

# INTERIM REPORT

AT 31 MARCH 2021

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*This document contains forward-looking statements relating to future events and future operating, economic and financial results of the Recordati group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Actual results may therefore differ materially from those forecast as a result of a variety of reasons, most of which are beyond the Recordati group's control.*

*The information on the pharmaceutical specialties and other products of the Recordati group contained in this document is intended solely as information on the Recordati group's activities, and therefore, as such, it is not intended as medical scientific indication or recommendation, nor as advertising.*

# MANAGEMENT REVIEW

## FINANCIAL HIGHLIGHTS

### First quarter 2021

#### NET REVENUE

€ (thousands)	First quarter 2021	%	First quarter 2020	%	Changes 2021/2020	%
<b>Total net revenue</b>	<b>384,838</b>	<b>100.0</b>	<b>429,235</b>	<b>100.0</b>	<b>(44,397)</b>	<b>(10.3)</b>
Italy	72,793	18.9	81,536	19.0	(8,743)	(10.7)
International	312,045	81.1	347,699	81.0	(35,654)	(10.3)

#### KEY CONSOLIDATED P&L DATA

€ (thousands)	First quarter 2021	% of revenue	First quarter 2020	% of revenue	Changes 2021/2020	%
Net revenue	384,838	100.0	429,235	100.0	(44,397)	(10.3)
EBITDA <sup>(1)</sup>	150,021	39.0	172,872	40.3	(22,851)	(13.2)
Operating income	124,887	32.5	148,426	34.6	(23,539)	(15.9)
Net income	89,884	23.4	111,195	25.9	(21,311)	(19.2)
Adjusted net income <sup>(2)</sup>	104,433	27.1	125,175	29.2	(20,742)	(16.6)

<sup>(1)</sup> Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, and non-recurring items.

<sup>(2)</sup> Net income excluding the amortization and write-downs of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects.

#### KEY CONSOLIDATED BALANCE SHEET DATA

€ (thousands)	31 March 2021	31 December 2020	Changes 2021/2020	%
Net financial position <sup>(3)</sup>	(852,638)	(865,824)	13,186	(1.5)
Shareholders' equity	1,329,069	1,276,260	52,809	4.1

<sup>(3)</sup> Cash and cash equivalents, less bank debts and loans, which include the measurement at fair value of hedging derivatives.

The first quarter of 2021 saw the impact of the COVID-19 pandemic persisting in all geographic areas where the Group operates. As in previous quarters, this resulted in a decrease in turnover, especially for seasonal flu medications, as well as a reduction in expenses related to activities in the territory, with operating results and earnings in line with expectations, even though lower than the first quarter of the previous year.

In particular, consolidated net revenue in the first quarter was € 384.8 million, compared to € 429.2 million in the first quarter of last year (-10.3%), reflecting the continued impact of the COVID-19 pandemic, the negative currency exchange rate at around € 15.0 million and the loss of exclusivity in 2020 for silodosin and pitavastatin. The comparison with the first quarter of 2020 is further affected by the accelerated buying that occurred last year for around € 20 million as wholesalers and pharmacies dealt with the onset of the health emergency, while in the first quarter of 2021, there was a reduction of, especially of seasonal flu medications, which particularly impacted Russia.

Consolidated revenue includes € 16.8 million relating to the new product Eligard®, acquired under license from Tolmar International Ltd. in January.

EBITDA at € 150.0 million, was down 13.2% compared to the first quarter of 2020, accounting for 39.0% of revenue. The drop is mainly due to the decrease in revenue.

Operating income was € 124.9 million, decreasing by 15.9% over the same period the previous year, at 32.5% of revenue.

Net income at € 89.9 million, was down 19.2% compared to the first quarter of 2020, accounting for 23.4% of revenue. The decrease is due to the drop in operating income and on a greater incidence of financial charges. The latter reflect net foreign exchange losses of € 3.7 million and lower income compared to the first quarter of 2020, where a benefit of € 1.9 million was recorded on the evaluation of two cross-currency swaps no longer considered as hedges.

Adjusted net income was € 104.4 million, down by 16.6% over the same amount in 2020, at 27.1% of revenue.

