of key positions, retention risk of current role-holders, internal succession plans and identification of development plans to support the preparation of successors for succession. In addition to a crucial role in preventing possible business disruption phenomena, this process is key to fueling organizational dynamism, including by increasing internal development opportunities for Angelini Pharma's people;
- Talent Management and Career Development: Angelini Pharma redesigned processes and

tools for identifying the most talented people, with the twofold aim of: a) enhancing the potential of all people in the organization and b) offering management and development processes functional to retention and career advancement to relevant target positions, with reference to the Angelini Industries Group's entire professional ecosystem. Angelini Pharma is also working on strengthening internal mobility (national and international, corporate and inter-company), in terms of both culture and processes;

- Revised Performance Management: with the aim of placing HR processes in support of the strategic imperatives and fostering the development of the leadership style deemed functional to their implementation, the performance review process was innovated through the integration of three new components: a) the assessment of core behaviors, b) the formalization and sharing of aspirations for the future (in terms of growth

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in the broadest sense, but also career), and c) reflection on the behaviors underlying the learning agility required to embrace and enable change. The changes introduced were shared and metabolized with the support of numerous training and coaching activities, aimed primarily at people-managers, but also at the remaining part of the population impacted by the new process;

- Angelini Academy and My Development Garden: two integrated programs for the development of talent, senior leaders and all Angelini Pharma people. The prestigious initiatives of the Angelini Academy were even further enhanced with a view to developing and caring for the Company's key people. To complement this, a development and coaching program targeting the entire Angelini Pharma corporate population was designed and implemented. Its training objectives were inferred from an integrated needs analysis at the conclusion

of the programs: Aptitude Journey, Global Surveys, Performance Management and Talent Assessment.

- Adaptive Total Rewarding Model: the traditional pay model, which provided a standard approach that applied to everyone, has been superseded by the implementation of a dynamic model that serves the peculiarities of local markets, the most critical professional families (for example the medical area professional family) and different segments of the population (e.g. talents). New MBO and LTI policies (including overachievement and multipliers) were introduced, and the offer to the employee was completed by a series of services in the people care area, designed in keeping with the peculiar historical moment (special needs related to the pandemic situation) and the needs expressed by the employees in opinion surveys;
- Diversity & Inclusion: with the appointment

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of a D&I Manager, the journey towards inclusiveness and meritocracy, with particular regard to gender balance and gender equality, continues. Women working at Angelini Pharma in Italy account for 42% of the company's population. Compared with the international figure (48%), the percentage is lower because there are manufacturing plants in Italy that employ mainly men (women account for 18%). In fact, when analyzing Italy (sales division) alone, the percentage of women employed rises to 50%. Moreover, considering Italy alone, in recent years (2018-2021) the percentage of female people managers has increased from 30 to 34%. The company aims to mitigate any disparities in personnel selection and internal career prospects. An initial, positive effect in this regard was that we were able to erase the gender pay gap that still existed among Italian female colleagues. In the Wine business, Angelini Wines & Estates launched a virtual tour program in the first half

of the year for the three Tuscan estates and the Castelplanio and Monte Roberto sites located in the Marche region to improve prevention and protection of workers, including through the successful implementation of the same project at the Grezzana site. At the conclusion of the project, a public grant dedicated to safety in the workplace is to be obtained.

In the Consumer Goods business, Fater S.p.A. implemented integrative policies for the management of personnel and company premises, particularly in the areas of sanitization and hygiene of premises, use of smart working, regulation of travel and access, and all precautionary behavioral measures dictated by regulations. Plant operations went uninterrupted, ensuring the continuation of activities necessary to support essential supply chains, in addition to administrative activities. A number of projects were carried out to improve safety standards for workers and company facilities, improve the fire and water

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treatment system, and upgrade flood protection near the river. In health and safety, ISO EN 45001 certification was confirmed for Pescara, Campochiaro (CB) and Spoltore (PE). In quality, ISO 9001 certifications were confirmed for Pescara, Campochiaro (CB) and Spoltore (PE), as well as ISO 13485 and PEFC for Pescara and Spoltore.

The company did not apply for redundancy benefits and did not take advantage of economic and financial facilities related to the current emergency.

Significant investments in training were made during the year in the Industrial Technology business by Fameccanica Data S.p.A. In 2021, 21,885 hours of training were provided to ensure the updating and enhancement of technical and professional skills and the development of managerial and relational skills, including through the Angelini Academy training range, promoted by Angelini Holding S.p.A., through collaboration with leading national

and international business schools. Looking forward, the pillars of training will cover:

- widespread digital skills;
- managerial skills in managing employees, inspired by the Angelini Industries Group leadership model and values;
- advanced and collaborative robotics;
- Smart factories.



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ESG activities and investments

With regard to the governance and compliance of companies in the Pharmaceutical business, it should be noted in particular that as of April 28, 2006 Angelini Pharma S.p.A. Adopted an Organization, Management and Control Model, pursuant to Legislative Decree 231/2001 (“the Model”). The Model includes a General part and several Special parts related to the predicate offenses, and is in addition to the Code of Ethics of the Angelini Industries Group. The Model has been updated over time in relation to the introduction of new predicate offenses by resolutions of the Board of Directors and most recently on February 10, 2022. To verify the effective, proper functioning of the Model, the Board of Directors of Angelini Pharma S.p.A. appointed the Supervisory Body (SB), composed of a chairman and two external members. The SB reports semi-annually to the Board of Directors on its activities. In view of a) the life science sector, b) the transnational context in which it operates, and c) in line with the growing

global compliance needs, a Global Compliance function was created, currently included in Legal, whose head was appointed Global Compliance Head.

The Global Compliance Function has created a Compliance Program consisting of, among other things, a) the basic Compliance Policies, b) other relevant policies and procedures, and c) a Compliance Committee aimed at ensuring compliance, domestically and internationally, with regulations pertaining to anti-bribery protection areas. Since January 2020, therefore, the Global Compliance Function has been dedicated to implementing the Compliance program approved by the Executive Leadership Team, with the reinforcement, where necessary, of existing policies and control procedures, training for Group employees in the subjects in scope, as well as a channel for whistleblowing, i.e., reporting of possible policy violations, assisted by guaranteed anonymity for the whistleblower.

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The Global Compliance Function regularly attends the meetings of the SB, in addition to meeting with the various bodies, including the Board of Statutory Auditors, the Audit and Risk functions, as well as the Management concerned from time to time. Angelini Pharma S.p.A. believes in the need to ensure, spread and consolidate a culture of fairness, integrity and transparency in the conduct of its activities and towards all its stakeholders. Italian and EU regulations on the administrative liability of entities (Legislative Decree 231/2001), antitrust (in Italy, in addition to EU regulations, Law 287 of October 10, 1990) and privacy (EU Regulation 2016/679, Legislative Decree 196/2003 and Legislative Decree 101/2018) are increasingly rigorous. In this context, Angelini Pharma has endorsed a Group Code of Ethics which establishes the principles to which the Company’s conduct must conform and has issued policies aimed at globally harmonizing standards on Anti-

Corruption, Conflict of Interest, Transparency, Relations with Doctors and Healthcare Professionals and Whistleblowing (pursuant to Law 179 of November 30, 2017). Angelini Pharma S.p.A. adopts, in Italy and at its affiliates, the highest ethical and deontological standards dictated by the EFPIA (European Federation of Pharmaceutical Industries and Association) at the European level and by Confindustria and Farindustria at the Italian domestic level. The goal is to ensure integrity and transparency in interactions with various stakeholders, be they healthcare providers, healthcare organizations, public officials, public service officers or public agencies. The management system for pharmaceutical detailing processes consists of procedures that ensure strict compliance with the principles and regulations governing the field. The medical detailing management system includes a verification process by an independent

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accredited certification body, which, if passed, results in the award of a certificate of compliance. Angelini Pharma S.p.A. also obtained this certificate for the current year, demonstrating the full compliance of the company's processes with industry regulations. The Global Legal and Compliance Department, together with Angelini Pharma's Data Protection Officer, carries out business process mapping activities and analysis of new initiatives in order to ensure compliance with these regulations. In addition, training activities are carried out for corporate personnel and supervision is provided to ensure proper conduct by all functions in accordance with regulations.

The pharmaceutical industry has faced several reputational challenges over the years and there has been an ongoing debate about its role in society. The health challenge imposed by the coronavirus offered the industry a unique opportunity to restore its image. In this context, Angelini Pharma aims to represent in the

European pharmaceutical scenario an example of a resilient, innovative company, capable of looking to the future thanks to deep, authentic values rooted in the family group's history. An expression of this vocation is the new tagline: "Every step closer." Like previous generations, the new Angelini Pharma is taking another step closer to its goal of becoming a European leader in treatments for brain health and rare diseases. A journey made of steps forward, bringing the Company closer to the goal that can only be achieved by involving and inspiring its communities: colleagues, patients, institutions, scientific societies, working together to ensure the future of healthcare.

The recent pandemic scenario has certainly contributed to sharpening the social perception of health as a priority and the need to effectively prevent and manage crises that impact it. In this context, climate change is one of the major challenges facing our society, and one that companies – especially those in the healthcare

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sector – cannot ignore.

Angelini Pharma is committed to environmental sustainability along three main lines of action: 1) reduction of consumption and use of renewable energy sources; 2) mitigation of its environmental impact in terms of production, supply and distribution of its products; and, finally, 3) commitment to a positive community footprint by improving the quality of the environment that hosts its production facilities.

1. Reduce energy consumption:

In 2021 Angelini Pharma continued to significantly reduce energy consumption through two strategies: energy conservation and the use of renewable sources. In terms of energy savings, measured in tons of oil equivalent (TOE), in the first six months of 2021 the energy saved amounted to 151 TOE, making it reasonable to forecast further savings in the full year 2021.

Regarding the use of renewable sources, self-generated energy amounted to 8,400,000

kWh in the first half of 2021. Again, the full-year projection could lead to an increase in cogenerated energy use.

2. Reduce and qualify the environmental impact of production, supply and distribution:

Efforts to qualify production, supply, and distribution with a view to reducing environmental impact covered various operations and related effects. A first area of activity was reducing emissions. Measures ranging from the introduction of refrigerators with optimized climate curves to the installation of air treatment systems (heating, ventilation, and air conditioning) were taken in manufacturing plants to minimize the energy used for space heating and maximize heat recovery through cogeneration. This reduced the CO₂ emissions of production sites by more than 1,000 tons per year. To assess the magnitude of this effect, it should be kept in mind that in 2020 the Company emitted 16,846 tons of CO₂.

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Other measures were taken with direct reference to the production process. Particularly for the Ancona plant, these were digitalization processes, the establishment of raw material purchasing standards, maintenance activities and the re-engineering of logistics. In digitalization processes, the number of sheets printed was reduced by about 1,700,000 pages per year.

Another line of action is to reduce waste from production process. These measures include prevention at source, decreasing the amount of plastic, paper and steel waste, material recycling, and recovery of production waste. Of course, the results of these measures must be evaluated in light of the quantity and mix of products. In any case, the data show a downward trend.

3. Improve the quality of the environment of the areas hosting the factories:

The quality of an area's environment depends on a variety of factors. For some of time, effects

of the presence of Angelini Pharma plants may be recorded. The first of these is the availability of greenery in the vicinity of the plants. In fact, 42% of the total surface of Aprilia's industrial area, 34% of Ancona's industrial area and 32% of Casella's industrial area is equipped with green space. The total green space area at the three plants is around 126,400 square meters.

With regard to air quality, a specific analysis is available in the plants regarding the Casella plant. It shows that the measurements made by the regional authorities and dating back to 2018 do not record exceedances of the alert thresholds for the different components analyzed (SO₂, NO₂, PM10, CO, C₆H₆, benzo(a)pyrene, metals and O₃).

Another important factor to an area's environmental quality is the energy saved by factories in their production activities.

In this regard, aggregate data on factory energy consumption is available: there was a slight increase between 2019 and 2020, from

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28,311,216 to 28,853,166 kWh. Energy generated from renewable sources (photovoltaics and cogeneration) amounted to 9,146,312 kWh at the Ancona plant and 5,860,563 kWh at the Aprilia plant, while the Casella plant has not activated self-generation technologies. The general figure, given above, showing that about half of the energy used by factories is self-generated, remains current.

Water consumption was reduced from 113,896 m³ in 2018 to an estimated 88,896 m³ in 2021. In order not to burden public water resources, the Aprilia plant is largely supplied using well water. Angelini Pharma acts with integrity, trust, respect, and transparency and aims to be a key player in Europe in the field of mental health, central nervous system disorders and rare diseases, developing and offering people with diseases and their loved ones innovative medicines and health solutions to improve their quality of life.

In this context, Angelini Pharma is committed

to listening to and accommodating the experiences of patients in the management of the diseases from which they suffer, in order to identify and acknowledge unmet needs on which to focus its efforts. Indeed, it is through open, transparent dialog between patients and industry that therapeutic alternatives and health solutions can be improved and customized.

In addition, by supporting patient associations, Angelini Pharma enables the implementation of initiatives aimed at spreading a culture of awareness and prevention, while also pursuing educational purposes and promoting social well-being.

Angelini Pharma is a member of Farmindustria (a member of EFPIA) and therefore required to comply with its transparency obligation by publishing the list of supported patient associations in line with local laws, regulations, professional requirements and industry codes. In 2021, the main activities promoted by

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Angelini Pharma in patient advocacy were aimed at listening to feedback in the field of epilepsy, a therapeutic area the Company entered at the beginning of the year with the acquisition of Arvelle Therapeutics, a Swiss biopharmaceutical company focused on bringing the cenobamate molecule to people with uncontrolled epilepsy in Europe. The company's first step was to conduct research into the burden of disease of epilepsy in Europe, interviewing the presidents of three patient associations in Italy, Spain and the United Kingdom: Giovanni Battista Pesce (AICE, Italian Association against Epilepsy), Richard Chapman (Epilepsy Action UK) and José Dominguez (FEDE, Federación Española de Epilepsia). In particular, the interviews allowed us to investigate the condition of people with epilepsy in the three countries, initiating an initial phase of identifying their unmet needs and building relationships of trust and dialog. Angelini Pharma also created and promoted

Nodes, a three-episode podcast to give voice to the stories of patients with mental and neurological disorders and the often hidden or underreported stories of their caregivers. Narrated by Andrea Delogu, a writer and radio and TV host, and produced by Chora Media, a company founded and managed by Mario Calabresi, Nodi brought to light the stories of Stefania Buoni – caregiver of two mentally ill parents and founder of COMIP, an association for children of parents with mental disorders; Marta, the mother of Mattia, a six-year-old boy with epilepsy; and Donato, a young man with schizophrenia and a social worker. Finally, Angelini Pharma reactivated the Headway 2023 project, an annual initiative launched in October 2017 in collaboration with The European House – Ambrosetti. Headway is a multidisciplinary platform for strategic reflection, analysis, dialog and discussion between different European experiences in the management of individuals with mental

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disorders. The goal of the project in 2021 was to continue the work begun, to share knowledge and know-how to find solutions to reduce the burden of mental disorders, not only in healthcare sectors, but also in workplaces, schools and society at large. The initiative is in line with the trajectory of the programs, activities and strategies of governments and international organizations, as well as European institutions. The urgency to need to further improve the mental well-being of the European population, exacerbated by the pandemic contingency, is supported by recent OECD studies, which estimate the high total costs of managing and caring for those suffering from mental illness at more than 4% of GDP (more than 600 billion euros). On the occasion of World Mental Health Day, celebrated annually on October 10, in 2021, The European House Ambrosetti and Angelini Pharma then presented data from the study “Headway 2023 - Mental Health Index”, a

multidimensional snapshot containing available data on mental health in the 27 EU countries and the United Kingdom, as well as responses from health and social systems, including school and work. The purpose of the shared action, encapsulated in the index, is to reduce the burden of mental disorders and design a new mental health roadmap in Europe. This challenge will be met and overcome through initiatives that implement intervention dynamics to identify and manage risk factors and enable recognition of critical situations before they become pathological. New solutions, appropriate, organized support and the promotion of lifestyles that enable everyone to regain mental well-being. In the Consumer Goods business, Fater S.p.A. continued in FY 2021 to put in place all the necessary initiatives to improve the environmental impact of its products and the activities required to produce them, while

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always operating in full compliance with applicable laws.

In this area, the company conducts:

- continuous atmospheric emission monitoring for the cogeneration plant with an alarm system triggered in the event of a malfunction;
- annual monitoring of aerial emissions from the authorized smokestacks within the QRE (emissions summary table);
- sampling and chemical analysis of stormwater and wastewater;
- periodic monitoring of noise pollution produced by its industrial site;
- separate collection of its waste from offices located in municipalities that allow this mode of waste management.

In the environmental field, EMAS accreditation was confirmed for Pescara and Campochiaro (CB), along with ISO 14001 certification for Pescara, Campochiaro (CB) and Spoltore (PE). Finally, ISO EN 50001 certification was confirmed on the sustainable use of electricity at the production plant in Pescara.

In the Industrial Technology business, sustainability also takes the form of reducing harmful impacts on the ecosystem and community in which Fameccanica Data S.p.A. operates. For example, in FY 2021 the Sustainable Click initiative was introduced, involving the replacement and gradual distribution to the corporate population of new PC models in which carbon fiber recovered in the design is used for the first time, along with 21% plant-based bioplastics based on tall oil recovered from the paper production process. According to the manufacturer, the manufacturing process also ensures a reduced carbon production, energy and water consumption footprint, yielding in a reduction in CO₂ emissions equal to 24.2 miles traveled, an energy savings capable of powering 5,564 homes for a year and enough water to fill 226 Olympic-size swimming pools.

In 2021 Fameccanica Data S.p.A. joined the circular economy project “Ri-Vending”, in cooperation with the vending machines supplier partner. This project aims to recover

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plastic cups and plastic pallets (PET materials), achieving 150% optimization of collection volume compared to usual volumes. The company’s vending machines also feature cups with a new formulation (hybrid), which, according to the manufacturer, through its Life Cycle Assessment, is associated with a lower environmental impact in terms of CO₂ emissions than the traditional vending cup and a 25% reduction in emissions compared to the traditional product, corresponding to 3.9 g of CO₂ per each cup.

It is also of crucial importance for Fameccanica Data S.p.A. to respect the social fabric and communities in which it operates. Among its initiatives, the Company joined the Municipality of Chieti’s Guaranteed Mobility project, carried out in partnership with Benefit PMG Italia, targeting needy categories of people. The initiative puts on the road vehicles transformed and equipped to carry out free transportation service for disabled and elderly people with reduced mobility. In addition, it offers a range of dedicated services, such as transportation

to and from educational institutions and comprehensive assistance for the elderly in their daily needs: support in going to the grocery store or pharmacy and pension collection.

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Company risk management

CREDIT RISK

Credit risk – which to date has not produced significant effects – is closely linked to the condition of liquidity in the reference markets, together with the evolution of the macroeconomic environment, which could result in potential insolvencies arising from the failure of customers to fulfill their contractual obligations.

This risk is constantly monitored through the customer creditworthiness assessment procedure, as well as through extensive coverage activated with leading insurance partners.

MARKET RISK (PHARMACEUTICAL BUSINESS)

The general conditions of both the domestic and international economies, levels of disposable

income and credit market conditions represent, for the business in which the Group operates, risks that can affect operating performance, especially through regulatory interventions that the governments of the countries served by the business may implement, to the detriment of margins.

To address these risks, even in difficult contexts such as the present, the Group takes all necessary actions to support the value of the product portfolio as recognized by the relevant markets.

MARKET RISK (CONSUMER GOODS BUSINESS)

This year some of Fater S.p.A.'s target markets – particularly those for baby care products and feminine hygiene protection – were once again affected by demographic factors that negatively impacted their size.

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In contrast, the market for household and laundry detergent products confirmed growth that continues to be supported by the health emergency related to the spread of the Covid-19 pandemic. This emergency, which has been affecting the international socio-economic and health fabric since January 2020, also resulted in the Company taking extraordinary business management measures during the fiscal year just ended in line with regulatory measures approved by the government.

There are no particular risk factors in credit and financial positions, which are being constantly monitored as the emergency continues.

MARKET RISK (INDUSTRIAL TECHNOLOGY BUSINESS)

Group companies operating in the Industrial Technology business must cope with the global shortage of raw materials that affected

the business as early as the end of this fiscal year. This phenomenon gave rise to, and will continue to give rise to, significant delays in the delivery time of finished products. Specifically, as a response to this critical issue, Fameccanica Data S.p.A. made advance purchases of components considered critical to the production process, minimizing the risk of discontinuity in supply chains. In fact, the recovery in industrial production recorded in FY2021, driven by the significant support from expansionary monetary and fiscal policies, contributed to a drastic increase in the need for raw materials, effectively exacerbating the problem associated with their procurement.

PRODUCT RISK (PHARMACEUTICAL BUSINESS)

The pharmaceutical sector in which the Group operates has an inherent risk related to the possible defectiveness/toxicity of products for

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which industry regulations would impose the possible withdrawal of batches from the market, up to, in the most serious cases, the withdrawal of the marketing authorization for the product. In addition to applying “good practices” aimed at monitoring and quality control of the entire production cycle and having adequate insurance coverage for product risk, the Group can count on the fact that a significant share of its sales is generated by drugs whose active ingredients are not newly discovered and are not considered risky from a pharmacopoeia perspective.

LIQUIDITY RISK

The Group has a positive Net Financial Position that provides protection from liquidity risk for all companies for which, through the zero balance cash pooling process, it can cope with any particular critical situations due to a momentary tightening of cash flow, whether

resulting from a contraction in demand or relating to the emergence of potential customer insolvencies.

FOREIGN EXCHANGE RISK

In its businesses the Group also operates in countries with currencies other than the euro and is therefore exposed to the risk associated with fluctuating exchange rates. Accordingly, in the case of significant exposures, the Company makes use of hedging transactions with the aim of nullifying any negative effects of exchange rate fluctuations.

EQUITY AND BOND MARKET RISK

In its liquidity management the Group makes investments in financial assets. Specifically, such investments are made in

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money market instruments characterized by a low degree of risk of volatility and loss of invested capital, alongside high liquidity to meet the Group’s future development investments. The potential risks associated with such a portfolio can be considered, as a percentage of overall cash invested, not high.

USE OF ESTIMATES

The preparation of financial statements, in application of accounting standards, requires the directors to make estimates and assumptions that may have an effect primarily on the values of revenues, expenses, fixed assets, receivables and inventory recognized in the financial statements, as well as on contingent assets and liabilities at the reporting date. Although assumptions and estimates are made according to principles of prudence and reasonableness, including appropriate

consideration of past experience, actual results may differ from these estimates. Indeed, the criticality inherent in such assessments is determined by the use of assumptions and/or professional judgments related to issues that are by their nature uncertain. Estimates and assumptions are reviewed periodically, and any changes in the conditions underlying the assumptions and judgments made may have a significant impact on the results for the year and subsequent years.

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Relationships with subsidiaries, affiliated, parent companies and companies controlled by parent companies

Transactions with companies belonging to the Group refer to transactions of a financial, commercial, and tax adjustment nature and are all concluded at arm's length.

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Business outlook

In 2021 the Group will continue to focus its attention on implementing the strategic guidelines provided by the shareholder, developing the actions to be taken to achieve the Group's objectives in order to achieve increasingly satisfactory consolidated results.

In financial management, the Group will continue to pay attention to the process of optimizing the use of liquidity through the centralized treasury, in order to support the industrial development of the Group in the long term.

Rome, May 30, 2022

for THE BOARD OF DIRECTORS

**(Vice Chairman and CEO)
Sergio Marullo di Condojanni**

Consolidated financial statements

02



CONSOLIDATED BALANCE SHEET

(Thousands of euros)

ASSETS	12.31.2021	12.31.2020
A) SUBSCRIBED CAPITAL UNPAID	0	0
B) FIXED ASSETS		
I) Intangible fixed assets		
1) start up and expansion costs	118	174
2) capitalised development costs	0	73
3) patents and rights	35,218	27,757
4) concessions, licenses, trademarks and similar rights	1,426,758	1,052,411
5) goodwill	26,052	24,529
6) intangible assets in progress and downpayments	13,183	12,066
7) other intangible assets	784	807
TOTAL	1,502,113	1,117,817
II) Tangible fixed assets		
1) land and buildings	218,698	232,432
2) plants and machinery	140,599	136,129
3) other fixtures and fittings, tools and equipment	4,468	4,075
4) other tangible assets	12,517	13,984
5) tangible assets in progress and downpayments	27,500	40,589
TOTAL	403,782	427,209
III) Financial fixed assets		
1) Equity investments in		
a) not consolidated subsidiary companies	17,857	4,875
b) affiliated companies	188	810
c) parent companies	0	0
d) associated companies	0	0
d-bis) other companies	256,843	242,400
TOTAL	274,888	248,085
2) Long-term loans receivable		
a) not consolidated subsidiary companies		
within 1 year	0	0
over 1 year	0	0
TOTAL	0	0
b) affiliated companies		
within 1 year	0	0
over 1 year	0	0
TOTAL	0	0
c) parent companies		
within 1 year	0	0
over 1 year	0	0
TOTAL	0	0
d) associated companies		
within 1 year	0	0
over 1 year	0	0
TOTAL	0	0
d-bis) other entities		
within 1 year	629	347
over 1 year	10,893	10,832
TOTAL	11,522	11,179
TOTAL 2)	11,522	11,179
3) Other investments fixed Assets	5,537	3,907
4) Derivatives	0	0
TOTAL	291,947	263,171
TOTAL FIXED ASSETS (B)	2,197,842	1,808,197

C) CURRENT ASSETS

I) INVENTORIES		
1) raw materials and consumables	78,075	62,801
2) work in progress and components	28,463	33,864
3) contracts in progress	24,091	24,947
4) finished products and goods for resale	156,048	163,599
5) downpayments	2,225	3,269
TOTAL	288,902	288,480
II) Trade receivables		
1) Trade receivables		
within 1 year	330,506	359,376
over 1 year	0	0
TOTAL	330,506	359,376
2) Receivables to subsidiary companies		
within 1 year	54,750	270
over 1 year	0	0
TOTAL	54,750	270
3) Receivables to affiliated companies		
within 1 year	4,166	612
over 1 year	0	0
TOTAL	4,166	612
4) Receivables to parent companies		
within 1 year	14,120	13,449
over 1 year	0	0
TOTAL	14,120	13,449
5) Receivables to associated companies		
within 1 year	56	36
over 1 year	0	0
TOTAL	56	36
5-bis) Tax receivables		
within 1 year	51,879	29,902
over 1 year	3,205	4,976
TOTAL	55,084	34,878
5-ter) Deferred tax assets		
within 1 year	69,164	69,818
over 1 year	1	1
TOTAL	69,165	69,819
5-quater) Other receivables		
within 1 year	27,844	26,897
over 1 year	3,773	24
TOTAL	31,617	26,921
TOTAL RECEIVABLES	559,464	505,361
III) Investments which are not permanent		
1) subsidiary companies	0	0
2) affiliated companies	0	0
3) parent companies	0	0
3-bis) associated companies	0	0
4) other companies	2,890	6,531
5) derivatives	5,733	202
6) other investments	314,483	458,257
7) financial receivables for cash pooling management		
a) subsidiary companies	1,056	563
b) affiliated companies	0	0
c) parent companies	386,139	0
d) associated companies	0	0
TOTAL	710,301	465,553
IV) Cash and cash equivalents		
1) bank and postal current accounts	505,202	1,079,779
2) cash on hand	89	90
TOTAL	505,291	1,079,869
TOTAL CURRENT ASSETS (C)	2,063,958	2,339,263
D) TOTAL PREPAID EXPENSES AND ACCRUED INCOME	10,789	13,633
TOTAL ASSETS	4,272,589	4,161,093

LIABILITIES (Thousands of euros)	12.31.2021	12.31.2020
A) EQUITY		
EQUITY OF GROUP		
I) Subscribed capital	3,000	3,000
II) Share premium account	458,698	458,698
III) Revaluation reserves	802,431	795,400
IV) Legal reserve	601	600
V) Reserves provided for by the articles of association	0	0
VI) Other reserves		
1) extraordinary reserve	78,789	78,789
2) consolidation reserve	62,098	62,098
3) currency translation reserve	(55,093)	(54,165)
4) other reserves	1,709,768	1,709,768
TOTAL	1,795,562	1,796,490
VII) Cash-flow hedge reserve	3,481	(4,162)
VIII) Retained earnings	(238,240)	(370,794)
IX) Profit (loss) for the financial period	96,666	130,887
X) Own shares reserve	0	0
TOTAL EQUITY OF GROUP	2,922,199	2,810,119
THIRD PARTY CAPITAL AND RESERVE		
Third party capital and reserve	0	17
Third party profit (loss) for the financial period	0	(26)
TOTAL THIRD PARTY CAPITAL AND RESERVE	0	(9)
TOTAL EQUITY (A)	2,922,199	2,810,110
B) PROVISIONS		
1) Provisions for pensions and similar obligations	2,094	2,078
2) Provisions for taxation	6,718	3,455
3) Derivative financial liabilities	9,302	9,124
4) Others provision for risks	50,171	46,228
TOTAL PROVISIONS (B)	68,285	60,885
C) EMPLOYEES' SEVERANCE INDEMNITY	17,425	18,144

D) DEBTS		
1) Debenture loans	0	0
TOTAL	0	0
2) Convertible debenture loans	0	0
TOTAL	0	0
3) Financial payables to Shareholders		
within 1 year	0	0
over 1 year	0	0
TOTAL	0	0
4) Payables to banks		
within 1 year	50,497	46,449
over 1 year	551,178	570,593
TOTAL	601,675	617,042
5) Payables to other financiers		
within 1 year	0	0
over 1 year	0	0
TOTAL	0	0
6) Advances received		
within 1 year	27,037	31,968
over 1 year	0	0
TOTAL	27,037	31,968
7) Payables to suppliers		
within 1 year	395,486	354,348
over 1 year	25	0
TOTAL	395,511	354,348
8) Debts represented by bills of exchange		
within 1 year	0	0
over 1 year	0	0
TOTAL	0	0
9) Payables to subsidiary companies		
within 1 year	50,291	567
over 1 year	0	0
TOTAL	50,291	567
10) Payables to affiliated companies		
within 1 year	482	1,047
over 1 year	0	0
TOTAL	482	1,047
11) Payables to parent companies		
within 1 year	34,161	94,101
over 1 year	0	0
TOTAL	34,161	94,101
11-bis) Payables to associated companies		
within 1 year	48	37
over 1 year	0	0
TOTAL	48	37
12) Tax payables		
within 1 year	35,414	37,622
over 1 year	8,200	16,400
TOTAL	43,614	54,022
13) Payables to Social Security institutions		
within 1 year	19,649	20,210
over 1 year	0	0
TOTAL	19,649	20,210
14) Other payables		
within 1 year	85,886	88,095
over 1 year	1,272	2,659
TOTAL	87,158	90,754
TOTAL DEBTS (D)	1,259,626	1,264,096
E) ACCRUED EXPENSES AND DEFERRED INCOMES	5,054	7,858
TOTAL LIABILITIES	4,272,589	4,161,093

CONSOLIDATED INCOME STATEMENT

(Thousands of euros)

	12.31.2021	12.31.2020
A) VALUE OF PRODUCTION		
1) Net turnover from sales and services	1,725,224	1,699,471
2) Variation in stocks of finished goods and in work in progress	(3,339)	1,400
3) Variation in contracts in progress	(1,181)	5,074
4) Work performed for own purposes and capitalised	633	4,465
5) Other revenues and income		
a) government grants	9,057	10,604
b) others	55,912	38,420
TOTAL 5)	64,969	49,024
TOTAL VALUE OF PRODUCTION (A)	1,786,306	1,759,434
B) PRODUCTION COSTS		
6) For raw materials, consumables and goods for sale	549,465	580,193
7) For services	591,007	526,201
8) For use of assets owned by others	45,003	41,594
9) For staff costs		
a) wages and salaries	251,759	240,629
b) social security costs	72,999	68,746
c) provision for severance indemnity	12,147	11,651
d) pension costs	6,525	815
e) other costs relating to staff	27,562	21,083
TOTAL 9)	370,992	342,924
10) Depreciation, amortization and other value adjustments		
a) depreciation of intangible assets	132,797	59,826
b) depreciation of tangible assets	43,486	39,095
c) fixed assets write-downs	1,707	33,116
d) allowance for doubtful debtors included in current assets and other accounts included in cash at bank and on hand	1,158	2,541
TOTAL 10)	179,148	134,578
11) Variations in stock of raw materials, consumables and goods for resale	(851)	(33,703)
12) Amounts provided for risk provisions	3,708	11,295
13) Other accruals	8,987	2,061
14) Other operating charges	37,393	42,943
TOTAL PRODUCTION COSTS (B)	1,784,852	1,648,086
OPERATING GROSS MARGIN (A-B)	1,454	111,348

C) FINANCIAL INCOMES AND CHARGES

15) Income from equity investments		
a) income from not consolidated subsidiary	409	8,139
b) income from affiliated	0	0
c) income from associated	0	0
d) income from other companies	132,210	51,613
TOTAL 15)	132,619	59,752
16) Other financial income		
a) from non-current loans versus		
1) not consolidated subsidiary	0	0
2) affiliated companies	0	0
3) parent companies	0	0
4) associated companies	0	0
5) other companies	0	0
TOTAL A)	0	0
b) From other permanent investments other than equity investments	0	0
c) From current investments	20,850	6,171
d) Other income not included above		
1) not consolidated subsidiary	0	0
2) affiliated companies	0	0
3) parent companies	0	0
4) associated companies	0	0
5) other companies	6,523	3,820
TOTAL D)	6,523	3,820
TOTAL 16)	27,373	9,991
17) Interest payable and similar charges from		
1) not consolidated subsidiary	0	0
2) affiliated companies	0	0
3) parent companies	0	0
4) associated companies	0	0
5) other companies	6,915	3,315
17-bis) Foreign exchange (gains)/losses	(6,378)	6,498
TOTAL 17)+-17-BIS)	537	9,813
TOTAL FINANCIAL INCOMES AND CHARGES (C) (15+16+17+-17-BIS)	159,455	59,930
D) VALUE ADJUSTMENTS RELATED TO FINANCIAL ASSETS		
18) Revaluation		
a) of equity investments	175	285
b) of other permanent investments which are not equity investments	0	0
c) of non-permanent investments which are not equity investments	160	37
d) of derivatives	12,430	3,680
TOTAL 18)	12,765	4,002
19) Devaluation		
a) of not consolidated equity investments	11,397	5,082
b) of permanent investments which are not equity investments	0	0
c) of non-permanent investments which are not equity investments	15,782	2,372
d) of derivatives	20,863	7,920
TOTAL 19)	48,042	15,374
TOTAL VALUE ADJUSTMENTS RELATED TO FINANCIAL ASSETS (D) (18-19)	(35,277)	(11,372)
Profit or loss before income taxes (A-B+-C+-D)	125,632	159,906
20) Income taxes of the period	28,966	29,045
Profit (loss) for the financial period including third parties	96,666	130,861
Profit (loss) for the financial period attributable to third parties	0	(26)
21) Profit (loss) for the financial period	96,666	130,887

STATEMENT OF CASH FLOWS*(Thousands of euros)*

	AT 12.31.2021	AT 12.31.2020
A. Income transactions		
Period profit (loss)	96,666	130,887
Income taxes	28,966	29,045
Interest expense/(interest income)	(6,564)	(6,676)
(Dividends)	(132,619)	(59,752)
(Capital losses)/Capital gains deriving from the disposal of assets	(27,595)	527
1. Period profit (loss) before income tax, interest, dividends and capital gains/losses from disposals	(41,146)	94,031
<i>Adjustments for non-monetary elements that have no counterpart in Net Working Capital</i>		
Provision made	36,402	37,932
Amortization, depreciation and impairment of fixed assets	177,990	132,037
Impairment losses	11,222	4,797
Other adjustments for non-monetary elements	17,311	9,116
2. Cash flow before changes to NWC	201,779	277,913
<i>Changes in Net Working Capital</i>		
Decrease/(increase) of inventories	4,713	(41,397)
Decrease/(increase) in receivables from customers	28,870	6,201
Increase/(decrease) of trade payables	41,163	42,810
Decrease/(increase) in accrued income and prepaid expenses	2,844	(4,785)
Increase/(decrease) in accrued expense and deferred income	(2,804)	5,077
Other changes in Net Working Capital (receivables)	(78,627)	24,599
Other changes in Net Working Capital (payables)	(115,672)	5,837
3. Cash flow after changes to NWC	82,266	279,292
<i>Other adjustments</i>		
Income collected/(paid)	4,467	6,676
(Income tax paid)	(30,365)	0
Dividends collected	132,619	59,752
(Use of provisions)	(30,032)	(38,267)
4. Cash flow after other changes	158,956	307,453
Cash flow from income transactions (A)	158,956	307,453
B. Cash flow from investments		
<i>Tangible fixed assets</i>		
(Investments)	(38,062)	(79,782)
Divestment exit price	23,827	2,106
<i>Intangible fixed assets</i>		
(Investments)	(125,302)	(193,569)
Divestment exit price	8,562	4,182
<i>Financial fixed assets</i>		
(Investments)	(72,235)	(57,234)
Divestment exit price	37,833	44,299
Positive/(negative) changes in other fixed assets	(1,973)	22,349
<i>Other non-fixed financial assets</i>		
(Investments)	(145,556)	(323,998)
Divestment exit price	289,804	223,484
Change in consolidation scope	17,068	(4,957)
Acquisition or sale of subsidiaries or business units	(329,384)	0
Cash flow from investments (B)	(335,418)	(363,120)
C. Cash flow deriving from financing		
<i>Minority means</i>		
Centralized treasury management	(382,749)	(36,923)
Increase/(decrease) in short-term payables to banks	(15,367)	(70,748)
Stipulation of loans	0	500,000
Repayment of loans	0	0
<i>Own means</i>		
Capital increase in exchange of payment	0	0
Sale/(purchase) of treasury shares	0	0
Dividends (and interim dividends) paid	0	0
Cash flow from loans (C)	(398,116)	429,252
Increase/(decrease) of cash and cash equivalents (A+B+C)	(574,578)	373,585
Opening cash and cash equivalents	1,079,869	706,284
Closing cash and cash equivalents	505,291	1,079,869



Explanatory Notes

Consolidated financial statements
at December 31, 2021

03

Notes

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the provisions of Articles 2423 *et seq.* of the Civil Code and Legislative Decree 127/1991, as amended by Legislative Decree 139/2015, which transposed into national law EU Directive 2013/34/EU (replacing the previous 4th EU Directive on financial statements and consolidated financial statements) supplemented by Italian national accounting standards issued by the National Council of Certified Public Accountants and Accounting Experts and the Italian Accounting Organization.

These consolidated financial statements consist of the Balance Sheet, Income Statement, Statement of Cash Flows, and Explanatory Notes to the Financial Statements and correspond to the results of the duly kept accounting records, and have been prepared in accordance with the principle of clarity in order to give a true and fair view of the Group's financial position and results of operations for the year, while also taking into account the significance of the effects of operating events in terms of recognition, measurement, presentation and disclosure. The items of the Balance Sheet and Income Statement comply with those required by Articles 2424 and 2425 of the Civil Code and, where deemed appropriate, have been supplemented by additional items for greater clarity.