The net financial position at 31 March 2021 recorded net debt of € 852.6 million compared to net debt of € 865.8 million at 31 December 2020. Over the period, € 35.0 million was paid to Tolmar International based on the license agreement for Eligard® and € 14.5 million to Almirall for the Flatoril® license. Furthermore, treasury shares were purchased for € 43.2 million, net of sales proceeds, and dividends for which the collection in November 2020 was postponed were paid for € 0.7 million. Free cash flow, which is operating cash flow before excluding these effects and financial components, in the period was € 110.2 million, an increase of € 20.9 million compared to the first quarter of 2020, mainly due to a lower absorption of working capital.

Shareholders' equity was € 1,329.1 million.

## CORPORATE DEVELOPMENT NEWS

In January 2021, the US Food and Drug Administration (FDA) approved a new indication for Carbaglu® (carglumic acid) 200 mg tablets as an adjunctive therapy to primary treatment of acute hyperammonemia caused by propionic acidemia (PA) or by methylmalonic acidemia (MMA) in pediatric and adult patients. Carbaglu® is the first and only drug approved by the FDA for the treatment of acute hyperammonemia due to PA and MMA.

Also in January 2021, a License and Supply Agreement was closed with Tolmar International Ltd, to market Eligard® (leuprorelin acetate) in Europe, Turkey, Russia and other countries. Eligard® is a medicinal product for the treatment of advanced hormone-dependent prostate cancer and for the treatment of high-risk localized and locally advanced hormone-dependent prostate cancer, in combination with radiotherapy. During the first quarter, net revenue for € 16.8 million was already recorded on the basis of this agreement. The active ingredient in Eligard®, leuprorelin acetate, presents in powder form, which is solubilized with a solvent and administered as a subcutaneous injection. Eligard® is available in three different doses (for 1 month, 3 months and 6 months of treatment, respectively) in a single kit containing two syringes.

Following a request from the European Medicines Agency (EMA), a new device is currently being developed to make administration of the product easier. The regulatory amendment should be submitted by the four quarter of 2021. Tolmar will continue to manufacture the product for Recordati, whereas Astellas will provide Recordati with certain transitory services over an agreed time period.

Recordati has made an upfront payment of € 35 million to Tolmar, with further milestones up to a total of € 105 million payable, plus royalties on sales.

An agreement with Almirall was finalized in February 2021, to acquire the marketing rights on the Spanish market for Flatoril®, a medicine containing a combination of clebopride and simethicone, indicated for the treatment of functional gastrointestinal disorders.

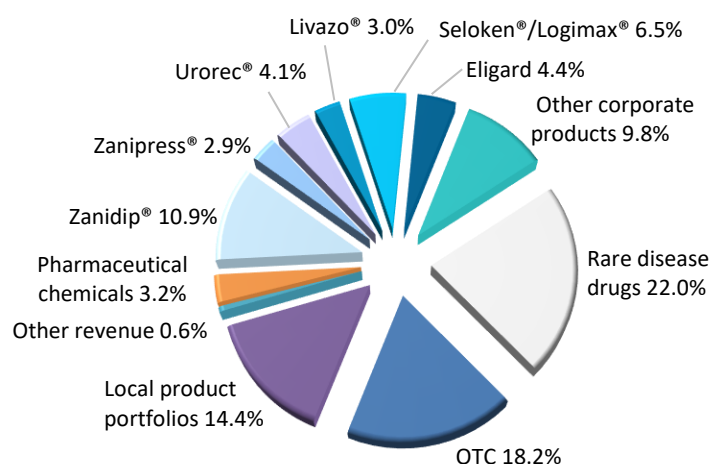
In March 2021, the Japanese Ministry of Health, Labor and Welfare (MHLW) approved Isturisa® (osilodrostat), for the treatment of patients with endogenous Cushing's syndrome for whom pituitary surgery is not an option of has not been curative. Isturisa® is expected to be marketed in Japan starting in the third quarter of 2021.