The content of the Statement of Cash Flows is governed by Article 2425-*ter*.

The Notes to the Financial Statements provide an explanation and analysis of the items in the Balance Sheet and Income Statement, together with other information required by Articles 2427 and 2427-*bis* of the Civil Code and other legal

Notes

provisions.
No departures from Articles 2423 *et seq.* of the Civil Code have been made in the preparation of the consolidated financial statements. In addition, in the presentation of items within the Balance Sheet and Income Statement, no grouping has been made in accordance with the second paragraph of Article 2423-*ter* of the Civil Code. With reference to the Statement of Cash Flows, in accordance with accounting standard OIC 10, additional cash flows have been added to those provided in the reference schedules, as they are deemed necessary for the purpose of clarity and true and fair representation of the financial situation.

The financial statements of the individual Investee Companies as of December 31, 2021, expressed in thousands of euros, reclassified and adjusted to conform to the Group's accounting principles and measurement criteria, were used for consolidation. For those Companies whose fiscal year does not coincide with the Parent Company's closing date (December 31), interim financial

statements have been prepared to reflect the Group's conventional fiscal year.

SCOPE OF CONSOLIDATION

AREAS OF ACTIVITY

The Angelini Industries Group (hereinafter also "the Group") operates in the Pharmaceutical, Consumer Goods, Industrial Technology, Perfumes and Dermocosmetics, Wine, and Holding Activities businesses. Business is mainly conducted in Italy, several European Union countries and the United States.

SCOPE OF CONSOLIDATION

The Group's consolidated financial statements include the financial statements of Angelini Holding S.p.A. and those of the Italian and foreign companies over which it directly and indirectly exercises control pursuant to Article 26 of Legislative Decree 127/1991 as a result

Notes

of the availability of the majority of voting rights that may be cast at ordinary meetings. The line-by-line consolidation method was adopted for these companies, except for some smaller companies whose shareholdings were represented at purchase cost considering their individual and overall insignificance to the Group. For the companies over which the Parent Company exercises joint control with other shareholders, the proportional consolidation method has been adopted pursuant to Article 37 of Legislative Decree 127/1991. The companies included in the scope of consolidation as of December 31, 2021 are shown in Annex "A".

CHANGES IN THE SCOPE OF CONSOLIDATION SINCE THE PREVIOUS YEAR'S FINANCIAL STATEMENTS

In FY 2021 activities continued to strengthen and develop the structure and businesses of the Angelini Industries Group through significant

M&A transactions and the establishment of new companies.

In the Pharma business, in March 2021 Angelini Pharma S.p.A. acquired ownership of the entire Arvelle Therapeutics Group, resulting in the inclusion in the scope of consolidation of Angelini Holding S.p.A. of Arvelle Therapeutics B.V., Arvelle Therapeutics International G.m.b.H. – both consolidated on a line-by-line basis – and Arvelle Therapeutics Netherlands B.V., recorded at cost. The acquisition transaction aims to strengthen the Angelini Industries Group's leadership in the European market for drugs that act on the central nervous system, an objective pursued by entering the Nordics, UK-I and FraBeNe markets, respectively, through the establishment of the new companies Angelini Pharma Nordics A.B., Angelini Pharma France and Angelini Pharma UK-I Limited, all consolidated at cost as of December 31, 2021. The additional significant change in the scope of consolidation since the previous year concerns the establishment in July 2021 of Angelini Pharma Ventures S.p.A., which

Notes

is consolidated on a line-by-line basis as of December 31, 2021.

With regard to the development of the Consumer Goods business, during fiscal year 2021 the remaining 30% stake in the capital of the Subsidiary MyFamilyPlace S.r.l. was acquired from Angelini Consumer S.r.l., eliminating the minority interests recognized at the end of the previous fiscal year; a new company called MyFamilyPlace Shop S.p.A. was also established in partnership with another shareholder: a 60% share of capital was subscribed, for a value of 2 million euros, recorded at cost as of December 31, 2021. In the extraordinary corporate transactions carried out in the Holding Activities business, Angelini Hive S.p.A. was established as a wholly owned subsidiary of Angelini Holding S.p.A. and recorded at cost as of December 31, 2021. The same consolidation method was also adopted for Teqqo S.r.l., which entered the Group's scope of consolidation following the acquisition of an

80% controlling interest by Angelini Holding S.p.A.

CONSOLIDATION CRITERIA

The financial statements of companies subject to legislation other than the Italian Civil Code have been appropriately reclassified and adjusted in order to bring them into line with the Group's accounting principles and measurement criteria, so as to clearly and truthfully represent the consolidated financial position and results of operations.

The assets, liabilities, revenues and income, expenses and charges of the companies included in the scope of consolidation are entered line by line in the consolidated financial statements, regardless of percent ownership of the Parent Company.

For companies consolidated according to the proportional method, assets, liabilities and

Notes

Income Statement components were entered proportionally based on the percent equity ownership.

The application of these consolidation criteria resulted in the following main adjustments:

- a.** The book value of directly formed equity investments is eliminated against share capital, while that of subsequently acquired companies is eliminated against the relevant fraction of equity.
- b.** The book value of jointly controlled companies included in the scope of consolidation has been eliminated against the proportionate share of share capital or equity according to the proportional method.
- c.** The difference arising from the elimination of equity investments, if negative, is added to the Group's Equity. Where determined by the results and other changes in equity in the fiscal years ended after the date of formation or acquisition, this difference is recognized in the consolidated

Equity item "Retained earnings".

The positive difference emerging at the date of acquisition from the derecognition of the purchase cost of equity investments against the related portions of Equity, if recoverable, is allocated to assets, increasing equity, on the basis of assessments performed at the time of purchase and, to a residual extent, to Consolidation differences.

The Consolidation difference is amortized over a period of time within which the economic benefits are expected to accrue and in any case not exceeding 10 years if market conditions permit it to be recovered within that period of time.

To the extent that there is a loss, as goodwill cannot be recognized, this difference is charged to the consolidation reserve or expensed to the consolidated Income Statement.

- d.** The portions of Equity and net profit for the year attributable to minority shareholders are

Notes

shown separately under “Minority interest in capital and reserves” and “Minority interest in profit/loss for the year”, respectively.

- e.** Receivables, payables, revenues and income, costs and expenses arising from transactions between companies included in the scope of consolidation are eliminated. In addition, profits from transactions between Group companies that have not yet been realized vis-à-vis third parties are eliminated.
- f.** Any dividends distributed between Group companies are adjusted.
- g.** Deferred and prepaid taxes are calculated on the temporary differences between the taxable income and the economic result of the companies included in the scope of consolidation, considering the tax effects related to the financial statements for the year.
- h.** Financial statements presented in foreign currencies other than the euro are translated into euros by adopting the current exchange

rate method, which involves translating at the year-end exchange rate for assets and liabilities in the Balance Sheet, translating at the average exchange rate for the year for items in the Income Statement and translating at the historical exchange rate for items in equity. The difference between the value at the historical exchange rate and the value resulting from the translation of the same items at the current exchange rate is entered in a special item of equity, the “Conversion reserve” after allocating minority shareholders their share.

Notes

The main exchange rates adopted for the translation of financial statements in currencies other than the euro are shown below:

COUNTRY	CURRENCY	AVERAGE EXCHANGE RATE AT 12.31.2021	COUNTRY	CURRENCY	FINAL EXCHANGE RATE AT 12.31.2021
BULGARIA	New Bulgarian lev, BGN	1.9558	BULGARIA	New Bulgarian lev, BGN	1.9558
CZECH (Republic)	Czech koruna, CZK	25.6405	CZECH (Republic)	Czech koruna, CZK	24.858
CHINA (People's Republic of) Renminbi	Renminbi (Yuan), CNY	7.6282	CHINA (People's Republic of)	Renminbi (Yuan), CNY	7.1947
POLAND	Złoty, PLN	4.5652	POLAND	Złoty, PLN	4.5969
ROMANIA	New leu, RON	4.9215	ROMANIA	New leu, RON	4.949
RUSSIA	Russian ruble, RUB	87.1527	RUSSIA	Russian ruble, RUB	85.3004
UNITED STATES	US dollar, USD	1.1827	UNITED STATES	US dollar, USD	1.1326
SWITZERLAND	Swiss franc, CHF	1.0811	SWITZERLAND	Swiss franc, CHF	1.0331
TURKEY	Turkish lira (new), TRY	10.5124	TURKEY	Turkish lira (new), TRY	15.2335
HUNGARY	Hungarian forint, HUF	358.5161	HUNGARY	Hungarian forint, HUF	369.19

Notes

MEASUREMENT CRITERIA

The measurement criteria are in accordance with Article 2426 of the Italian Civil Code, as amended by Italian Legislative Decree 139/2015. They are also consistent with those used in the formation of the previous year's financial statements.

The measurement of financial statement items is guided by the general criteria of prudence, accrual and relevance, assuming a going-concern perspective.

Items are recognized and presented according to the substance of the transaction or contract. In particular, the following general principles were observed in preparing the financial statements:

- only realized gains/losses as of the end of the fiscal year are shown;
- income and expenses for the year were taken into account, regardless of the date of collection or payment, apart from potential assets or liabilities;
- account was taken of risks and losses

pertaining to the year, even if known after its closure;

- heterogeneous elements included in individual items have been measured separately.

The main accounting policies adopted in the preparation of the consolidated financial statements as of December 31, 2021 are explained below.

INTANGIBLE FIXED ASSETS

Intangible assets are assets without physical substance and essentially refer to costs whose useful lives extend over several fiscal years. They are recorded at the purchase cost actually incurred, including directly attributable incidental expenses, or at production cost if internally executed.

Deferred charges (start-up and expansion costs and development costs) are capitalized only when there is an objective correlation with expected future benefits and if it is reasonably estimable that they can be recovered, subject to the consent of the Board of Statutory Auditors.

Notes

Intangible assets (industrial patent rights, intellectual property rights, concessions, licenses and trademarks) are recognized when: a) they are individually identifiable and b) the related cost can be estimated with sufficient reliability. The price adjustment mechanisms provided for in certain contracts for the purchase of licenses for the marketing of pharmaceutical products, the payments for which are conditional on the occurrence of specific events that are clearly defined, identified and measurable, and the amount of which is also determined, are recognized in the Income Statement by means of a specific provision for future charges, on a straight-line basis, starting from the fiscal year in which the event is deemed probable to occur. The annual accrual to the provision is equal to the amount of the additional price divided by the remaining number of years of license use. In the year in which the additional price is paid, the amount paid is capitalized under intangible assets and amortized on a straight-line basis over the years of remaining use of the license.

In parallel, the amount of the provision set aside in previous years is reversed to the Income Statement on a straight-line basis over the same period of residual use. In derogation from the criterion of Article 2426 of the Italian Civil Code, the Tachipirina and Moment trademarks have been revalued in accordance with Article 110, paragraphs 1-7 of Law 126 of October 13, 2020, as already disclosed in the basis of preparation.

Goodwill is recognized as an intangible asset only if: it is acquired for consideration and has a quantifiable value included in the consideration paid and in compliance with the requirements for the recognition of deferred charges; it consists of items that provide the company with future economic benefits; and its value is recoverable over time.

Intangible assets are shown net of amortization, which is calculated on a systematic, straight-line basis in relation to the asset's residual useful life.

Deferred charges such as start-up and expansion costs are amortized over a period

Notes

not exceeding five years; development costs are amortized according to their useful life; in cases where useful life cannot be estimated, they are amortized over a period not exceeding five years.

Goodwill is amortized according to its useful life, and in cases where the useful life cannot be estimated, it is amortized over a period not exceeding ten years.

Intangible assets are amortized over the legal or contractual term of the right, or over the estimated useful life, if shorter.

Trademarks are amortized considering a useful life of ten years. In derogation from the criterion of Article 2426 of the Italian Civil Code, the Tachipirina and Moment trademarks have been revalued in accordance with Article 110, paragraphs 1-7 of Law 126 of October 13, 2020, as already disclosed in the basis of preparation and amortized over 18 years.

If the value of an intangible asset, net of depreciation already recognized, is permanently lower than its book value, the asset is written

down correspondingly to that lower value. If, in subsequent years, the conditions for impairment are no longer met, the original value, adjusted for depreciation only, is restored.

Any borrowing costs incurred in the purchase or production of an intangible asset are charged directly to the Income Statement.

Notes

The depreciation rates used are as follows:

INTANGIBLE FIXED ASSETS	MINIMUM % RATE	MAXIMUM % RATE
Start-up and expansion costs	20%	20%
Development costs	20%	20%
Industrial patent and intellectual property rights	10%	33%
Concessions and licenses	Contract term	33%
Trademarks	10%	10%
Goodwill	10%	20%
Consolidation difference	10%	10%
Other fixed assets	20%	20%

Notes

REVALUATION OF BUSINESS ASSETS PURSUANT TO LAW 126/2020

The company Fameccanica Data S.p.A., operating in the Industrial Technology business, on the basis of the provisions of Article 110, paragraphs 1-7 of Decree Law 104 of August 14, 2020, converted with amendments by Law 126 of October 13, 2020, has opted for the faculty to write-up the value of some of its intellectual property (industrial patents) booked during the year before the provision came into force.

In view of the company's fiscal year ending June 30, the revaluation of these assets, unlike those of Angelini Pharma, which were revalued in the financial statements for the year ending December 31, 2020, had an impact in these financial statements, for the determination of which the Company commissioned KPMG Advisory S.p.A. to prepare a special appraisal of their fair value.

Following the assessment conducted by KPMG, the following was recognized:

- a revaluation of patents amounting to 14.497 million euros;

- a special equity reserve named "Law 126/20 revaluation reserve" of 14.062 million euros. The revaluation was carried out through the historical cost increase technique; the higher amounts resulting from the revaluation of patents will be amortized from the following year, based on their useful life of 7 years. With the filing of the income tax return for fiscal year 2020/2021, Fameccanica Data S.p.A. opted for tax recognition of the higher book values. It will thus be required to pay a substitute IRES and IRAP tax equal to 3% of the higher values entered in the financial statements, for a total of 435 thousand euros. This tax was deducted from the corresponding Equity reserve, which is therefore subject to tax suspension. The first installment was paid in December 2021 for 145 thousand euros.

Notes

TANGIBLE FIXED ASSETS

Tangible fixed assets include tangible assets of long-term use the economic utility of which extends beyond the limits of one fiscal year, whether purchased from third parties or produced internally.

Tangible fixed assets are recognized on the date on which the risks and rewards associated with the asset acquired are transferred and measured at the cost actually incurred to acquire the asset, including incidental expenses incurred so that the asset can be used. The transfer of risks and benefits occurs when title is transferred.

If produced internally, the cost of production includes all costs directly attributable to the asset (typically materials and direct labor) and other general production costs for the portion reasonably attributable to the fixed asset, until the asset can be used.

Any borrowing costs incurred in the purchase or production of a tangible fixed asset are charged directly to the Income Statement.

They are presented in the financial statements

net of depreciation charges, which are calculated systematically and by the straight-line method in relation to the useful life of the asset. The depreciation period starts from the fiscal year in which the asset is available and ready for use; for assets acquired during the year, the depreciation rate is prorated at half the annual rate to take into account the lesser use.

The cost related to tangible fixed assets of modest unit value is expensed directly in the fiscal year in which the asset is acquired. If the tangible fixed asset includes components, appurtenances or accessories with different useful lives than the main asset, these components are recognized separately from the main asset and depreciated according to their respective useful lives, unless this is not practical or meaningful.

Notes

The depreciation rates used are as follows:

SECTOR	LAND AND BUILDINGS		PLANT AND EQUIPMENT		INDUSTRIAL AND COMMERCIAL EQUIPMENT		OTHER ASSETS	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Chemical-pharmaceutical	2%	10%	7.5%	30%	10%	40%	10%	25%
Agribusiness	3%	10%	9%	20%		20%	12%	25%
Consumer Goods	3%	6%	10%	14%	25%	40%	12%	25%
Holding and Financial		3%		10%		15%	12%	25%

The wide range of variation in the depreciation rates shown is attributable to fixed assets of a profoundly different nature across the various operating segments.

Grants towards plant are accounted for at the time of the grant approval and are credited to the Income Statement in connection with the useful life of the asset.

Maintenance costs of an ordinary nature (repairs, ordinary replacement of components, cleaning, etc.) are charged to the Income Statement in the year in which they are incurred.

Maintenance costs of an extraordinary nature, i.e. that produce a significant, tangible increase

Notes

in productivity, safety and/or useful life, may be capitalized within the limits of the asset's recoverable amount.

If the value of a tangible asset, net of depreciation already recognized, is permanently lower than its book value, the asset is written down correspondingly to that lower value. If, in subsequent years, the conditions for impairment are no longer met, the original value, adjusted for depreciation only, is restored.

FINANCIAL FIXED ASSETS

These are represented by equity investments, receivables and other financial instruments intended to be permanently held in the company's assets.

EQUITY INVESTMENTS

Equity investments are investments in the capital of other enterprises. They are initially recorded at purchase or establishment cost,

including directly attributable incidental expenses.

Equity investments the cost of which is measured in foreign currency are recorded at the exchange rate on the date on which payment is made for their purchase or completion of their subscription.

If at the end of the fiscal year the recoverable value of an equity investment is permanently lower than its book value, it is correspondingly written down in value, with the entire cost of the write-down charged to the Income Statement for the fiscal year; if the reasons for the write-down cease to apply in subsequent fiscal years, the equity investment is revalued within the limits of the original cost.

If an equity investment is sold, any capital gain (loss) is recognized in the Income Statement under financial income (expense), within the item "Income from equity investments" ("Interest and other financial expenses").

Notes

RECEIVABLES

These are receivables of a financial nature and are recorded on the amortized cost basis, taking into account the time factor.

The time factor criterion is not applied if its effects are insignificant pursuant to Article 2423 of the Italian Civil Code, paragraph 4.

The book value of accounts receivable determined in this way is also adjusted, if necessary, by special allowance for doubtful accounts in case of impairment.

SECURITIES

These represent investments in financial instruments that provide the right to receive a definite or determinable cash flow, without providing the right to direct or indirect participation in the management of the issuing institution.

Securities are included in fixed assets when they are intended to remain in the company's

assets on a long-term basis. This allocation is determined based on the characteristics of the instrument, the intention of management and the Company's effective ability to hold the securities for an extended period of time. Securities are recognized when delivery of the securities takes place (settlement date) and are measured using the amortized cost method, where applicable.

The amortized cost criterion is not applied for securities whose cash flows cannot be determined. This criterion is also not applied if the effects would be insignificant pursuant to Article 2423, paragraph 4, of the Italian Civil Code.

When the market value of a security is lower than its book value, or when it is reasonably and justifiably believed that it will no longer be possible to collect the cash flows in full, the associated impairment loss is charged in full to the Income Statement in the year in which it is recognized. If the reasons for the impairment

Notes

no longer apply, the value of the security is restored in the Income Statement, up to the limits of the amortized cost determined in the absence of the previous impairment.

IMPAIRMENT LOSSES ON FIXED ASSETS

For the purposes of measuring fixed assets, impairment losses are recognized in the Income Statement when the recoverable amount of a fixed asset is less than its carrying amount. A comparison between the carrying value of a fixed asset and its recoverable value is made only when there are clear indicators that a fixed asset may be impaired.

In the presence of these indicators, the recoverable value of the fixed asset is determined, as of the reporting date, as the greater of:

1. its fair value, which is the price that would be received for the sale of an asset or that would be paid for the transfer of a liability

in a regular transaction between market participants on the valuation date; and

2. its value in use, defined as the present value of the cash flows expected from the continued use of the same asset.

When an asset does not generate cash flows independently of other fixed assets, the comparison of carrying value and recoverable value is made by reference to the relevant cash-generating unit (CGU), which is understood to be the smallest identifiable group of assets that includes the fixed asset being measured. Any impairment losses recognized on a CGU are allocated first to the value of any goodwill referable to the CGU and then to the other assets that make up the CGU, in proportion to the book value of each.