## REVIEW OF OPERATIONS

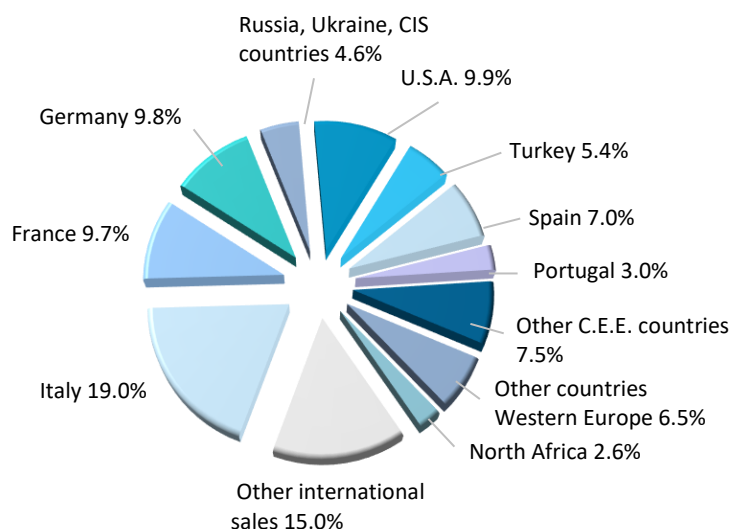
The Group's business involves two segments: Specialty and Primary Care medicines and treatments for rare diseases. Business is conducted through our subsidiaries in Europe, Russia, Turkey, North Africa, the United States of America, Canada, Mexico, certain South American countries, Japan and Australia and, in the rest of the world, based on licensing agreements with leading pharmaceutical companies.

For the first quarter of 2021, net consolidated revenue was € 384.8 million, compared to € 429.2 million in the first quarter of last year (-10.3% or -6.8% at a constant exchange rate) and reflects, in addition to the continued impact of the COVID-19 pandemic, in particular on seasonal flu products, the negative currency exchange rate and the loss of exclusivity in 2020 for silodosin and pitavastatin products. The comparison with the first quarter of 2020 is also affected by the accelerated buying that occurred last year for around € 20 million as wholesalers and pharmacies dealt with the onset of the health emergency. In the first quarter of 2021, however, there was less product stockpiling, especially of seasonal flu medications. Revenue in the first quarter of 2021 included € 16.8 million relating to Eligard®, the new product under license from Tolmar as from January 2021.

### Breakdown of revenue



### Revenue by geographic area



\* Excluding sales of pharmaceutical chemicals, which were at € 12.2 million, up by 3.1%, representing 3.2% of total revenue.

The performance of products sold directly in more than one market (corporate products) during the first quarter of 2021 is shown in the table below and already reflects the effects of the pandemic referred to above.

€ (thousands)	First quarter 2021	First quarter 2020	Change 2021/2020	%
Zanidip® (lercanidipine)	41,951	40,668	1,283	3.2
Zanipress® (lercanidipine+enalapril)	11,235	14,868	(3,633)	(24.4)
Urorec® (silodosin)	15,981	27,056	(11,075)	(40.9)
Livazo® (pitavastatin)	11,378	16,596	(5,218)	(31.4)
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol + felodipine)	24,808	30,314	(5,506)	(18.2)
Eligard® (leuprorelin acetate)	16,841	-	16,841	n.s.
Other corporate products	63,474	91,754	(28,280)	(30.8)
Drugs for rare diseases	84,922	77,454	7,468	9.6

\* Include corporate OTC products for a total of € 26.0 million in 2021 and € 34.2 million in 2020 (-24.1%).

Zanidip® is a specialty containing lercanidipine, Recordati's original calcium channel blocker for the treatment of hypertension. Our lercanidipine-based products are sold directly to the market by our marketing organizations in Europe, including Central -Eastern Europe, Russia, Turkey and North Africa. In the other countries and in some of the countries mentioned above with co-marketing agreements, they are sold by our licensees.

€ (thousands)	First quarter 2021	First quarter 2020	Change 2021/2020	%
Direct sales	19,085	21,241	(2,156)	(10.2)
Sales to licensees	22,866	19,427	3,439	17.7
<b>Total lercanidipine sales</b>	<b>41,951</b>	<b>40,668</b>	<b>1,283</b>	<b>3.2</b>

Direct sales of lercanidipine-based products were down by 10.2% due to accelerated buying in the first quarter of 2020 in almost all markets, and mainly in Italy, Turkey and Germany. Sales to licensees, representing 54.5% of the total, grew by 17.7%, on the other hand, due to the initial sales to a new distributor in China.

Zanipress® is an original specialty developed by Recordati, indicated for the treatment of hypertension, which consists of a fixed combination of lercanidipine with enalapril. This product is successfully marketed directly by Recordati or by its licensees in 30 countries.

€ (thousands)	First quarter 2021	First quarter 2020	Change 2021/2020	%
Direct sales	9,494	13,243	(3,749)	(28.3)
Sales to licensees	1,741	1,625	116	7.1
<b>Total lercanidipine+enalapril sales</b>	<b>11,235</b>	<b>14,868</b>	<b>(3,633)</b>	<b>(24.4)</b>

Direct sales of Zanipress® in the first quarter of 2021 were down by 28.3% due to the impact of the new measures promoting generic products introduced in 2020 in France and the accelerated buying that occurred last year as wholesalers and pharmacies dealt with the onset of the health emergency. Sales to licensees, representing 15.5% of the total, were up slightly.

Urorec® (silodosin) is a specialty indicated for the treatment of symptoms associated with benign prostatic hyperplasia (BPH). Currently, the product is marketed in 40 countries, with sales of € 16 million in the first quarter of 2021, down 40.9%, especially in Italy, France, Spain and Turkey and on indirect sales, due to competition from generic versions of the product following the expiry of its marketing exclusivity in February 2020.

Livazo® (pitavastatin), a statin indicated to lower elevated total and LDL cholesterol and sold directly in Spain, Portugal, Ukraine, Greece, Switzerland, Russia, other C.I.S. countries and Turkey, recorded sales for € 11.4 million in the first quarter of 2021, down by 31.4% due to the loss of exclusivity in August 2020. The number for the first quarter of 2021 is therefore being compared to the corresponding period in 2020, when Recordati still held exclusive marketing rights. The product is performing well in Turkey, Greece and Switzerland where there are no generic versions available.

Sales of Seloken®/Seloken® ZOK (metoprolol) and Logimax® fixed dose combination (metoprolol and felodipine), metoprolol-based specialties belonging to the beta blocker class of drugs widely used in the treatment of various cardiovascular disorders, were at € 24.8 million in the first quarter of 2021, down by 18.2% compared to the same period of the previous year due to the accelerated buying that occurred last year as wholesalers and pharmacies dealt with the onset of the health emergency.

Revenue for Eligard® was at € 16.8 million in the first quarter of 2021. This amount includes the direct sales made by Recordati (during March in Italy and Portugal) and the gross profit realized by Astellas (licensee of the product in Europe, Turkey, Russia and other countries up until 31 December 2020) and transferred to Recordati on the basis of the Transfer Service Agreement (TSA). In countries falling under the licence contract with Tolmar and where Recordati has not yet obtained transfer of the relevant Marketing Authorization or sales license, Astellas continues to sell the product and retrocede the relative gross profit (net of the expenses agreed in the TSA). The move to a Marketing Authorization or sales license for Recordati should occur during 2021 for most countries, in compliance with the regulations applicable in each country to which the licence contract refers.

In the first quarter of 2021, sales of other corporate products totalled € 63.5 million, down by 30.8% compared to the same period the previous year, mainly due to the impact on seasonal flu products such as Polydexa®, Isofra®,

and OTC Hexa products. Other corporate products comprise prescription as well as OTC products and include: Reagila® (cariprazine), Lomexin® (fenticonazole), Urispas® (flavoxate), Kentera® (oxybutynin transdermal patch), TransAct® LAT (flurbiprofen transdermal patch), Rupafin®/Wystamm® (rupatadine), Lopresor® (metoprolol), Procto-Glyvenol® (tribenoside), Tergynan® (fixed combination of anti-infectives) as well as CitraFleet®, Casenlax®, Fleet enema, Phosphosoda®, Reuflor®/Reuteri® (lactobacillus Reuteri) and Lacdigest® (tilactase), gastroenterological products, Polydexa®, Isofra® and Otofa®, ENT anti-infective products, the Hexa line of products indicated for seasonal upper respiratory tract illnesses, Abufene® and Muvagyn® for gynaecological use, Virirec® (alprostadi) and Fortacin® (lidocaine+prilocaine) for male sexual disorders.

In the first quarter of 2021, our specialties for the treatment of rare diseases, marketed directly in Europe, the Middle East, the U.S.A., Canada, Mexico and some countries in South America, Japan, Australia and through partners in other territories, generated sales of € 84.9 million, up by 9.6%, thanks especially to revenue from Signifor®, Signifor® LAR and Isturisa® for a total of € 26.1 million. Growth of Cystadrops® and Cystadane® as well as Ledaga® and Juxtapid® was also positive in the period, while there was a decrease for Panhematin® in the United States due to the entry of a competing drug at the end of the first quarter of 2020.