Notes

INVENTORIES

Inventories are carried at the lower of purchase cost, including ancillary or production charges, and realizable value inferable from market trends. Weighted average cost is used to determine purchase cost.

The cost of production of finished goods and contract work in progress includes direct costs (direct raw materials and other materials and direct labor) and indirect costs reasonably attributable to the product (indirect labor, technical salaries, auxiliary and consumable materials, electricity and expenses directly pertaining to production, including ordinary depreciation).

Advances to suppliers of raw materials, consumables and goods are recorded at nominal value.

Raw materials, semi-finished goods, goods and finished products not found to present future saleability have been appropriately written down in order to take into account the relevant salvage value.

RECEIVABLES AND PAYABLES

Receivables are recognized against rights to collect fixed or determinable amounts of cash from customers or other parties at an identified or identifiable maturity.

Payables are recognized when legal obligations of certain existence and definite nature arise to pay a definite amount at a specified date.

Receivables and payables are measured on an amortized cost basis, taking into account the time factor. The time factor criterion is not applied if its effects are insignificant pursuant to Article 2423 of the Italian Civil Code, paragraph 4.

ASSETS AND LIABILITIES IN FOREIGN CURRENCY

Assets and liabilities arising from foreign currency transactions are initially recognized at the spot exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are then translated in the balance sheet at the spot

Notes

exchange rate as of the reporting date, resulting in the recognition of related translation gains/losses in the Income Statement. Exchange rate differences on foreign currency assets and liabilities of a non-monetary nature are not recognized.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recorded at fair value.

The change in fair value since initial recognition or the previous year is generally recognized in the Income Statement in items D)18 d) Revaluation and D)19 d) Impairment of derivative instruments.

When a derivative financial instrument is designated as a hedge of the fair value or cash flows of one or more hedged items, the derivative instrument is accounted for in accordance with the rules for hedging transactions only if:

- the hedging relationship consists only of hedging instruments and eligible hedged

items;

- there is a close, documented correlation between the characteristics of the hedging instrument and those of the hedged item;
- the hedging relationship meets the effectiveness requirements in terms of a) the economic relationship between the hedging instrument and the hedged item, b) the significance of credit risk to the fair value of the hedging instrument and the hedged item and c) the hedge ratio between quantity of derivative instruments and quantity of hedged items is equal.

In particular:

1. for fair value hedges, the derivative financial instrument is recognized and measured at fair value in the Income Statement, while the carrying amount of the hedged item is adjusted to reflect the fair value measurement of the hedged risk component;
2. for cash flow hedges, the derivative financial instrument is recognized and measured at fair value in the “reserve for expected cash flow hedges”, except for any ineffective

Notes

components, which are recognized directly in the Income Statement. The amount of the reserve is reclassified to the Income Statement in years when the hedged future cash flows have an effect on operating income.

SHORT-TERM INVESTMENTS

Italian and foreign stocks and bonds are recorded at the lower of purchase cost or, where applicable, amortized cost, and realizable value inferable from market performance. The realizable value from market performance can be inferred from prices quoted in regulated markets or other market indicators as of the year-end date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recorded at their nominal value. Bank account balances reflect all incoming and outgoing movements that have

occurred by the balance sheet date and include all payments arranged and all receipts credited to the accounts by the balance sheet date. Cash balances in foreign currencies are converted at year-end exchange rates.

ACCRUALS AND DEFERRALS

Accrued income and expenses represent portions of income and expenses pertaining to the year and payable in subsequent years. Prepaid expenses and deferred income represent portions of costs and income incurred during the year but set to accrue in subsequent years. The amount of accruals and deferrals is determined by apportioning the revenue or cost in order to allocate only the accrued portion to the current year. For accruals with a duration of several years, the conditions that had resulted in their initial recognition are verified and the appropriate changes adopted, where necessary.

Notes

PROVISIONS FOR RISKS AND CHARGES

These represent certain or probable liabilities of a definite nature but with an undetermined date of occurrence or amount.

In particular:

- provisions for risks represent contingent liabilities related to situations already existing at the balance sheet date, but characterized by a state of uncertainty the outcome of which depends on the occurrence or non-occurrence of one or more future events;
- provisions for charges represent liabilities of a definite nature and certain existence, estimated in amount or date of occurrence, related to obligations already undertaken as of the date of the financial statements, but set to be incurred in the future.

Provisions for pensions and similar obligations are recognized to cover charges of a definite nature and certain existence associated with supplementary social security benefits, other than severance pay, as well as for any compensation due to employees upon termination of employment.

Following the transposition of the regulations on derivative instruments, introduced by Legislative Decree 139/2015, the balance sheet item "Provisions for derivative financial instruments with negative balances" has been established, accommodating the negative fair value balances of these instruments.

EMPLOYEES' SEVERANCE INDEMNITY

Severance indemnity has been calculated in accordance with Article 2120 of the Italian Civil Code and recent legislation, taking into account the specificities of contracts and professional categories, and includes annual accruals and revaluations made on the basis of ISTAT coefficients in respect of employees as of the closing date of the financial year, net of advances paid or transfers to other supplementary funds, and is equal to what the company would have had to pay directly to employees in the event of termination of employment on that date.

Notes

REVENUES, INCOME, EXPENSES AND CHARGES

These are charged to the Income Statement in accordance with the principles of prudence and accrual basis accounting.

Revenues, income, expenses and charges are recorded net of returns, discounts, rebates and taxes directly related to the sale of products and provision of services.

Revenue from product sales is recognized at the time of transfer of ownership, which is normally identified with the delivery or shipment of goods.

Revenue related to the provision of services is recognized when the service is completed.

Revenues, income, expenses and charges that accrue over time are recognized in the Income Statement on an accrual basis.

Revenues, income, costs and expenses related to foreign currency transactions are recorded at the exchange rate prevailing on the date on which the relevant transaction is carried out.

GRANTS

Operating grants made for the purpose of supplementing company revenues or reducing operating costs are accounted for when the right to receive them arises.

Operating grants must be accounted for on an accrual basis, regardless, therefore, of whether they are actually received.

Equipment grants are accounted for on an accrual basis in the year in which the granter approves the grant and deferred to subsequent years on an accrual basis through the recognition of deferred income.

INCOME TAXES

Income taxes are recorded under "Payables to Parent Companies" for Italian companies participating in tax consolidation with the Parent Company Angelini Finanziaria S.p.A., but under "Tax payables" for foreign companies or Italian companies not participating in tax consolidation. Tax liabilities are provisioned for

Notes

on the basis of an analytical calculation of the charge payable for the year, according to the regulations in force in the countries where the consolidated companies operate.

Deferred and prepaid taxes are recognized in the financial statements on temporary differences between the value attributed to assets and liabilities according to statutory criteria and the value attributed to the same assets and liabilities for tax purposes. Deferred tax assets are recognized, in accordance with prudence, only if there is a reasonable certainty of the existence, in the years in which the related temporary differences will be reversed, of taxable income in excess of the amount of the differences that will be reversed.

Deferred tax assets and liabilities are recognized separately in the financial statements by posting them under deferred tax assets and deferred tax liabilities, respectively, with a contra-entry to "Income taxes for the year".

Deferred tax assets and deferred tax liabilities are offset if they relate to legally offsettable taxes.

To calculate the self-figured Patent Box payment, the methods and criteria presented and shared with the relevant authorities as already witnessed by the memorandum signed with the Company were taken into consideration. Moreover, these criteria are in line with what is stated in the Revenue Agency's note containing operational guidance on the Patent Box scheme in the pharmaceutical sector.

The total self-figured benefit covers the five years of relief.

Notes

Analysis of line items and related changes

COMMENTARY ON ITEMS OF THE BALANCE SHEET: ASSETS

FIXED ASSETS

INTANGIBLE FIXED ASSETS – 1,502,113 THOUSAND EUROS

The breakdown of individual items, net of depreciation for the year of 134,151 thousand euros, is shown in the following table:

<i>(Thousands of euros)</i>	NET VALUE CURRENT YEAR	NET VALUE PREVIOUS YEAR	VARIATION
Start-up and expansion costs	118	174	(56)
Capitalised development costs	0	73	(73)
Patents and rights	35,218	27,757	7,461
Concessions, licenses, trademarks and similar rights	1,426,758	1,052,411	374,347
Goodwill	26,052	24,529	1,523
Intangible assets in progress and downpayments	13,183	12,066	1,117
Other intangible assets	784	807	(23)
TOTAL	1,502,113	1,117,817	384,296

Notes

Details of the analysis of changes in historical cost and accumulated amortization are given in the following tables:

	HISTORICAL COST (Thousands of euros)							
	Opening balance	Additions	Reclassification	Disposals	Other movements	Additions from changes in group structure	Currency translation differences	Ending Balance
Start-up and expansion costs - Historical cost	2,273	17	0	0	(1)	0	0	2,289
Capitalised development costs - Historical cost	14,969	0	(8)	0	0	0	0	14,961
Patents and rights - Historical cost	172,438	19,156	4,046	(5,711)	(10)	0	13	189,932
Concessions, licenses, trademarks and similar rights - Historical cost	1,385,791	98,708	1,290	(3,757)	(5,740)	386,855	(3,479)	1,859,668
Goodwill - Historical cost	264,861	0	0	0	1	0	241	265,103
Goodwill from consolidation process	181,248	0	0	0	0	5,983	0	187,231
Intangible assets in progress and downpayments	12,066	7,157	(5,733)	(235)	0	0	(72)	13,183
Other intangible assets	1,420	1,512	51	(1,670)	1	0	11	1,325
TOTAL	2,035,066	126,550	(354)	(11,373)	(5,749)	392,838	(3,286)	2,533,692

Notes

	ACCUMULATED AMORTIZATION (Thousands of euros)									
	Opening balance	Increases	Reclassification	Decreases	Write-downs	Other movements	Write-up	Additions from changes in group structure	Currency translation differences	Closing balance
Start-up and expansion costs - Accumulated depreciation	(2,099)	(72)	0	0	0	0	0	0	0	(2,171)
Capitalised development costs - Accumulated depreciation	(14,896)	(68)	3	0	0	0	0	0	0	(14,961)
Patents and rights - Accumulated depreciation	(144,681)	(15,651)	(12)	4,484	0	1,127	0	0	19	(154,714)
Concessions, licenses, trademarks and similar rights - Accumulated depreciation	(333,380)	(110,826)	(14)	1,835	(1,340)	7,626	264	0	2,925	(432,910)
Goodwill - Accumulated depreciation	(249,971)	(1,691)	0	0	0	186	0	0	934	(250,542)
Accumulated depreciation goodwill from consolidation process	(171,609)	(4,131)	0	0	0	0	0	0	0	(175,740)
Other intangible assets	(613)	(365)	(3)	435	(7)	(3)	0	7	8	(541)
TOTAL	(917,249)	(132,804)	(26)	6,754	(1,347)	8,936	264	7	3,886	(1,031,579)

Notes

Overall, the increase in intangible fixed assets stems mainly from the acquisition of Arvelle Therapeutics Group in February 2021 by subsidiary Angelini Pharma S.p.A.

With this transaction, the Company acquired the license for cenobamate, an active ingredient against epilepsy, and the related pharmaceutical product Ontozry, with a book value as of December 31, 2021 of 170,382 thousand euros.

The consolidation of the new subsidiaries then generated a consolidation difference of 298,839 thousand euros, which was fully attributed to the aforementioned licenses.

The following is an analysis of the most important categories.

INDUSTRIAL PATENT AND INTELLECTUAL PROPERTY RIGHTS - 35,218 THOUSAND EUROS

The item is a significant component for most business sectors. Brief details of the breakdown by business sectors are provided below:

- Consumer Goods business for 12,819 thousand

euros, regarding operating and complex software user licenses and the acquisition of patents;

- Industrial Technology business for 7,879 thousand euros for patents and software licenses, following the revaluation carried out during the year and described in the previous paragraphs;
- Pharmaceutical business for 4,432 thousand euros, relating to software licenses;
- Perfumes and Dermocosmetics business for 3,389 thousand euros, related mainly to trademarks and designs and third-party fragrances linked to the Laura Biagiotti brand;
- the Holding business for 6,395 thousand euros for licenses and investments in software.

The change during the year refers mainly to investments in the Pharmaceutical business for new projects to automate business processes. Fameccanica Data S.p.A., which operates in the Industrial Technology sector, carried out a revaluation of the patents in its portfolio as permitted by Article 110 of Decree Law 104/2020, converted by Law 126 of October 13,

Notes

2020 for a total of 14,497 thousand euros, which, due to proportional consolidation, has a value of 7,249 thousand euros in the consolidated financial statements of Angelini Holding S.p.A.

CONCESSIONS, LICENSES, TRADEMARKS AND SIMILAR RIGHTS - 1,426,758 THOUSAND EUROS

The item is mainly concentrated in the business segments Pharmaceuticals for 1,404,465 thousand euros, Consumer Goods for 3,749 thousand euros and Perfumes and Dermocosmetics for 17,940 thousand euros. While for the Consumer Goods and Perfumes and Dermocosmetics segments the values are in line with the previous year, the significant increase in the Pharmaceutical business was due to the acquisition of the Arvelle Therapeutics Pharmaceutical Group for 481,936 thousand euros.

As reported earlier, with this transaction the Company acquired the license to the active ingredient cenobamate against epilepsy and the related pharmaceutical product Ontozry.

The licenses are held by Arvelle International Therapeutics G.m.b.H., based in Switzerland, with a book value of 170,382 thousand euros. The consolidation of the new subsidiaries then generated a consolidation difference of 298,839 thousand euros, which was attributed, upon analysis, to the above licenses in full. Licenses will be amortized over 12 years based on the duration of the marketing authorization obtained. In these consolidated financial statements, the amortization of these licenses amounts to 33,459 thousand euros.

GOODWILL - 26,052 THOUSAND EUROS

Goodwill includes the consolidation differences generated by the consolidation of equity not allocated to a specific item. As of December 31, 2021, this item amounted to 11,492 thousand euros.

Notes

Details of the consolidation differences as of December 31, 2021 are shown below:

Description (Thousands of euros)	Cost historic at 2020	Provision Amort./Dep. at 2020	NBV 12.31.2020	Increases	Impairment 2021	Amort./ Dep. 2021	Cost historic at 2021	Provision Amort./Dep. at 2021	NBV 12.31.2021
Bertani Domains S.r.l.	8,386	(7,551)	835	0	0	(835)	8,386	(8,386)	0
Bertani Domains Soc. Agricola a r.l. (formerly Fazi Battaglia)	1,945	(1,534)	411	0	0	(103)	1,945	(1,637)	308
Angelini Beauty S.p.A.	23,839	(17,346)	6,493			(2,384)	23,839	(19,730)	4,109
MyFamilyPlace S.r.l. (70%)	2,111	(211)	1,900	0	0	(211)	2,111	(422)	1,689
MyFamilyPlace S.r.l. (30%)	0	0	0	5,984	0	(598)	5,984	(598)	5,386
TOTAL	36,281	(26,642)	9,639	5,984	0	(4,131)	42,265	(30,773)	11,492

Notes

The increase over the previous year is due to the consolidation difference generated by the purchase of the remaining 30% of MyFamilyPlace S.r.l. for 5,984 thousand euros, now fully owned by the Angelini Industries Group.

The item also includes goodwill from the allocation of the price paid for the acquisition of the ThermaCare business unit by Angelini Pharma Inc. in fiscal year 2020.

TANGIBLE ASSETS IN PROGRESS AND DOWNPAYMENTS - 13,183 THOUSAND EUROS
Intangible assets in progress mainly refer to investments in licenses and marketing rights made in the Pharmaceutical sector and not yet completed at the end of the fiscal year (7,703 thousand euros), as well as to the progress of ICT projects and licenses for the use of operating software in the segments Consumer Goods (1,103 thousand euros) and Holding (3,447 thousand euros).

Notes

TANGIBLE FIXED ASSETS - 403,782 THOUSAND EUROS

The breakdown of individual items, net of depreciation for the year of 43,717 thousand euros, is shown in the following table:

<i>(Thousands of euros)</i>	NET VALUE CURRENT YEAR	NET VALUE PREVIOUS YEAR	VARIATION
Land and building	218,698	232,432	(13,734)
Plants and machinery	140,599	136,129	4,470
Other fixtures and fittings, tools and equipment	4,468	4,075	393
Other tangible assets	12,517	13,984	(1,467)
Tangible assets in progress and downpayments	27,500	40,589	(13,089)
TOTAL	403,782	427,209	(23,427)

The change in tangible fixed assets compared to the previous year relates to major investments in the Pharmaceutical and Consumer Goods businesses for new production facilities, improvement of existing facilities and modernization of research laboratories. However, it is affected by decreases

Notes

concentrated in the Angelini Industries Group's real estate business due to divestments and reclassifications in the inventory item current assets for properties already known to have sale agreements.

A more accurate description of the changes during the year for each category of tangible fixed assets is provided below:

	HISTORICAL COST <i>(Thousands of euros)</i>							Ending Balance
	Opening balance	Additions	Reclassification	Disposals	Other movements	Additions from changes in group structure	Currency translation differences	
Lands and Buildings - Cost	367,998	2,979	1,843	(20,827)	(6)	0	(1,330)	350,657
Plants and machinery - Historical Cost	433,092	18,441	13,796	(7,327)	(241)	0	(513)	457,248
Other fixtures and fittings, tools and equipment - Historical Cost	39,429	1,807	1,429	(1,712)	(227)	690	(11)	41,405
Other tangible assets - Historical Cost	40,425	1,280	810	(2,898)	2	1,320	140	41,079
Tangible assets in progress and downpayments	40,589	13,555	(26,423)	(15)	(308)	0	102	27,500
TOTAL	921,533	38,062	(8,545)	(32,779)	(780)	2,010	(1,612)	917,889

Notes

	ACCUMULATED DEPRECIATION (Thousands of euros)								
	Opening balance	Increases	Reclassification	Decreases	Write-downs	Other movements	Additions from changes in group structure	Currency translation differences	Ending Balance
Lands and building - Accumulated depreciation	(135,566)	(7,585)	1,905	9,325	(233)	1	0	194	(131,959)
Plants and machinery - Accumulated depreciation	(296,963)	(29,414)	1,793	6,391	(3)	943	0	604	(316,649)
Other fixtures and fittings, tools and equipment - Accumulated depreciation	(35,354)	(2,758)	(226)	1,401	0	(4)	0	4	(36,937)
Other tangible assets - Accumulated depreciation	(26,441)	(3,720)	188	1,593	(4)	(57)	4	(125)	(28,562)
TOTAL	(494,324)	(43,477)	3,660	18,710	(240)	883	4	677	(514,107)

Notes

LAND AND BUILDINGS - 218,698 THOUSAND EUROS
Land and buildings are mainly broken down between the segments Wine (78,474 thousand euros), Holding - and specifically Angelini Real Estate S.p.A. (formerly Angelini Immobiliare S.p.A.) (75,911 thousand euros) - Consumer Goods (31,701 thousand euros) and Pharmaceuticals (27,030 thousand euros). The decrease on the previous year is concentrated in the real estate management of the Holding business and mainly refers to the sale of a plot of land in Teja, Spain, the disinvestment of some real estate assets, mainly including the property located in Barcelona on Riu de l'Or, and the reclassification to inventories under current assets of properties for which agreements have already been reached for sale for 3,785 thousand euros. Increases include the investment by Angelini Pharma S.p.A. for the modernization of research laboratories at the Ancona facility, amounting to approximately 5,993 thousand euros.

PLANT AND MACHINERY - 140,599 THOUSAND EUROS

The item is mainly divided among Pharmaceuticals (54,748 thousand euros), Consumer Goods (57,593 thousand euros), Wine (14,129 thousand euros) and Holding (11,497 thousand euros).