Sales of pharmaceutical chemicals, which comprise active substances produced in the Campoverde di Aprilia plant in Italy for the international pharmaceutical industry, were at € 12.2 million, up by 3.1%, representing 3.2% of total revenue.

Sales from the Recordati subsidiaries, which include the above-mentioned product sales but exclude sales of pharmaceutical chemicals, are shown in the table below.

€ (thousands)	First quarter 2021	First quarter 2020	Change 2021/2020	%
Italy	70,972	78,581	(7,609)	(9.7)
France	36,088	41,266	(5,178)	(12.5)
Germany	36,384	39,125	(2,741)	(7.0)
Russia, other C.I.S. countries and Ukraine	17,081	35,342	(18,261)	(51.7)
U.S.A.	36,965	31,888	5,077	15.9
Turkey	20,174	27,507	(7,333)	(26.7)
Spain	26,146	24,958	1,188	4.8
Portugal	11,093	13,065	(1,972)	(15.1)
Other C.E.E. countries	27,767	28,072	(305)	(1.1)
Other Western European countries	24,355	24,571	(216)	(0.9)
North Africa	9,780	12,021	(2,241)	(18.6)
Other international sales	55,869	61,041	(5,172)	(8.5)
<b>Total pharmaceutical revenue*</b>	<b>372,674</b>	<b>417,437</b>	<b>(44,763)</b>	<b>(10.7)</b>

\*Including sales of products and various revenue, and excluding revenue relating to pharmaceutical chemical products.



Sales in countries affected by currency exchange fluctuations are shown below in their relative local currencies.

Local currency (thousands)	First quarter 2021	First quarter 2020	Change 2021/2020	%
Russia (RUB)	1,020,999	2,041,633	(1,020,634)	(50.0)
Turkey (TRY)	166,534	176,305	(9,771)	(5.5)
United States of America (USD)	44,537	35,162	9,375	26.7

Net revenues in Russia and in Turkey exclude sales of rare disease products.

Sales of pharmaceutical specialties in Italy were at € 71.0 million, down by 9.7% compared to the same period the previous year. This was mainly due to the decline in seasonal flu-related prescription medication and the decrease in sales of Urorec® due to the loss of exclusivity. Of note is the good performance by Reagila®, Cardicor® (bisoprolol), and the main OTC products, as well as the growth of sales in products for the treatment of rare diseases amounting to € 5.0 million, up by 3.3%.

At € 36.1 million, sales in France were down by 12.5%. As in other countries, this reflects accelerated buying by wholesalers and pharmacies in the first quarter of 2020 due to the COVID-19 emergency as well as the effect of the new measures introduced at the beginning of last year to promote the use of generic medicines. Of note is the significant growth in products for the treatment of rare diseases amounting to € 8.2 million (+18.5%).

At € 36.4 million, sales in Germany were down by 7.0%. As in other countries, this reflects accelerated buying by wholesalers and pharmacies in the first quarter of 2020 due to the COVID-19 emergency. Of note is the growth in products for the treatment of rare diseases amounting to € 4.9 million (+8.0%).

Sales generated in Russia, Ukraine and in the countries within the Commonwealth of Independent States (C.I.S.) were at € 17.1 million, down by 51.7% compared to the same period the previous year, and include estimated currency exchange losses of € 3.3 million. Revenue realized in Russia was RUB 1,021.0 million in local currency, down 50.0% compared to the same period last year. The decreased volume is due to the product portfolio's exposure to seasonal flu and the policy being implemented by wholesalers in Russia to reduce inventories compared to the levels before the pandemic. The € 4.7 million in revenue generated in Ukraine and the other C.I.S. countries, mainly Belarus, Kazakhstan and Armenia, was also down. Sales of products for the treatment of rare diseases, amounting to € 1.0 million, increased sharply compared to the same period in 2020.

The Group's pharmaceutical business in the U.S.A. is dedicated to marketing products for the treatment of rare diseases. Sales were at € 37.0 million in the first quarter of 2021, up by 15.9%. In local currency, sales grew by 26.7%. Growth was mainly due to Signifor®, Signifor® LAR, Isturisa® (osilodrostat) and Cystadrops®. The other main products in the US portfolio are Panhematin® (hemin for injection), which saw a decrease compared to the same period the previous year due to the entry of a competing product at the end of the first quarter of 2020, Carbaglu® (carglumic acid), indicated for the treatment of acute hyperammonemia associated with NAGS deficiency, Cystadane® (anhydrous betaine) and Cosmegen® (dactinomycin for injection) used in the treatment of three rare cancers.