Increases in investments in plant and machinery are mainly concentrated in the Consumer Goods and Pharmaceutical sectors.

The investments in the Consumer Goods business concern new production lines at the Campochiaro (CB) and Pescara plants of the JV Fater S.p.A. and technological upgrades on existing production lines totaling 16,653 thousand euros. Investments in the Pharmaceutical business amounted to approximately 13,391 thousand euros for new equipment and modernization of research laboratories.

Notes

TANGIBLE ASSETS IN PROGRESS AND DOWNPAYMENTS - 27,500 THOUSAND EUROS
Tangible assets in progress are attributable to Pharmaceuticals (10,129 thousand euros), Consumer Goods (5,687 thousand euros), Holding (4,680 thousand euros), Industrial Technology (3,808 thousand euros) and Wine (3,196 thousand euros).

Overall, the item decreased on the previous year due to the conclusion of investments in research facilities and laboratories for which the values were reclassified to the relevant fixed assets items.

Investments continue within the Angelini Industries Group, which during fiscal year 2021 increased tangible assets in progress in Consumer Goods for new production facilities (3,478 thousand euros), Pharmaceuticals for research facilities and laboratories (5,398 thousand euros), Holding activities for property management, in particular for the start of the third phase of the redevelopment of the

“Casa Angelini” headquarters (2,524 thousand euros) and Wine, for projects such as the Wine experience, aimed at improving both internal processes and strengthening the brand and production sites in the area.

Notes

FINANCIAL FIXED ASSETS - 291,947 THOUSAND EUROS

The composition of individual items is shown in the following table:

<i>(Thousands of euros)</i>	2021	2020	VARIATION
Equity investments in subsidiary companies	17,857	4,875	12,982
Equity investments in affiliated companies	188	810	(622)
Equity investments in parent companies	0	0	0
Equity investments in associated companies	0	0	0
Equity investments in other companies	256,843	242,400	14,443
Loans to subsidiaries	0	0	0
Loans to other entities	11,522	11,179	343
Other investments	5,537	3,907	1,630
Derivative financial assets	0	0	0
TOTAL	291,947	263,171	28,776

Notes

EQUITY INVESTMENTS - 274,888 THOUSAND EUROS

The composition of equity investments after the elimination of values affected by consolidation is as follows:

<i>(Thousands of euros)</i>	2021	2020	VARIATION
Subsidiaries and affiliated	18,045	5,685	12,360
Other entities	256,843	242,400	14,443
TOTAL	274,888	248,085	26,803

Notes

<i>(Thousands of euros)</i>	Opening balance	Purchases	Write-up	Write-downs	Sales	Other movements	Additions from changes in group structure	Disposal from changes in group structure	Ending Balance
Equity investments in subsidiary companies not consolidated	4,875	0	0	0	0	1	12,248	733	17,857
Equity investments in affiliated companies	810	1,374	0	(1,836)	0	0	0	(160)	188
Equity investments in parent companies	0	0	0	0	0	0	0	0	0
Equity investments in associated companies	0	0	0	0	0	0	0	0	0
Equity investments in other companies	242,400	61,663	175	(9,561)	(37,833)	(1)	0	0	256,843
TOTAL	248,085	63,037	175	(11,397)	(37,833)	0	12,248	573	274,888

Notes

Unconsolidated subsidiaries and affiliated – 17,857 thousand euros

The change on the previous year relates to the establishment of a number of companies, mainly in the Pharmaceutical business, and the liquidation of Lab. Angenerico, based in Spain. The method of consolidation of Angelini Rare Diseases A.G. was changed from consolidation on a line-by-line basis to accounting at cost, as the process of placing the Company into liquidation was initiated.

The equity investment in MadreNatura A.G., consolidated using the equity method, was written by 1,836 thousand euros due to losses sustained by the Company.

Notes

NON-CONSOLIDATED SUBSIDIARIES*(Thousands of euros)*

	BUSINESS SEGMENT	% HELD	12.31.2021	12.31.2020
Angelini Pharmaceuticals Limited Pakistan	Pharmaceutical	100%	133	133
Borgo Tre Rose S.r.l.	Holding Activities	100%	4,300	4,300
Genesis Code	Pharmaceutical	100%	284	284
Lab. Angenerico	Pharmaceutical	100%	0	158
Angelini Rare Diseases A.G.	Pharmaceutical	100%	892	0
Angelini Pharma Nordics	Pharmaceutical	100%	98	0
Angelini Pharma France	Pharmaceutical	100%	1,000	0
Angelini Pharma UK-I	Pharmaceutical	100%	1,000	0
Arvelle Therapeutics Inc.	Pharmaceutical	100%	0	0
Arvelle Therapeutics Netherlands B.V.	Pharmaceutical	100%	0	0
Angelini Hive S.p.A.	Holding Activities	100%	5,000	0
Teqqo S.r.l.	Industrial Technologies	100%	3,050	0
MyFamilyPlace Shop S.r.l.	Consumer Goods	80%	2,100	0
TOTAL			17,857	4,875

Notes

NON-CONSOLIDATED AFFILIATED <i>(Thousands of euros)</i>	BUSINESS SEGMENT	% HELD	12.31.2021	12.31.2020
Fameccanica Brazil	Industrial Technology	50%	0	160
MadreNatura A.G.	Consumer Goods	50%	188	650
TOTAL			188	810

These equity investments have not been consolidated in compliance with the provisions of Article 28 of Italian Legislative Decree 127/1991 because their inclusion would be immaterial to a true and fair representation of the Group's financial position, cash flow, and results of operations.

Notes

The information required by the Civil Code in relation to these companies is also given below:

NON-CONSOLIDATED SUBSIDIARIES <i>(Thousands of original currency)</i>					VALUES FROM FINANCIAL STATEMENTS AT 12.31.2021		
Company name	Office	Original currency	Share capital in original currency	Shareholders' equity in original currency	Profit or (loss) in original currency	% held	Book value (euros)
Angelini Pharmaceuticals (private) Limited	Pakistan	PKR	546,955	n.a.	n.a.	100%	133
Borgo Tre Rose S.r.l.	Italy	EUR	90	1,311	(383)	100%	4,300
Genesis Code	Greece	EUR	n.a.	n.a.	n.a.	100%	284
Angelini Rare Diseases A.G.	Switzerland	CHF	100	419	n.a.	100%	892
Angelini Pharma Nordics	Sweden	SEK	1,000	n.a.	n.a.	100%	98
Angelini Pharma France	France	EUR	1,000	922	(79)	100%	1,000
Angelini Pharma UK-I	United Kingdom	GBP	852	293	(559)	100%	1,000
Angelini Hive S.p.A.	Italy	EUR	5,000	3,599	(1,401)	100%	5,000
Teqqo S.r.l.	Italy	EUR	1,000	1,757	(243)	80%	3,050
MyFamilyPlace Shop S.r.l.	Italy	EUR	3,500	3,497	(3)	60%	2,100
MadreNatura A.G.	Switzerland	EUR	91	376	(3,659)	50%	188

In the case of the equity investment in Borgo Tre Rose S.r.l., there have not been any trigger events of impairment. The recoverability of the carrying value of the investment is ensured by the market value of its fixed assets, particularly buildings, supported by an appraisal.

Notes

Other businesses - 256,843 thousand euros

The value of investments in other companies consists mainly of the financial investments of Angelini Holding S.p.A. and Angelini Investments S.r.l. Below are tables summarizing the changes in the financial holdings of the two companies:

ANGELINI HOLDING S.P.A. (Thousands of euros)	PREVIOUS YEAR SITUATION			CHANGES DURING THE YEAR					CURRENT YEAR SITUATION	
	% ownership	Cost	Value adjustments	Increases	Decreases	Write-up	Write-downs	Use of provision	Closing balance	% ownership
Flagship I		7,878	(15)	590	0	15	0	0	8,469	n.a.
Flagship IV Ventures Fund		0	0	0	0	0	0	0	0	n.a.
Flagship V Ventures Fund		0	0	0	0	0	0	0	0	n.a.
Tages Emerging Fund I		9,505	(80)	993	0	39	0	0	10,457	n.a.
Tages Credit Opportunities Feeder Class I		5,000	0	0	0	0	(134)	0	4,866	n.a.
Springrowth S.G.R.		4,683	0	317	0	0	0	0	5,000	n.a.
Oberon		13,000	0	0	(5,477)	0	0	0	7,523	n.a.
Consorzio "Identitas Vini"		1	0	0	0	0	0	0	1	n.a.
FF Investments		0	0	319	0	0	0	0	319	n.a.
TOTAL		40,068	(95)	2,219	(5,477)	54	(134)	0	36,634	

Notes

ANGELINI PHARMA VENTURES S.P.A. (Euro units)	PREVIOUS YEAR SITUATION			CHANGES DURING THE YEAR					CURRENT YEAR SITUATION	
	% ownership	Cost	Value adjustments	Increases	Decreases	Write-up	Write-downs	Use of provision	Balance closing	% ownership
Pretzel Therapeutics Inc.		0	0	1,322	0	0	0	0	1,322	6.87%
Argobio S.A.S. - France		0	0	3,000	0	0	0	0	3,000	30%
Lumira Ventures IV L.P.		0	0	770	0	0	0	0	770	11.64%
Angelini Lumira Biosciences Ltd.		0	0	1,319	0	0	0	0	1,319	100%
TOTAL		0	0	6,411	0	0	0	0	6,411	

Notes

Increases for the year refer to:

- **Investment in Pretzel Therapeutics Inc.**, acquired on September 10, 2021, the Company researches therapies for mitochondrial diseases. The total commitment made is 7,500 thousand dollars and the number of shares subscribed is 14,999,998: these are class A shares, at the price of 0.50 dollars per share. On the same date that the purchase agreement was signed, a payment of 1,563 thousand dollars was made, amounting to 1,322 thousand euros, finalizing the purchase, which therefore, as of December 31, 2021, was 6.87% of capital.
- **Argobio S.A.S.** is an incubator of European life science start-ups. Angelini Pharma S.p.A. made an investment corresponding to a 30% share. Argobio's goal is to create and launch at least five ambitious biotechnology companies in the next five years. The incubator will focus on selected therapeutic areas, rare diseases, neurological disorders,

oncology and immunology, and will seek to develop promising technology platforms for therapeutic products. The stake in Argobio S.A.S. was acquired by Angelini Pharma for 3,000 thousand euros, based on the VAO of September 9, 2021, which approved the purchase. The subscription covered 3,000,000 Class A Preferred Shares. Angelini Pharma Ventures S.p.A. then took over, through a purchase and sale agreement dated November 4, 2021, all the rights and commitments that arose under the shareholders' agreement between Angelini Pharma S.p.A. and the other investors in Argobio, including the commitment to invest in Argobio for the total amount of 15,000 thousand euros.

- **Lumira Ventures IV L.P. transaction**, subscribed on July 21, 2021 in the amount of 5,000 thousand dollars. The company is a venture capital firm that operates in North America and invests in companies operating

Notes

in innovative healthcare solutions. The value of a single unit/share subscribed is 1 dollar/unit of capital, and a payment of 392 thousand euros was made on August 6, 2021, corresponding to 459 thousand dollars. A payment of 378 thousand euros corresponding to 426 thousand dollars was then made. These payments, as part of the total investment, are made upon receipt of capital call notices.

- **Investment in Angelini Lumira Biosciences Ltd**, subscribed on July 21, 2021: the Company is the sole institutional investor. The fund, managed by Lumira Ventures, was established with the goal of investing in early stage companies in Canada and the United States that are developing pharmaceutical therapies for central nervous system disorders and rare diseases. The total commitment made amounts to 35,000 thousand dollars. The value of a single unit/share subscribed is 1 dollar/capital unit, and a payment of 648 thousand euros, equivalent to 747 thousand dollars,

was made on October 4, 2021. The amount of 671 thousand euros related to the capital call notice was then paid.

Notes

No indicators of impairment of investments have emerged from the available evidence.

ANGELINI INVESTMENTS S.R.L. (Thousands of euros)		12.31.2020		CHANGES DURING THE YEAR						12.31.2021	
		Cost	Value adjustments	Increases	Decreases	Reclassifications	Write-up	Write-downs	Use of provision	Closing balance	% ownership
IN OTHER COMPANIES											
Opera Participation 2	1,558	(1,508)	0	(121)	0	121	0	0	50	20.55%	
GS Distressed Opportunities III	500	0	0	(21)	0	0	(370)	0	108	0.35%	
Mediobanca	39,850	0	0	0	0	0	0	0	39,850	0.46%	
UniCredit	34,226	0	0	0	0	0	(9,056)	0	25,170	0.06%	
Libeccio S.r.l.	0	0	0	0	0	0	0	0	0	35.00%	
Grecale S.r.l.	0	0	0	0	0	0	0	0	0	20.00%	
Tamburi Investments Partners	52,360	0	0	0	0	0	0	0	52,360	10.60%	
Sator S.p.A.	2,800	(1,800)	0	0	0	0	0	0	1,000	1.10%	
Sator Private Equity Fund a L.P.	4,315	0	0	0	0	0	0	0	4,315	2.00%	
Clubtre S.r.l.	20,475	0	0	(20,475)	0	0	0	0	0	0.00%	
Pegaso Transportation Investment	6,133	0	0	0	0	0	0	0	6,133	20.13%	
Gamma Luxembourg 2	4	0	0	0	0	0	0	0	4	29.41%	
Tipo S.p.A.	1,110	0	0	(1,110)	0	0	0	0	0	0.00%	
Trinlantic Capital Partners V	5,956	0	155	0	0	0	0	0	6,111	3.39%	

Notes

BetaClub S.r.l.	1,124	0	0	(1,124)	0	0	0	0	0	0.00%
Beta Utensili S.p.A.	1,464	0	0	(1,464)	0	0	0	0	0	0.00%
BE S.p.A.	2,001	0	0	(47)	0	0	0	0	1,955	3.09%
Asset Italia S.p.A.	14,160	0	7,586	0	0	0	0	0	21,746	6.36%
Talent Garden S.p.A.	1,000	0	0	0	0	0	0	0	1,000	1.73%
Triboo S.p.A.	893	(478)	0	(415)	0	0	0	0	0	0.00%
Amplifon S.p.A.	2,348	0	0	(2,348)	0	0	0	0	0	0.00%
Ampliter S.p.A.	0	0	0	0	0	0	0	0	0	0%
Asset Italia 2	24	0	0	(24)	0	0	0	0	0	0.00%
Bluegem III	4,507	0	1,470	0	0	0	0	0	5,977	3.84%
Digital Magics 2020	350	0	146	0	0	0	0	0	496	17.50%
Mahrberg Alternative Invest Fund	9,000	0	0	0	0	0	0	0	9,000	n.a.
Banca del Fucino	0	0	5,000	0	0	0	0	0	5,000	3.13%
Itaca Holding S.p.A.	0	0	125	0	0	0	0	0	125	0.75%
EQT IX	0	0	7,047	0	0	0	0	0	7,047	0.08%
Prysmian	0	0	28,851	(5,209)	0	0	0	0	23,643	0.38%
Revo S.p.A.	0	0	2,000	0	0	0	0	0	2,000	0.87%
Be Cause S.p.A.	0	0	150	0	0	0	0	0	150	3.64%
Mediobanca Blackrock	0	0	503	0	0	0	0	0	503	0.89%
TOTAL	206,157	(3,786)	53,033	(32,356)	0	121	(9,427)	0	213,742	

Notes

The increases for the year all relate to new purchases and capital increases in which the Company participated during the year. In particular, the following transactions bear noting:

- **Investment in Prysmian S.p.A.**

In March 2021 the Company purchased 1,208,253 shares in Prysmian with a total value of 31,741 thousand euros, of which: 1,009,985 shares with a total value of 28,851 thousand euros entered as fixed assets and 110,000 shares with a value of 2,890 thousand euros entered as current assets. As of December 31, 2021, as a result of additional disposals during the year of 5,209 thousand euros, the balance of the investment amounted to 23,643 thousand euros.

- **Investment in Asset Italia S.p.A.**

In October and November 2021, 1,903 thousand euros and 5,683 thousand euros, respectively, were invested in the two new corporate vehicles established by Asset Italia S.p.A. As a

result of the new investments made during the year, as of December 31, 2021 the total value of the investment in Asset Italia S.p.A. thus amounted to 21,746 thousand euros.

- **Investment in the EQT IX fund**

During the year, an investment was made in several tranches in the EQT IX investment fund for a total value of 7,047 thousand euros, against a total commitment of 10 million euros.

- **Investment in Banca del Fucino**

On January 28, 2021 the Company joined the capital increase approved by Banca del Fucino for a total amount of 5 million euros.

- **Investment in Revo S.p.A.**

In May 2021 an investment in SPAC Revo S.p.A. worth 2 million euros was finalized, resulting in the receipt of 200,000 shares.

- **Investment in Bluegem III**

During fiscal year 2021 an additional investment of 1,470 thousand euros was made, thus closing this fiscal year with a

Notes

balance of 5,977 thousand euros, against a total commitment of 10 million euros. Decreases during the year may refer to capital repayments made by companies and investment funds in which the Company had previously subscribed equity investments, partial or total divestments made during the year, and write-downs made to adjust the carrying value of financial investments shown in the financial statements when there are indicators of impairment.

Among the decreases recorded, the following movements are particularly noteworthy:

- **Sale of equity investment in Clubtre S.p.A.**

In March 2021 the Company sold its equity interest in Clubtre S.p.A. to Tamburi Investments Partners S.p.A., valued at 55,744 thousand euros, achieving a capital gain of 35,269 thousand euros.

- **Sale of investment in Amplifon S.p.A.**

In fiscal year 2021 the investment in Amplifon S.p.A. was completely divested, liquidating

both the portion carried among fixed assets, amounting to 2,348 thousand euros, and the portion shown in current assets, amounting to 6,532 thousand euros, for a total capital gain of 2,202 thousand euros.

- **Sale of equity investment in Tipo S.p.A.**

In April 2021 the equity investment in Tipo S.p.A. was sold for 3,723 thousand euros, resulting in a capital gain of 2,613 thousand euros.

- **Sale of investment in Beta Utensili S.p.A.**

In April 2021 the equity investment in Beta Utensili S.p.A. was sold for a capital gain of 1,426 thousand euros.

- **Sale of equity investment in BetaClub S.p.A.**

In April 2021 the equity investment in BetaClub S.p.A. was sold, resulting in a capital gain of 1,552 thousand euros.

Impairment losses refer to:

- 370 thousand euros on the investment in the GS Distressed Opportunities III fund, in order to align the carrying value of the investment in

Notes

the financial statements with the value of the relevant equity as of December 31, 2021;

- 9,056 thousand euros to the equity investment in Unicredit S.p.A. Following the presentation of the new 2022-2024 Strategic Plan and related target prices by analysts, as well as the profiles of uncertainty and volatility that characterize current market trends, the Company has deemed it appropriate to identify a value per share of 19 euros.

Notes

The following table contains a comparison of the cost values of investments in listed companies and the corresponding values determined on the basis of the share of interest in the book equity:

EQUITY INVESTMENT	NO. SHARES HELD	TOTAL SHARES	MARKET PRICE AS OF 12.31.2021 (Euro units)	% OWNERSHIP	UNIT VALUE OF EQUITY INVESTMENT (Euro units)		TOTAL VALUE OF EQUITY INVESTMENT (Euro units)	
					COST	EQUITY	COST	EQUITY
Mediobanca	4,000,000	864,698,552	10.11	0.46%	9.96	12.84	39,850,385	51,352,643
UniCredit	1,324,714	2,226,129,520	13.544	0.06%	19	27.68	25,169,569	36,673,281
Tip S.p.A.	19,537,137	184,379,301	9.93	10.60%	2.48	6.06	52,359,994	118,489,916
BE S.p.A.	4,069,816	134,897,272	2.77	3.02%	0.48	0.50	1,954,684	2,049,038
Prysmian S.p.A.	1,009,985	268,144,246	33.11	0.38%	23.41	n.a.	23,642,605	n.a.
Digital Magics	135,200	11,003,677	3.74	1.23%	3.67	n.a.	496,184	n.a.
Revo S.p.A.	200,000	23,010,000	9.4	0.87%	10	n.a.	2,000,000	n.a.

Notes

Mediobanca S.p.A.

In the current fiscal year, 2021-2022, Mediobanca confirmed the good results already achieved in previous years, with revenues and up 12% and net profit 28% from the previous year. From the point of view of Angelini Investments S.r.l., the value per share calculated on the basis of the percentage interest in the investee's book equity is 12.84 euros as of December 31, 2021, confirming that it is above cost levels. In the 12 months of FY 2021, the market valuation of the stock increased more than 30%, held back only by the fluctuations in the market towards the end of FY 2021 due to the rise in cases caused by the Covid-19 pandemic.

Given the excellent results achieved so far by Mediobanca and the increase in market value recorded by the stock during 2021, there is no indicator of impairment of the investment.

UniCredit S.p.A.

The UniCredit Group achieved a series of very positive results for 2021, meeting or exceeding all guidance for the year for key financial items. Net profit reached 3.9 billion euros, up 2.6 billion euros from the previous year, and the proposed ordinary distribution of 3.75 billion euros, consisting of cash dividends of about 1.17 billion euros and share buybacks of about 2.58 billion euros, will be presented at the shareholders' meeting on April 8. The share price on the Italian stock market increased significantly from 7.65 euros per share as of December 31, 2020, to 13.54 euros per share at the end of this fiscal year, peaking at 15.85 euros per share in February 2022.

Although the stock has markedly increased its market price, the value per share calculated on the basis of the percent interest in the investee's book equity of 27.69 euros is still higher than the target price estimated by financial analysts, even on the basis of the new

Notes

2022-2024 Strategic Plan, whose expectations indicate a price per share of around 20 euros. As a matter of prudence, also in view of the profiles of uncertainty and volatility that characterize the current performance of the financial markets, the Company has deemed it appropriate to identify a value per share of 19 euros.

TIP S.p.A.

TIP, an investment and merchant bank listed on the STAR segment of the Italian Stock Exchange. TIP carries out minority equity investment activities as an active shareholder in listed and unlisted companies capable of expressing excellence. Thanks to its management and illuminated governance, the Company has made significant increases in the value of the investments it has made over time, consequently increasing the value for its shareholders, which include

Angelini Investments S.r.l.

In support of this assertion, it is sufficient to observe the continuous increase over the years in the market value of the investment, which has more than doubled compared to the initial cost, while obviously not expressed in financial statements prepared according to accounting standards. During FY 2021, the share price increased by more than 40% over the previous year.

Turning to performances of its investee companies during the year, special mention should be made of the positive results achieved by IPGH S.p.A., Parent Company of the Interpump Group, ITH S.p.A., Parent Company of the Sesa Group, OVS S.p.A., Beta Utensili S.p.A. and BE S.p.A., partly offset by the negative results recorded by Alpitour S.p.A. On the basis of these considerations, no indicator of impairment of the investment has been identified.

Notes

BE S.p.A.

BE S.p.A. provides specialized consulting to financial service providers at the European level.

In FY 2021 it continued to achieve brilliant operating and financial results, up from FY 2020. Based on the latest data available as of the date of preparation of these financial statements, BE S.p.A. ended the first nine months of 2021 with a 30.4% increase in revenues and a 29.7% increase in EBITDA. The growth trend recorded in recent years is also reflected in the growth of its stock market capitalization: in fact, compared to the cost per share paid by Angelini Investments S.r.l. in 2016 (0.48 euros per share), as of December 31, 2021 the stock's market price was 2.77 euros per share.

In view of the above, there are no indicators of impairment of the investment.

Prysmian S.p.A.

Prysmian S.p.A. operates in the business of land and submarine cables and systems for power transmission and distribution, special cables for applications in various industries and medium- and low-voltage cables in construction and infrastructure. For telecommunications, the Prysmian Group manufactures cables and accessories for voice, video and data transmission, with a complete offering of fiber optic, optical and copper cables and connectivity systems. It has a strong presence in technologically advanced markets and offers a wide range of products, services, technologies and know-how.

According to the most recent financial information available as of the date of preparation of these financial statements, Prysmian S.p.A. reported consolidated revenues of more than 6 billion euros in the first half of 2021, up from approximately 5 billion euros in the previous year, and EBITDA of 470 million euros, compared with 419 million euros in the same period of 2020.

Notes

The share price on the Italian stock market increased by approximately 14% in 2021. On the basis of these considerations, no indicator of impairment of the investment has been identified.

Digital Magics

Digital Magics, listed on AIM Italy, is a business incubator that supports start-ups and innovative SMEs in the tech world with investments and services to enhance and accelerate digital business, with eight offices in Italy and one in London. Digital Magics has more than 60 holdings in its portfolio in start-ups, scale-ups and digital spin-offs with high growth rates. With the 2021-2025 Business Plan, approved on May 18, 2021 by the Board of Directors, Digital Magics aims to expand its portfolio of holdings to more than 200 start-ups, with a target value of than 100 million euros by 2025, which,

compared to the current valuation prepared by management of an estimated equity value of 50 million euros, represents a 100% increase. Based on the growth prospects drawn from the aforementioned business plan and considering the performance on the stock exchange of the shares, which as of December 31, 2021 were above the book value of the investment shown in the financial statements, there are no indicators of impairment of the investment.

Revo S.p.A.

Revo is a special-purpose acquisition company established to create a major insurance operator in the field of specialty lines and parametric risks, mainly dedicated to SMEs. The Revo vehicle was established by a group of promoters with the aim of finding, through the placement of its ordinary shares with investors and admission to trading on AIM

Italy, the necessary and functional financial resources to acquire a target company (business combination). On November 30, 2021 REVO finalized the purchase of the entire share capital of Elba Compagnia di Assicurazioni e Riassicurazioni S.p.A.

The business combination, approved by the shareholders' meeting on August 4, 2021, was finalized on November 30, 2021.

In view of the successful completion of the business combination and the positive outlook for 2022, there are no indicators of impairment of the investment.

Notes

CURRENT ASSETS

INVENTORIES – 288,902 THOUSAND EUROS

The composition of the item is shown in the following table:

<i>(Thousands of euros)</i>	2021	2020	VARIATION
Raw materials and consumables	78,075	62,801	15,274
Work in progress and components	28,463	33,864	(5,401)
Contracts in progress	24,091	24,947	(856)
Finished products and goods for resale	156,048	163,599	(7,551)
Downpayments	2,225	3,269	(1,044)
TOTAL	288,902	288,480	422

The item is represented by the inventory pertaining to the Pharmaceutical sector for 58%, to the Consumer Goods sector for 12%, to the Industrial Technology sector for 12%, to the Wine sector for 9% and to the Perfumes and Dermocosmetics sector for 7%, with the remainder attributable to the real estate activity of the Holding business.

Notes

As part of prudent working capital management, in view of the bullish trends on the markets, as previously described, it was deemed appropriate to adopt a policy aimed at maintaining a low level of inventory, resulting in a decrease in the value of inventory compared to the previous year's stocks. This effect was partly offset by the reclassification to "Finished products and goods" of real estate for sale owned by Angelini Real Estate S.p.A. (formerly Angelini Immobiliare S.p.A.) of 5,161 thousand euros and the increase in cenobamate and Ontozry stocks from the acquisition of the Arvelle Therapeutics Group in the amount of 6,791 thousand euros.

RECEIVABLES - 559,464 THOUSAND EUROS

The composition is shown below:

<i>(Thousands of euros)</i>	2021	2020	VARIATION
Trade receivables	330,506	359,376	(28,870)
Amount owned by Group companies	73,092	14,367	58,725
Tax receivables	55,084	34,878	20,206
Deferred tax assets	69,165	69,819	(654)
Other receivables	31,617	26,921	4,696
TOTAL	559,464	505,361	54,103

Notes

Receivables are stated net of a bad debt provision of -10,045 thousand euros, changes in which are shown below:

CREDITS <i>(Thousands of euros)</i>	BAD DEBT PROVISION					Ending Balance
	Opening balance	Increases	Decreases	Other movements	Currency translation differences	
Trade receivables within 1 year Provision for doubtful accounts	(10,675)	(1,200)	1,775	(1)	56	(10,045)
Trade receivables over 1 year Provision for doubtful accounts	0	0	0	0	0	0
TOTAL	(10,675)	(1,200)	1,775	(1)	56	(10,045)

The item Receivables from customers is mainly due to the Pharmaceuticals business with 70%, Consumer Goods with 11%, Perfumes and Dermocosmetics with 9%, Industrial Technology with 7%, and, to a lesser extent, the other businesses.

The decrease in trade receivables of -28,870 thousand euros is the net result of a major decrease in the Pharmaceuticals business (-26,639 thousand euros) and the Consumer Goods business

Notes

(-9,339 thousand euros), as well as of the increase in the Perfumes and Dermocosmetics business (+4,180 thousand euros) and Industrial Technology (+2,560 thousand euros), linked, in the case of the latter, to an increase in sales for fiscal year 2021.

It should be noted that the decrease in receivables from Consumer Goods customers was affected by the conclusion in September 2021 of the contract for the sale of surgical masks to the Extraordinary Commissioner for the Covid-19 emergency, while the reduction in receivables from Pharmaceuticals customers is mainly due to both improved collection performance and the moderate decrease in 2021 revenues compared to 2020.

Receivables from Group companies refer in part to receivables from Angelini Finanziaria for tax consolidation and Group VAT in the amount of 14,120 thousand euros, while the remainder refers to receivables from subsidiaries and affiliated that are not eliminated by virtue of the consolidation of the latter using a method other than line-by-line consolidation. Of particular

note is a loan granted to Arvelle Therapeutics Netherlands B.V. by its Parent Company Arvelle Therapeutics B.V. in the amount of 48,700 thousand euros.

RECEIVABLES WITH A TERM OF MORE THAN 5 YEARS

There are no receivables with a residual term of more than 5 years, nor are there any receivables secured by corporate assets as collateral.

SHORT-TERM INVESTMENTS - 710,301 THOUSAND EUROS

This item refers to investments in money market financial instruments, investment funds and insurance policies used for active management of the Group's treasury, as well as the balance of centralized treasury current accounts that Angelini Holding S.p.A. holds with other Group companies not included in the scope of consolidation.

The significant change compared to the previous year should be attributed - in addition

Notes

to the management of the investment portfolio - to the balance of the cash pooling account held with the Parent Company Angelini Finanziaria S.p.A., which in 2021 was positive (386,139 thousand euros), in contrast to the year 2020, when the balance was negative (-50,462 thousand euros).

In the reporting year the receivables from cash pooling contracts were properly classified under the item "Short-term investments". Accordingly, the balance from the previous year was also reclassified.

CASH AND CASH EQUIVALENTS - 505,291 THOUSAND EUROS

Cash and cash equivalents are mostly concentrated in Angelini Holding S.p.A. for 308,542 thousand euros due to the centralized treasury management carried out through cash pooling with most subsidiaries.

ACCRUED INCOME AND PREPAID EXPENSES - 10,789 THOUSAND EUROS

The item mainly refers to accrued interest on bonds, loans/mortgages, insurance policies and multi-year maintenance contracts.

Notes

LIABILITIES

EQUITY – 2,922,199 THOUSAND EUROS

As of December 31, 2021, the capital of Angelini Holding S.p.A., amounting to 3,000 thousand euros, was fully subscribed and paid up.

The amounts recorded in share capital, share premium reserve, legal reserve, extraordinary reserve, miscellaneous reserves and merger surplus reserve are values recorded in the separate financial statements of the Parent Company, Angelini Holding S.p.A.

The change in the translation reserve arises from the conversion of financial statements expressed in foreign currencies into euros. Changes in and breakdown of consolidated equity are shown below:

EQUITY (Thousands of euros)	Opening balance	Allocation of last year net profit	Perimeter changes	Currency translation differences	Net profit	Other movements	Ending Balance
Subscribed capital	3,000	0	0	0	0	0	3,000
Share premium account	458,698	0	0	0	0	0	458,698
Write-up reserve ex L. 126/2020	795,400	0	0	0	0	7,031	802,431
Legal reserve	601	0	0	0	0	0	601
Statutory reserves	0	0	0	0	0	0	0
Extraordinary reserve	78,789	0	0	0	0	0	78,789
Transfer reserve	0	0	0	0	0	0	0
Contribution for capital increase	0	0	0	0	0	0	0
Contribution for financial period increase	0	0	0	0	0	0	0
Other reserves	27,221	0	0	0	0	0	27,221
Parent's share reserve	0	0	0	0	0	0	0
Profit reserve by Article 2423 Italian c.c.	0	0	0	0	0	0	0
Consolidation reserve	62,098	0	0	0	0	0	62,098

Notes

Severance reserve	0	0	0	0	0	0	0
Amortization in advance reserve	0	0	0	0	0	0	0
Currency translation reserve	(54,166)	0	394	(1,321)	0	0	(55,093)
Surplus merger reserve	1,682,547	0	0	0	0	0	1,682,547
Shareholders capital spending	0	0	0	0	0	0	0
Cash flow hedge reserve	(4,162)	0	0	0	0	7,643	3,481
Shareholders future losses shelter's account	0	0	0	0	0	0	0
Losses pay off in financial period	0	0	0	0	0	0	0
Profits (losses) to be carried forward	(370,795)	130,887	1,685	0	0	(17)	(238,240)
Profits (losses) for the financial period	130,887	(130,887)	0	0	96,666	0	96,666
Own shares reserve	0	0	0	0	0	0	0
SHAREHOLDERS' EQUITY	2,810,118	0	2,079	(1,321)	96,666	14,657	2,922,199
Third party capital and reserve	17	(26)	9	0	0	0	0
Third party profit (loss) for the financial period	(26)	26	0	0	0	0	0
THIRD PARTIES EQUITY	(9)	0	9	0	0	0	0
TOTAL EQUITY	2,810,109	0	2,088	(1,321)	96,666	14,657	2,922,199

Changes in the Group's equity refer to the profit for the year of 96,666 thousand euros, the effects brought of the change in the consolidation of the Company Angelini Rare Diseases A.G., the purchase of an additional 30% of the company MyFamilyPlace S.r.l. and the revaluation of the patents of Fameccanica Data S.p.A. for a proportional value of 7,031 thousand euros.

Notes

PROVISIONS FOR RISKS AND CHARGES – 68,285 THOUSAND EUROS

The item is composed as follows:

<i>(Thousands of euros)</i>	2021	2020	VARIATION 2021-2020
Provisions for pensions and similar obligations	2,094	2,078	16
Provisions for taxation	6,718	3,455	3,263
Derivatives	9,302	9,124	178
Other provisions for risks	50,171	46,228	3,943
TOTAL	68,285	60,885	7,400

Notes

<i>(Thousands of euros)</i>	Opening balance	Increase	Decrease	Currency translation differences	Other movements	Ending Balance
Provisions for pensions and similar obligations	2,078	379	(282)	(75)	(6)	2,094
Provisions for taxation	21	0	0	0	0	21
Deferred tax	3,434	3,993	(734)	2	2	6,697
Derivatives	9,124	8,789	(8,612)	0	1	9,302
Others Provision goods returned	5,585	1,355	(2,922)	7	0	4,025
Others Provision discount coupon	6,067	6,794	(4,112)	0	(1,233)	7,516
Others Contest with prizes provision	0	0	0	0	0	0
Others building reorganization provision	(288)	0	0	4	152	(132)
Others Coverage for shared losses provision	0	0	0	0	0	0
Others Provision future charges	17,575	7,673	(4,574)	49	(251)	20,472
Others Provision early retirement incentives	2,716	3,859	(1,551)	0	1	5,025
Others Litigation with commercial agent provision	0	0	0	0	0	0
Others Litigation with employees provision	752	0	(70)	27	(152)	557
Others Provision environment risks	211	0	0	0	0	211
Others Provision other risks	13,065	4,196	(4,516)	(2)	(246)	12,497
Others Provision other charges	545	0	(544)	(1)	0	0
TOTAL	60,885	37,038	(27,917)	11	(1,732)	68,285

Notes

PROVISION FOR TAXES – 21 THOUSAND EUROS

The provision for taxes mainly includes contingent liabilities arising from tax disputes.

- in the Consumer Goods business they consist mainly of discount voucher provisions;
- in Industrial Technology they refer mainly to charges for warranty and installation of already delivered machinery.

OTHER PROVISIONS – 50,171 THOUSAND EUROS

These provisions reflect allocations made to meet future charges related to anticipated obligations, reorganization of corporate structure and various risks.

The item is mainly concentrated in the Pharmaceuticals business for 32,817 thousand euros, which makes up 65% of the item, in the Consumer Goods business for 11,230 thousand euros or 22%, and in the Industrial Technology business for 4,560 thousand euros or 9%.

Other provisions mainly contain accruals for the following risks or charges:

- in the Pharmaceuticals business they mainly refer to returns of goods, obligations to settle pharmaceutical expenditures (payback) and exit incentives:

Notes

EMPLOYEES' SEVERANCE INDEMNITY – 17,425 THOUSAND EUROS

The provision for severance indemnity represents the amount set aside by the subsidiaries for their employees as a result of the application of labor contracts; it refers to personnel employed in Italy.

SEVERANCE TO EMPLOYEES

(Thousands of euros)

Opening balance	18,144
Additions to provision	12,146
Use of provision	(10,067)
Other movements	(2,797)
Currency translation differences	(1)
ENDING BALANCE	17,425

The Pharmaceutical business is the main contribution to the item at 47%, the Consumer Goods business at 24% and the Industrial Technology business at 12%.

Notes

PAYABLES - 1,259,626 THOUSAND EUROS

The composition is shown below:

<i>(Thousands of euros)</i>	2021	2020	VARIATION 2021-2020
Payables to shareholders for contribution within 1 year	0	0	0
Payables to shareholders for contribution over 1 year	0	0	0
Payables to banks within 1 year	50,497	46,449	4,048
Payables to banks over 1 year	551,178	570,593	(19,415)
Payables to other financiers within 1 year	0	0	0
Payables to other financiers over 1 year	0	0	0
Advances received	27,037	31,968	(4,931)
Trade payables to suppliers	395,511	354,348	41,163
Debts represented by bills of exchange	0	0	0
Payables to Group companies	84,982	95,752	(10,770)
Tax payables	43,614	54,022	(10,408)
Payables to social security institutions	19,649	20,210	(561)
Other payables	87,158	90,754	(3,596)
TOTAL	1,259,626	1,264,096	(4,470)

Notes

Amounts due to banks mainly refer to:

- the loan granted to Angelini Pharma S.p.A. for 500,000 thousand euros, taken out with various banking institutions in 2020 with maturity in 2027, the transaction costs and ancillary charges for which, incurred in the previous year, are included in the calculation of amortized cost, using the effective interest criterion; their amortization amounts to 513 thousand euros;
- the loan taken out by Angelini Investments S.r.l. (formerly Angelini Partecipazioni Finanziarie S.r.l.) of 50,000 thousand euros and already present in previous years;
- loans received from Fater S.p.A. totaling 48,978 thousand euros.