Sales in Turkey were at € 20.2 million, down by 26.7%, included a negative currency exchange effect estimated at € 6.0 million. In local currency, sales by the Turkish subsidiary were down by 5.5% due to lower demand for seasonal flu products. Of note is the growth in products for the treatment of rare diseases amounting to € 1.5 million (+9.9%).

Sales for € 26.1 million were recorded in Spain, up by 4.8%, mainly due to the contribution of Eligard® and products for the treatment of rare diseases, amounting to € 3.3 million, which grew by 18.1%.

Sales in Portugal were at € 11.1 million, down by 15.1%, mainly due to the loss of exclusivity for Livazo® and Urorec®. Drugs for the treatment of rare diseases, amounting to € 0.5 million, grew by 29.8%.

Sales in other Central and Eastern European countries, at € 27.8 million, include the sales from Recordati subsidiaries in Poland, the Czech Republic, Slovakia, Romania, Bulgaria and the Baltic countries, in addition to sales of rare disease treatments in this area, as well as in Hungary. Sales were down by 1.1% in the first quarter of 2021. There were strong sales of the main products in the portfolios of these subsidiaries, which are those based on metoprolol, in the first quarter of 2020 at the beginning of the pandemic. Sales of products for the treatment of rare diseases, amounting to € 2.4 million, were in line with the first quarter of 2020.

Sales in other Western European countries totalled € 24.4 million, decreasing by 0.9%. They include sales of products for rare diseases and Specialty and Primary Care products from the Recordati subsidiaries in the United Kingdom, Ireland, Greece, Switzerland, Nordic countries (Finland, Sweden, Denmark, Norway and Iceland) and in BeNelux. Sales of products for the treatment of rare diseases, amounting to € 6.9 million, were essentially in line with the first quarter of 2020.

Sales in North Africa were at € 9.8 million, down by 18.6% compared to the same period the preceding year, and comprise the export revenue generated by Laboratoires Bouchara Recordati in these territories, in particular in Algeria, and sales generated by Opalia Pharma, the Group's Tunisian subsidiary. Sales in Tunisia in the first quarter of 2021 were up by 12.2%.

Other international sales, for € 55.9 million, were down by 8.5% compared to the same period the preceding year and comprise sales and other revenue from our licensees for our corporate products, Laboratoires Bouchara Recordati's and Casen Recordati's export sales, as well as sales of products for the treatment of rare diseases in the rest of the world. The decrease is mainly due to the impact on sales to licensees of silodosin and pitavastatin-based products, for which the Group lost marketing exclusivity in 2020.

## FINANCIAL REVIEW

### INCOME STATEMENT

Income statement items are shown in the table below, with the relative percentage of net revenue and changes compared to the first quarter of 2020:

€ (thousands)	First quarter 2021	% of revenue	First quarter 2020	% of revenue	Change 2021/2020	%
<b>Net revenue</b>	<b>384,838</b>	<b>100.0</b>	<b>429,235</b>	<b>100.0</b>	<b>(44,397)</b>	<b>(10.3)</b>
Cost of sales	(104,069)	(27.0)	(125,511)	(29.2)	21,442	(17.1)
<b>Gross profit</b>	<b>280,769</b>	<b>73.0</b>	<b>303,724</b>	<b>70.8</b>	<b>(22,955)</b>	<b>(7.6)</b>
Selling expenses	(93,347)	(24.3)	(99,854)	(23.3)	6,507	(6.5)
Research and development expenses	(41,456)	(10.8)	(34,928)	(8.1)	(6,528)	18.7
General and administrative expenses	(20,062)	(5.2)	(18,369)	(4.3)	(1,693)	9.2
Other income/(expenses), net	(1,017)	(0.3)	(2,147)	(0.5)	1,130	(52.6)
<b>Operating income</b>	<b>124,887</b>	<b>32.5</b>	<b>148,426</b>	<b>34.6</b>	<b>(23,539)</b>	<b>(15.9)</b>
Financial income/(expenses), net	(8,893)	(2.3)	(2,896)	(0.7)	(5,997)	n.s.
<b>Pre-tax income</b>	<b>115,994</b>	<b>30.1</b>	<b>145,530</b>	<b>33.9</b>	<b>(29,536)</b>	<b>(20.3)</b>
Income taxes	(26,110)	(6.8)	(34,335)	(8.0)	8,225	(24.0)
<b>Net income</b>	<b>89,884</b>	<b>23.4</b>	<b>111,195</b>	<b>25.9</b>	<b>(21,311)</b>	<b>(19.2)</b>
<b>Adjusted net income <sup>(1)</sup></b>	<b>104,433</b>	<b>27.1</b>	<b>125,175</b>	<b>29.2</b>	<b>(20,742)</b>	<b>(16.6)</b>
<b>EBITDA <sup>(2)</sup></b>	<b>150,021</b>	<b>39.0</b>	<b>172,872</b>	<b>40.3</b>	<b>(22,851)</b>	<b>(13.2)</b>