Payables to Group companies include 50,821 thousand euros in payables to companies measured according to the proportionate method or recorded at cost. In particular, the balance as of December 31, 2021 is mainly

composed of the amount payable to Arvelle Therapeutics Netherlands B.V. of 45,719 thousand euros for dealings of a commercial nature (of which 41,709 thousand euros is owed by Arvelle Therapeutics International G.m.b.H.). The item also includes payables to the Parent Company Angelini Finanziaria S.p.A. totaling 34,161 thousand euros for income tax transfers under the Tax Consolidation Agreement and for Group VAT. The change from the previous year is affected by the fact that in the present year the cash pooling current account that Angelini Holding S.p.A. holds with the Parent Company Angelini Finanziaria S.p.A. has a positive balance and is classified in the balance sheet item "Short-term investments", while in the previous year it had a balance payable. The increase in accounts payable is mainly attributable to companies in the Pharmaceutical, Perfumes and Dermocosmetics and Industrial Technology businesses, with 60% of the

Notes

composition of the item attributable to the Pharmaceutical business and 23% to the Consumer Goods business.

Taxes payable refer mainly to withholding taxes on salaries and compensation and include the substitute tax for the revaluation of the Tachipirina and Moment trademarks carried out in 2020 by Angelini Pharma S.p.A. in the amount of 16,400 thousand euros.

Finally, Other payables mainly include liabilities to employees for accrued compensation of approximately 49,700 thousand euros, compensation payable to directors and auditors of approximately 3,300 thousand euros, payables for the settlement of healthcare expenses ("payback") of an additional 10,567 thousand euros and miscellaneous payables such as fees to be reimbursed to customers.

PAYABLES DUE BEYOND 5 YEARS

Payables with a residual term of more than 5 years include loans contracted by Angelini Investments S.r.l. and Angelini Pharma S.p.A. of 50 million euros and 500 million euros, respectively, both maturing in fiscal year 2027. There are no payables secured by corporate assets as collateral.

DEFERRED INCOME AND ACCRUED EXPENSES – 5,054 THOUSAND EUROS

The item mainly refers to downpayments against sub-license agreements and regional grants.

Notes

COMMENTARY ON INCOME STATEMENT ITEMS**VALUE OF PRODUCTION – 1,786,306 THOUSAND EUROS**

The item is composed as follows:

VALUE OF PRODUCTION <i>(Thousands of euros)</i>	12.31.2021	12.31.2020	VARIATION 2021-2020
Revenues from sales and services	1,725,224	1,699,471	25,753
Variation in stocks of work in progress goods	(3,339)	1,400	(4,739)
Variation in contracts in progress	(1,181)	5,074	(6,255)
Work performed for own purposes and capitalised	633	4,465	(3,832)
Other revenues and income	64,969	49,024	15,945
TOTAL	1,786,306	1,759,434	26,872

Notes

REVENUES FROM SALES AND SERVICES – 1,725,224 THOUSAND EUROS

Revenues from sales and services are broken down by the different businesses as follows: the Pharmaceuticals business contributes 58%, Consumer Goods 29%, Industrial Technology 6%, Perfumes and Dermocosmetics 5%, and Wine 1%.

The breakdown of Revenues from sales and services by business segment and the composition by geographical area are shown below:

REVENUES FOR BUSINESS AREAS (Thousands of euros)	12.31.2021	12.31.2020	DIFFERENCE 2021-2020
Pharmaceutical	998,749	1,005,637	(6,888)
Consumer	498,885	498,289	596
Industrial Technology	100,950	94,786	6,164
Perfumes and Cosmetics	94,867	74,207	20,660
Wine	25,100	19,046	6,054
Holding Activity	6,673	7,506	(833)
TOTAL	1,725,224	1,699,471	25,753

Notes

REVENUES - GEOGRAPHIC AREA

(Thousands of euros)	12.31.2021	12.31.2020	DIFFERENCE 2021-2020
Italy	996,911	1,139,678	(142,767)
Europe	619,809	490,206	129,603
Other countries	108,504	69,587	38,917
Total	1,725,224	1,699,471	25,753

The Group's revenues increased by a total of 25,753 thousand euros during the year. The most significant revenue growth was recorded in the Perfumes and Dermocosmetics business, which, after the easing of restrictive measures due to the Covid-19 pandemic, saw a significant recovery in the second half of the fiscal year, recording an increase in revenues of 20,660 thousand euros. Other businesses in which revenue growth was recorded are Industrial Technologies, driven by the North American market, with an increase of 5,258 thousand euros, and the Wine business with 6,039 thousand euros. Sales declined in the Pharmaceuticals business by -6,888 thousand euros, mainly due to the lower prevalence of influenza cases, limited by the use of protective devices for the SARS-CoV-2 virus, and the stabilization of sales of disinfection products, which had seen major growth in 2020 with the outbreak of the Covid-19 pandemic. This item also includes revenues from Group companies

Notes

consolidated by the proportional method or recorded at cost in the total amount of 9,366 thousand euros, of which 5,875 thousand euros refers to commercial transactions between Arvelle Therapeutics International G.m.b.H. and Arvelle Therapeutics Netherlands B.V.

OTHER REVENUES AND INCOME – 64,969 THOUSAND EUROS

Other revenues and income is 59% attributable to the Pharmaceutical business, 17% to the Consumer Goods business, 6% to the Industrial Technology business, 8% to the Holding business, 6% to Perfumes and Dermocosmetics and the remainder to the Wine business.

Other revenues mainly refer to:

- operating grants of 9,057 thousand euros;
- capital gains on sales of intangible and tangible assets amounting to 14,244 thousand euros;
- income from chargebacks to customers amounting to 4,647 thousand euros;
- release to the Income Statement of provisions deemed excessive compared to actual risk assessments in the amount of 7,902 thousand euros;
- income from previous years in the amount of 5,574 thousand euros; and
- royalties amounting to 1,932 thousand euros.

Notes

PRODUCTION COSTS – 1,784,852 THOUSAND EUROS

Details of the item are given below:

COST OF PRODUCTION <i>(Thousands of euros)</i>	12.31.2021	12.31.2021	VARIATION 2021-2020
For raw materials, consumable and goods for sale	549,465	580,193	(30,728)
Purchases for services	591,007	526,201	64,806
Purchases for use of assets owned by others	45,003	41,594	3,409
Staff costs	370,992	342,924	28,068
Value adjustments	179,148	134,578	44,570
Variations in stock of raw materials, consumables and goods for resale	(851)	(33,703)	32,852
Amounts provided for risk provisions and other accruals	12,695	13,356	(661)
Other operating charges	37,393	42,943	(5,550)
TOTAL	1,784,852	1,648,086	136,766

The Pharmaceuticals business contributed 57% to consolidated production costs, Consumer Goods 26%, Industrial Technology 6%, Perfumes and Dermocosmetics 6%, Holding 4% and Wine 1%.

Notes

COST OF RAW MATERIALS, CONSUMABLES AND GOODS FOR SALE – 549,465 THOUSAND EUROS

Costs of raw materials, consumables and goods for sale decreased compared to FY 2020, particularly with reference to the Pharmaceuticals business, which contributed a decline of 42,433 thousand euros.

This change can be explained by use of in-stock inventory in the previous year, keeping inventory stock levels low, and by a higher average cost in 2020 to meet the projected demand for Covid-19 pandemic-related products.

In the other sectors, costs for raw materials, consumables and goods increased, although in some cases less than proportionately to the growth in sales due to the use of inventories held from the previous year.

COSTS FOR SERVICES – 591,007 THOUSAND EUROS

The increase compared to the previous year is mainly attributable to the Pharmaceutical business, with an increase of 38,548 thousand euros that can be almost entirely explained by the entry into the scope of consolidation of the companies of the Arvelle Therapeutics Group, which contributes 43,415 thousand euros, followed by the Perfumes and Dermocosmetics business with an increase of 10,072 thousand euros, mainly related to promotional campaigns on products, and Consumer Goods for 5,319 thousand euros, again due to promotional activities with large-scale retail channels.

A significant increase was also recorded in Holding for 10,727 thousand euros, owing to an increase related to maintenance and services related to the centralized management of ICT services and an increase in directors' compensation.

Notes

PERSONNEL COSTS – 370,992 THOUSAND EUROS

Personnel costs increased by 28,068 thousand euros from the previous year. The entry of the Arvelle Therapeutics Pharmaceutical Group into the scope of consolidation contributed 17,471 thousand euros to the increase. Other increases can be attributed to the companies established in 2020 or that have seen their activities expanded, which in 2021 record a personnel cost in the Income Statement for the entire year, such as Angelini Pharma Deutschland G.m.b.H., Angelini Pharma Inc. and Angelini Consumer S.r.l. and MyFamilyPlace S.r.l.

As of December 31, 2021, the number of employees of Angelini Industries Group is as follows:

EMPLOYEES	12.31.2021	12.31.2020
Managers	425	382
Executives	787	735
Clerks	2,312	2,353
Workers	967	1,037
TOTAL EMPLOYEES	4,491	4,507

Notes

OTHER OPERATING EXPENSES – 37,393 THOUSAND EUROS

The item refers mostly to the Pharmaceuticals business, which contributed 27,750 thousand euros.

On the whole, the charges included in this item are related to the repayment of healthcare expenses (“payback”) of 15,027 thousand euros, indirect taxes of 6,785 thousand euros, gifts to third parties of 3,804 thousand euros, registration and renewal charges for trademarks of 1,831 thousand euros and miscellaneous charges for the remainder.

FINANCIAL INCOME AND EXPENSES – 159,455 THOUSAND EUROS**FINANCIAL INCOMES AND CHARGES**
(Thousands of euros)

	12.31.2021	12.31.2020	VARIATION 2021-2020
Financial incomes	159,992	69,743	90,249
Financial charges	6,915	3,315	3,600
(Gain)/Loss foreign exchange	(6,378)	6,498	(12,876)
TOTAL	159,455	59,930	99,525

Financial income and expenses are mainly the result of the investment of the Group’s cash and thus refer to the Holding business.

Notes

Financial income of 159,992 thousand euros is mainly composed of 86,485 thousand euros attributable to Angelini Holding S.p.A. and referring to income on equity investments and financial assets and 66,575 thousand euros attributable to Angelini Investments S.r.l.

VALUE ADJUSTMENTS TO FINANCIAL ASSETS – (35,277) THOUSAND EUROS**VALUE ADJUSTMENTS RELATED TO FINANCIAL ASSETS**
(Thousands of euros)

	12.31.2021	12.31.2020	VARIATION 2021-2020
Revaluation of equity investments	175	285	(110)
Revaluation of non permanent investments which are not equity investments	160	37	123
Revaluation of derivatives	12,430	3,680	8,750
Devaluation of equity investments	(11,397)	(5,082)	(6,315)
Devaluation of non permanent investments which are not equity investments	(15,782)	(2,372)	(13,410)
Devaluation of derivatives	(20,863)	(7,920)	(12,943)
TOTAL	(35,277)	(11,372)	(23,905)

Notes

Net negative value adjustments to financial assets refer almost exclusively to Angelini Holding S.p.A. and Angelini Investments S.r.l., particularly with regard to the year-end measurement of securities in working capital (-15,719 thousand euros) and the impairment of the historical cost of the equity investment held in UniCredit by Angelini Investments S.r.l. by 9,056 thousand euros.

In addition, impairment of 1,836 thousand euros was recognized on the equity investment in MadreNatura A.G., held by Angelini Holding S.p.A., consolidated using the equity method. A considerable effect is also recorded in the measurement of derivative instruments, the net impact of which on the balance sheet was a negative -8,433 thousand euros.

INCOME TAX FOR THE YEAR AND DEFERRED TAX ASSETS AND LIABILITIES – 28,966 THOUSAND EUROS

The item consists of current tax charges of 30,570 thousand euros, taxes referring to previous years of -3,434 thousand euros and positive deferred tax liabilities/assets of 1,830 thousand euros.

The 30,570 thousand euros in current taxes refers to 23,921 euros in corporate income taxes and 6,649 thousand euros in taxes on production activities.

Notes

A reconciliation between theoretical tax rate and effective tax rate is also given below:

NOMINAL TAX RATE UNDER CURRENT LEGISLATION	28.50%
Income from dividends and capital gains on equity investments	(19.50)%
Expenses not deductible for IRAP purposes only	(4.54)%
Non-deductible charges	8.72%
Untaxed income	(0.17)%
Cumulative effect of rates applied by consolidated companies	6.68%
Unallocated taxes on tax losses	9.47%
Non-deductible write-downs of equity investments	1.55%
Amortization of consolidation difference	5.70%
Taxes related to previous years	(2.76)%
Adjustment of deferred tax assets/liabilities	0.00%
Tax relief	(10.59)%
TOTAL DIFFERENCES	(5.44)%
EFFECTIVE CONSOLIDATED TAX RATE	23.06%



Notes

OTHER INFORMATION

INFORMATION ON THE FAIR VALUE OF FINANCIAL INSTRUMENTS

As described above on several occasions, Group companies use derivative financial instruments mainly to hedge the risk of exchange rate fluctuations for both financial assets in foreign currencies and for future business transactions in countries where the Group operates with currencies other than the euro.

As required by Article 2427-bis of the Italian Civil Code, the following is information on the fair value of financial instruments used by the Group regardless of the measurement criterion adopted in preparing the financial statements. The method of recognizing changes in the fair value of derivatives is dependent on their designation as a hedging instrument and, where applicable, on the hedged item. Derivative financial instruments are designated as such only when they meet the requirements described in the “Measurement Criteria” section, whether they hedge changes in cash

flows, hedge changes in the fair value of an asset or liability or are held for speculative purposes. The following is information on derivative financial instruments outstanding as of December 31, 2021, broken down by type, accounting policy, and nature of the instrument, with any indication of the risk being hedged.

Notes

INTEREST RATE RISK

HEDGING INSTRUMENT	ASSET/ LIABILITY HEDGED	Current/ Non-current	Derivative asset/ liability	AT 12.31.2021		AT 12.31.2020	
				FAIR VALUE (figures in thousands of euros)	NOTIONAL (figures in thousands of euros)	FAIR VALUE (figures in thousands of euros)	NOTIONAL (figures in thousands of euros)
Hedging derivatives cash flows:							
Interest rate swap	Bank loan	Non-current	Liabilities	(77)	20,000	(261)	37,500
Interest rate swap	Bank loan	Non-current	Liabilities	(14)	12,500	(45)	12,500
Interest rate swap	Bank loan	Non-current	Liabilities	(422)	50,000	(1,285)	50,000
Interest rate swap	Bank loan	Non-current	Assets	5,092	500,000	-	-
Interest rate swap	Bank loan	Non-current	Liabilities	-	-	(3,886)	500,000
				4,580	582,500	(5,477)	600,000

Notes

FOREIGN
EXCHANGE RISK

HEDGING INSTRUMENT	ASSET/ LIABILITY HEDGED	Current/ Non-current	Derivative asset/ liability	AT 12.31.2021		AT 12.31.2020	
				FAIR VALUE (figures in thousands of euros)	NOTIONAL (figures in thousands and in local currency)	FAIR VALUE (figures in thousands of euros)	NOTIONAL (figures in thousands and in local currency)
Hedging derivatives fair value:							
USD forward contracts	Financial assets in USD	Non-current	Assets	44	24,338	130	28,299
Derivatives with unproven hedging relationship:							
PLN forward contracts	Future sales	Current	Liabilities	34	100,170	(140)	85,971
CZK forward contracts	Future sales	Current	Liabilities	(411)	313,233	(436)	297,962
RON forward contracts	Future sales	Current	Liabilities	(60)	51,334	(142)	60,621
USD forward contracts	Future purchases	Current	Assets	526	24,997	(2,017)	218,537
USD forward contracts	Future sales	Current	Liabilities	(71)	3,300	72	2,500
HUF forward contracts	Future sales	Current	Liabilities	39	1,088,080	(32)	1,285,900
JPY forward contracts	Future purchases	Current	Assets	0	0	(40)	228,730
				101		(2,605)	

SPECULATIVE TRANSACTIONS IN DERIVATIVES

NON-HEDGING INSTRUMENT	ASSET/LIABILITY HEDGED	Current/ Non-current	Derivative asset/ liability	AT 12.31.2021		AT 12.31.2020	
				FAIR VALUE (figures in thousands of euros)	NOTIONAL (figures in thousands of euros)	FAIR VALUE (figures in thousands of euros)	NOTIONAL (figures in thousands of euros)
Options	Sale of call options	Current	Liabilities	(8,209)	22,357	(872)	3,551
				(8,209)	22,357	(872)	3,551

Notes

Forward contracts were entered into by the companies to hedge changes in the fair value of financial investments and commercial transactions in foreign currencies related to fluctuations in exchange rates. The term of these forward contracts is one year, and the contracts are renewed from year to year on the basis of the face value in the currency of the underlying investment. Swap contracts have been entered into to hedge changes in cash flows inherent in floating-rate bank loans. These derivative instruments have been considered hedges because of the perfect coincidence between the contractual terms of the derivative instrument and those of the hedged liability. The related changes in fair value have therefore been recognized in the appropriate equity reserve. In relation to these instruments, the following table summarizes the change in the "Reserve for expected cash flow hedging transactions" during the year.

Notes

DETAILS OF RESERVE FOR FORECAST CASH FLOW HEDGES*(Thousands of euros)*

Opening value	(4,162)
Period changes	0
Increase due to change in fair value	4,809
Decrease due to change in fair value	6,118
Release to Income Statement	0
Release to adjust assets/liabilities	0
Deferred tax effect	(3,284)
CLOSING VALUE	3,481

Derivative financial instruments entered into by the Company are not traded in regulated markets. Therefore, in the absence of market input, their fair values as of the balance sheet date have been determined by discounting the future cash flows from the instruments, estimated on the basis of their contractual characteristics and market forecasts for exchange rate and interest rate trends provided by leading external information providers.

Notes

SUBSIDIES, GRANTS AND ECONOMIC ADVANTAGES (LAW NO. 124 OF AUGUST 04, 2017 - ARTICLE 1, PARAGRAPHS 125-129)

As of the end of the fiscal year, Group companies had collected the grants shown in the tables presented below:

Beneficiary Angelini Wines & Estates Società Agricola a r.l.

DISBURSING ENTITY (Euro units)	CODE SEARCH	COLLECTION DATE	AMOUNT	TYPE OF GRANT
AGEA	PAC	02.03.2021	106	OPERATING GRANT aimed at supporting income from farms' crops under the CAP (Common Agricultural Policy) quantified on the basis of the arable land held by the farm - application ref. no. 70263561089
ARTEA	GRANT BIO	02.12.2021	6,321	Reg. EC 1305/2013 - RDP Marche 2014-2020 - Measure 11 - Submeasure 11.1.A Name: BERTANI DOMAINS SOCIETÀ AGRICOLA A R.L. - CUA: 02555110424 Application year: 2020 - ID 04240636516 Support application barcode ID: 74240635347 Communication APPLICATION RESULT PROPOSED PAYMENT OF BALANCE
AGEA	SUBSIDISED PREMIUM	04.23.2021	109,739	Application for payment for access the benefits of the National Rural Development Program 2014-2020 Measure 17 - Risk management - Sub-measure 17.1 Crop, animal and plant insurance Public notice setting out provisions for the concession of support published in OJ no. 57 of March 9, 2018. Plant crops
AGEA	BE WINE PROMOTION THIRD COUNTRIES	06.01.2021	1,043,709	CMO Wine - Measure "Promotion on third country markets" - Advance on NATIONAL Call for Proposals campaign 2020/2021. Implementation of the Decree of the Minister of Agriculture, Food, Forestry and Tourism no. 3893 of April 4, 2019 PARTICIPATION THROUGH TEMPORARY CONSORTIUM AMOUNT PROVIDED TOTAL COMPANY SHARE + SHARE WITH THIRD PARTIES
AGEA	PAC 2020	10.18.2021	4,899	OPERATING GRANT aimed at supporting income from farms' crops under the CAP (Common Agricultural Policy) quantified on the basis of the arable land held by the farm - application ref. no. 70263561089
AGEA	PAC 2021	11.19.2021	219,413	OPERATING GRANT aimed at supporting income from farms' crops under the CAP (Common Agricultural Policy) quantified on the basis of the arable land held by the farm - application ref. no. 70263561089

Notes

AGEA	REDUCTION IN PRODUCTION	11.26.2021	74,018	Rural Development Program 2014-2020 - M04.1.A Tangible and intangible investments - ref. M04.1.A - SUPPORT FOR INVESTMENTS IN FARMS - Tangible and intangible investments - 2017 no.120 - 04.03.2017 - Type: Decree - Register: AFP Ref. Aid Application no. 26860 - Prot. no. Payment application: 02083318/17/2021
AGEA	SUBSIDISED PREMIUM	12.02.2021	30,263	Application for payment for access the benefits of the National Rural Development Program 2014-2020 Measure 17 - Risk management - Sub-measure 17.1 Crop, animal and plant insurance Public notice setting out provisions for the concession of support published in OJ no. 57 of March 9, 2018. Plant crops
AGEA	PRRS	12.21.2021	103,809	AGEA ref. 70-88-0000-0503 Dom. 14270339527 - BALANCE - DEV. RURAL REFORM Payment application for access to the benefits of the National Rural Development Program 2014-2020, PURCHASE OF INSTRUMENTAL ASSETS
MARCHE REGION	STORAGE	12.24.2021	604	Extraordinary and urgent measures related to the Covid-19 health emergency 2020/2021 - M33 WINERY ENTERPRISES - QUALITY WINE STORAGE NOTICE: Urgent measures to promote liquidity in wineries following the Covid-19 epidemic emergency through temporary STORAGE aid for quality wines - State Aid SA.57021(2020/N)
MARCHE REGION	DISTILLATION	12.24.2021	204	CE 1863-3.1/20 - TF Covid-19 - Section 3.1 of the Temporary Framework for State Aid Measures to Support the Economy in the Current Covid-19 Emergency - Commission Communication of March 19, 2020 C(2020)1863 final as amended
AGEA	SUBSIDISED PREMIUM	12.29.2021	100,226	Application for payment for access the benefits of the National Rural Development Program 2014-2020 Measure 17 - Risk management - Sub-measure 17.1 Crop, animal and plant insurance. Plant crops
STATE	SANITISATION	Q1 2021	28,297	Use of tax credits for upgrading work environments and sanitizing and purchasing protective equipment, Article. 32 of Decree Law 73 of May 25, 2021
STATE	ADVERTISING	08.16.2021	11,282	Use of tax credit for investments in advertising - Article 57-bis of Decree Law 50 of April 24, 2017, converted by Law no. 96 of June 21, 2017 as subsequently amended
STATE	NEW OPERATING ASSETS	Q2-Q3	3,838	Use of Tax Credit for new operating assets Article 1, c. 1051 to 1063, Budget Law 2021
STATE	CONTRIBUTION RELIEF	12.16.2021	66,433	Application for extraordinary exemption from the payment of employers' social security and welfare contributions due for the period from January 1, 2020 to June 30, 2020 for enterprises identified by Article. 222, paragraph 2 of Decree Law 34 of May 19, 2020, converted with amendments by Law 77 of July 17, 2020

Notes

	BENEFICIARY	GRANTING AUTHORITY	SUM COLLECTED	COLLECTION DATE	CAUSE/REF. PROJECT
1	Fameccanica Data S.p.A.	Fondimpresa	94,106.53	06.22.2021	Reimbursement for expenses incurred in respect of the activities under the training plan Fdir 20450 entitled digital skills program

	BENEFICIARY	GRANTING AUTHORITY	SUM COLLECTED	COLLECTION DATE	CAUSE/REF. PROJECT
1	Fater S.p.A. 01323030690	GSE S.p.A. - 05754381001	599,111.49	01.29.2021	Contributions for incentive tariffs Grin_000428 Compensation period 11/2020
2	Fater S.p.A. 01323030691	GSE S.p.A. - 05754381001	566,177.32	02.26.2021	Contributions for incentive tariffs Grin_000428 Compensation period 12/2020
3	Fater S.p.A. 01323030692	GSE S.p.A. - 05754381001	693,648.75	03.31.2021	Contributions for incentive tariffs Grin_000428 Compensation period 1/2021
4	Fater S.p.A. 01323030693	GSE S.p.A. - 05754381001	666,270.10	04.30.2021	Contributions for incentive tariffs Grin_000428 Compensation period 2/2021
5	Fater S.p.A. 01323030694	GSE S.p.A. - 05754381001	734,284.64	05.31.2021	Contributions for incentive tariffs Grin_000428 Compensation period 3/2021
6	Fater S.p.A. 01323030695	GSE S.p.A. - 05754381001	563,853.63	06.30.2021	Contributions for incentive tariffs Grin_000428 Compensation period 4/2021
7	Fater S.p.A. 01323030696	GSE S.p.A. - 05754381001	118,223.52	07.30.2021	Contributions for incentive tariffs Grin_000428 Compensation period 5/2021
8	Fater S.p.A. 01323030697	GSE S.p.A. - 05754381001	41,646.90	08.31.2021	Contributions for incentive tariffs Grin_000428 Compensation period 6/2021
9	Fater S.p.A. 01323030698	GSE S.p.A. - 05754381001	444,917.45	09.30.2021	Contributions for incentive tariffs Grin_000428 Compensation period 7/2021
10	Fater S.p.A. 01323030699	GSE S.p.A. - 05754381001	46,410.45	10.29.2021	Contributions for incentive tariffs Grin_000428 Compensation period 8/2021
11	Fater S.p.A. 01323030700	GSE S.p.A. - 05754381001	23.04	11.30.2021	Contributions for incentive tariffs Grin_000428 Compensation period 9/2021
12	Fater S.p.A. 01323030701	GSE S.p.A. - 05754381001	23.81	12.31.2021	Contributions for incentive tariffs Grin_000428 Compensation period 10/2021
13	Fater S.p.A. 01323030702	Fondimpresa - 97278470584	45,899.92	07.23.2021	Plan ID 258465

Notes

14	Fater S.p.A. 01323030703	Fondimpresa - 97278470584	115,770.39	07.23.2021	Plan ID 258465
15	Fater S.p.A. 01323030704	Fondimpresa - 97278470584	4,749.31	06.18.2021	Plan ID 282604
16	Fater S.p.A. 01323030705	Fondimpresa - 97278470584	2,150.00	06.18.2021	Plan ID 274546
17	Fater S.p.A. 01323030706	Fondirigenti - 97141810586	759.11	02.24.2021	Plan Fdir 23208
18	Fater S.p.A. 01323030707	European Commission	346,091.20	07.23.2021	HQ-0420 Hub'n'Spoke project - Second pre-financing
TOTAL ECONOMIC ADVANTAGES			4,990,011.03		

COMPENSATION DUE TO BOARD OF DIRECTORS, STATUTORY AUDITORS AND INDEPENDENT AUDITORS

BOARD OF DIRECTORS' AND AUDITORS' FEES (Thousands of euros)	12.31.2021	12.31.2020	CHANGE 2021-2020
Board of Directors' fees	5,762	2,250	3,512
Statutory auditors' fees	70	70	0
Independent auditors' fees	262	262	0
TOTAL	6,094	2,582	3,512

Notes

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR**GEOPOLITICAL CRISIS IN UKRAINE**

In the first quarter of 2022 the geopolitical instability dictated by the Russian invasion of Ukraine yielded, in addition to a dramatic humanitarian crisis, uncertainty regarding both the devaluation of the ruble with the potential default of the Russia due to the extremely harsh economic sanctions imposed on the country, the rising cost of energy materials, the loss of value of economic investments in Russia and Ukraine, and, finally, the monetary policy strategies of central banks. All these factors will affect economic recovery and inflation risk, especially in Italy and Europe.

The geopolitical scenario in the first quarter of 2022 brings uncertainty regarding the potential impacts on the financial performance of the Group's investments, which will be monitored very closely in the coming months.

ACQUISITION OF FAMECCANICA DATA S.P.A.

In March 2022 an agreement was signed for the purchase of 100% of the share capital of Fameccanica Data S.p.A. from Fater S.p.A, in which Angelini Holding S.p.A. has 50% joint control with Procter & Gamble.

The Angelini Industries Group will therefore acquire 100% control of Fameccanica Data S.p.A., an investment with fundamental strategic value for the development of the Angelini Industries Group.

ACQUISITION OF 100% OF THE SHARE CAPITAL OF ANGELINI PHARMA VENTURES S.P.A.

On May 2, 2022 the deed of sale of 100% of the shares in Angelini Pharma Ventures S.p.A. by the company Angelini Pharma S.p.A. to Angelini Holding S.p.A. was signed for a total of 5.35 million euros.

Notes

EARLY TERMINATION OF THE LOAN TO ANGELINI PHARMA S.P.A. AND CONTRACTING OF A NEW TERM TYPE CASH LOAN TOTALING 1 BILLION EUROS TO ANGELINI HOLDING S.P.A.

On March 11, 2022 the Board of Directors of Angelini Holding S.p.A. approved the signing and execution of a loan agreement, structured as described below:

- a first term-type cash loan of 600 million euros with a maturity of six years and an average debt life of four and a half years, to be used to repay in full the loan of 500 million euros held by Angelini Pharma S.p.A. and increasing the Company's cash, also in view of the acquisition of Fameccanica Data S.p.A.;
- a second term-type cash loan totaling 400 million euros, with the same maturity as the above, which may be used within 18 months after the signing of the relevant contract for any extraordinary transactions.

In April 2022 Angelini Pharma S.p.A. then made early repayment of the loan agreement signed with a pool of banks on July 22, 2020 of 500

million euros to the lenders. The related interest swap agreement was terminated concurrently.

“ALWAYS BY YOUR SIDE” CORPORATE CAMPAIGN

March 2022 saw the launch of Angelini Industries Group's first corporate campaign, aimed at introducing the iconic new brand that replaced the historic triangular A to the general public. “Always by your side, with the strength of a hug” is the slogan for the campaign, which featured some of Angelini Industries' iconic products that have made it successful in its more than 100 years of history. Following the first flight (March 6-19), all Angelini-branded product advertisements were rebranded with the new logo.

Notes

These consolidated financial statements, consisting of the Balance Sheet, Income Statement, and Notes, give a true and fair view of the financial position and results of operations for the year and correspond to the results in the accounting records and to the information received from the companies making up the Angelini Industries Group.

Rome, May 30, 2022

ANGELINI HOLDING S.p.A.
for THE BOARD OF DIRECTORS

(Vice Chairman and CEO)
Sergio Marullo di Condojanni



Notes

ANNEX "A" - SCOPE OF CONSOLIDATION ANGELINI HOLDING S.P.A. AS OF 12.31.2021

COMPANY	CONTROLLED BY	% OWNERSHIP		CONSOLIDATION METHOD	
		AS OF 12.31.2021	AS OF 12.31.2020	AS OF 12.31.2021	AS OF 12.31.2020
		Angelini Holding S.p.A.	Group Holding Company		
Angelini Investments S.r.l. (formerly Angelini Partecipazioni Finanziarie Srl)	Angelini Holding S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Real Estate S.p.A. (formerly Angelini Immobiliare S.p.A.)	Angelini Holding S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Pharma S.p.A.	Angelini Holding S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Italia S.r.l.	Angelini Holding S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Pharmaceuticals (private) Limited	Angelini Holding S.p.A.	100.00%	100.00%	Cost	Cost
Angelini Wines & Real Estates soc. agr. a r.l. (formerly Bertani Domains Soc. Agr. a r.l.)	Angelini Holding S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Beauty S.p.A.	Angelini Holding S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Consumer S.r.l.	Angelini Holding S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Teqgo S.r.l.	Angelini Holding S.p.A.	80.00%	N/A	Cost	N/A
Angelini Hive S.p.A.	Angelini Holding S.p.A.	100.00%	N/A	Cost	N/A
Madre Natura A.G.	Angelini Holding S.p.A.	50.00%	50.00%	Equity	Equity
Angelini Pharmaceuticals Romania S.r.l.	Angelini Pharma S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Pharma Inc.	Angelini Pharma S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Pharma España S.L.U.	Angelini Pharma S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Pharma Hellas S.A.	Angelini Pharma S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Pharma Österreich G.m.b.H.	Angelini Pharma S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Pharma Česká republika s.r.o.	Angelini Pharma S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Pharma Polska S.P. Z.O.O.	Angelini Pharma S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Pharma Bulgaria E.O.O.D.	Angelini Pharma S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line

Notes

Angelini Ilac San. Ve. Tic. A.S.	Angelini Pharma S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Pharma Rus L.L.C.	Angelini Pharma S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Pharma Deutschland G.m.b.H.	Angelini Pharma S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Pharma Rare Diseases A.G.	Angelini Pharma S.p.A.	100.00%	100.00%	Cost	Line-by-line
Angelini Pharma Ventures S.p.A.	Angelini Pharma S.p.A.	100.00%	N/A	Line-by-line	N/A
Arvelle Therapeutics B.V.	Angelini Pharma S.p.A.	100.00%	N/A	Line-by-line	N/A
Angelini Pharma France S.a.s.	Angelini Pharma S.p.A.	100.00%	N/A	Cost	N/A
Angelini Pharma UK-I Limited	Angelini Pharma S.p.A.	100.00%	N/A	Cost	N/A
Angelini Pharma Nordics A.B.	Angelini Pharma S.p.A.	100.00%	N/A	Cost	N/A
Arvelle Therapeutics International G.m.b.H.	Arvelle Therapeutics B.V.	100.00%	N/A	Line-by-line	N/A
Arvelle Therapeutics Inc.	Arvelle Therapeutics B.V.	100.00%	N/A	Cost	N/A
Arvelle Therapeutics Netherland B.V.	Arvelle Therapeutics B.V.	100.00%	N/A	Cost	N/A
Angelini Beauty S.A.	Angelini Beauty S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Beauty G.m.b.H.	Angelini Beauty S.p.A.	100.00%	100.00%	Line-by-line	Line-by-line
Angelini Parma Portugal Unipessoal Lda,	Angelini Pharma España S.L.U.	100.00%	100.00%	Line-by-line	Line-by-line
Borgo Tre Rose S.r.l.	Angelini Real Estate S.p.A. (formerly Angelini Immobiliare S.p.A.)	100.00%	100.00%	Cost	Cost
NABEROCA XXI S.L. Sociedad Unipersonal	Angelini Real Estate S.p.A. (formerly Angelini Immobiliare S.p.A.)	100.00%	100.00%	Line-by-line	Line-by-line
MyFamilyPlace S.r.l.	Angelini Consumer S.r.l.	100.00%	70.00%	Line-by-line	Line-by-line
My Family Place Shop S.r.l.	Angelini Consumer S.r.l.	60.00%	N/A	Cost	N/A
Angelini Hive USA Corp.	Angelini Hive S.p.A.	100.00%	N/A	Cost	N/A
Angelmed S.A. (Rega Farma Promocao de produtos farmaceuticos S.A.)	Angelini Parma Portugal Unipessoal Lda,	100.00%	100.00%	Line-by-line	Line-by-line
Genesis Code S.A.	Angelini Pharma Hellas SA	75.00%	75.00%	Cost	Cost
Angelini Pharma Magyarorszag K.F.T.	Angelini Pharma Österreich G.m.b.H.	100.00%	100.00%	Line-by-line	Line-by-line

Notes

ANNEX "A" - SCOPE OF CONSOLIDATION ANGELINI HOLDING S.P.A. AS OF 12.31.2021

COMPANY	CONTROLLED BY	% OWNERSHIP		CONSOLIDATION METHOD	
		AS OF	AS OF	AS OF	AS OF
		12.31.2021	12.31.2020	12.31.2021	12.31.2020
Angelini Pharma Slovenská Republika s.r.o.	Angelini Pharma Österreich G.m.b.H.	100.00%	100.00%	Line-by-line	Line-by-line
Fater S.p.A.	Angelini Holding S.p.A.	50.00%	50.00%	Prop.	Prop.
Fater Portugal Unipessoal Lda.	Fater S.p.A.	100.00%	100.00%	Prop.	Prop.
Fater Central Europe S.r.l. (Romania)	Fater S.p.A.	100.00%	100.00%	Prop.	Prop.
Fater Eastern Europe o.o.o. (Russia)	Fater S.p.A.	100.00%	100.00%	Prop.	Prop.
Fater Temizlik Urunleri Limited Sirketi (Turkey)	Fater S.p.A.	100.00%	100.00%	Prop.	Prop.
Fameccanica Data S.p.A.	Fater S.p.A.	100.00%	100.00%	Prop.	Prop.
Fameccanica Machinery (Shanghai)	Fameccanica Data S.p.A.	100.00%	100.00%	Prop.	Prop.
Fameccanica Do Brasil (Brazil)	Fameccanica Data S.p.A., Fater S.p.A.	0.00%	100.00%	N/A	Cost
Fameccanica North America	Fameccanica Data S.p.A.	100.00%	100.00%	Prop.	Prop.

Notes

ANNEX "B" - RECONCILIATION BETWEEN THE EQUITY AND THE PROFIT OF ANGELINI HOLDING S.P.A. AND CONSOLIDATED EQUITY AND PROFIT

(Thousands of euros)

	12.31.2021		12.31.2020	
	EQUITY	RESULT PERIOD	EQUITY	RESULT PERIOD
ANNUAL FINANCIAL STATEMENTS OF ANGELINI HOLDING S.P.A.	2,553,007	94,814	2,458,194	217,447
Shareholders' equity and period result of the consolidated companies	2,793,388	119,838	2,612,363	129,604
Derecognition of the value of consolidated equity investments	(1,322,212)		(1,175,683)	
Effects of consolidation differences	(133,378)	(24,988)	(108,473)	(3,755)
SUB-TOTAL CONSOLIDATION DIFFERENCE	1,337,798	94,850	1,328,207	125,849
<i>Effect of consolidation difference</i>				
<i>Adjustments</i>				
Derecognition of margins	(21,713)	2,067	(23,586)	(1,702)
<i>Derecognition of intragroup transactions</i>				
Dividends	0	(102,688)	0	(49,311)
Capital gains	(975,980)	1,070	(977,050)	(164,076)
<i>Other consolidation entries</i>				
Impairment/write-ups of equity investments	38,303	4,328	33,975	2,328
Other entries	(15,764)	2,588	(16,615)	(174)
Tax effect	4,539	(584)	5,065	232
Amortization/Depreciation	2,009	221	1,920	294
CONSOLIDATED FINANCIAL STATEMENTS OF ANGELINI HOLDING S.P.A.	2,922,199	96,666	2,810,110	130,887

Independent Auditor's Report

04+



Angelini Holding S.p.A.

Consolidated financial statements as at December 31, 2021

Independent auditor's report in pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010



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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the sole shareholder of
Angelini Holding S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Angelini Holding S.p.A. Angelini Holding Group (the Group), which comprise the balance sheet as at December 31, 2021, the income statement and statement of cash flows for the year then ended, and explanatory notes. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Angelini Holding S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Angelini Holding S.p.A. or to cease operations, or have no realistic alternative but to do so. The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

EY S.p.A.
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Sede Secondaria: Via Lombardia, 31 - 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
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Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Angelini Holding S.p.A. are responsible for the preparation of the Report on Operations of Group Angelini Holding as at December 31, 2021, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of Angelini Holding Group as at December 31, 2021 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Angelini Holding Group as at December 31, 2021 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Rome, June 14, 2022

EY S.p.A.
Signed by: Roberto Tabarrini, Auditor

This report has been translated into the English language solely for the convenience of international readers.

ANGELINI HOLDING S.p.A.
a single-shareholder company

Viale Amelia no. 70 - Rome - Italy
Share Capital Euro 3,000,000 fully paid-in
Tax Code/Reg. no. with Rome Companies Register 00459650586
Rome Economic and Administrative Index (REA) no. 48408

Annual Report 2021

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Angelini
Industries

Industry of Care