<sup>(1)</sup> Net income excluding the amortization and write-downs of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects.

<sup>(2)</sup> Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, and non-recurring items.

Net revenue amounted to € 384.8 million, down by € 44.4 million compared to the first quarter of 2020. For a detailed analysis, please refer to the previous chapter "Review of Operations".

Gross profit was € 280.8 million, at 73.0% of sales, an improvement over the same period the previous year, mainly due to the positive effect from the increased impact of products for the treatment of rare diseases.

Selling expenses decreased by 6.5% mainly due to the significant reduction in promotional activities as a result of the restrictions introduced in all markets to counter the COVID-19 epidemiological emergency. Expenses as a percentage of revenue grew compared to the same period the preceding year due to the particularly positive revenue performance in the first quarter of 2020.

Research and development expenses were at € 41.5 million, increasing by 18.7% over the first quarter of last year due to the investments to support endocrinology products and increased amortizations on the rights for Isturisa®, launched in the second quarter of 2020, and for Eligard®, acquired on license from Tolmar International in January 2021.

General and administrative expenses increased by 9.2% to strengthen the general coordination structure to support an increasingly complex portfolio and specifically to support the management of Signifor® and Isturisa®, which are expected to record sustained growth in 2021 and into the future.

Net income and expenses amounted to € 1.0 million, compared to € 2.1 million in the first quarter of 2020. In both periods, these refer mainly to non-recurring costs related to the COVID-19 health emergency.

EBITDA (net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, and non-recurring items) totaled € 150.0 million, down by 13.2% compared to the first quarter of 2020, at 39.0% of revenue. The amortization items classified above equaled € 24.4 million, of which € 18.1 million related to intangible assets, up by € 2.1 million over the same period the previous year, due to the launch of Isturisa® in the second quarter of 2020, the license contract with Tolmar International for Eligard® in January 2021, and € 6.3 million relating to property, plant and equipment, down by € 0.2 million over the first quarter of 2020.

The reconciliation of net income and EBITDA is reported below.

€ (thousands)	First quarter 2021	First quarter 2020
Net income	89,884	111,195
Income taxes	26,110	34,335
Financial income/(expenses), net	8,893	2,896
Depreciation and amortization	24,360	22,429
Non-recurring expenses	774	2,017
<b>EBITDA*</b>	<b>150,021</b>	<b>172,872</b>

\* Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, and non-recurring items.

The breakdown of EBITDA\* by business segment is reported below.

€ (thousands)	First quarter 2021	First quarter 2020	Change 2021/2020	%
Specialty and Primary Care segment	111,153	133,173	(22,020)	(16.5)
Rare diseases segment	38,868	39,699	(831)	(2.1)
<b>Total EBITDA*</b>	<b>150,021</b>	<b>172,872</b>	<b>(22,851)</b>	<b>(13.2)</b>

\* Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, and non-recurring items.

The Specialty and Primary Care segment was 37.1% of EBITDA, and the rare disease segment was 45.8%.

Net financial expenses amounted to € 8.9 million, increasing by € 6.0 million compared to the same period the previous year, mainly due to the higher impact on net exchange losses for € 3.7 million and the recognition in the first quarter 2020 of the positive effects from the evaluation of two cross-currency swaps no longer treated as hedges for € 1.9 million.

The effective tax rate was 22.5%, lower than the same period the preceding year. Following the advance agreement signed with the Advance Agreement and Disputes Office of the Italian Tax Authorities on 19 December

2019, which allows the Parent Company to benefit from a discount on taxable income connected with the direct use of intangible assets for the tax years 2015 to 2019, as from 2020, the Parent Company opted to subscribe (instead of renewing the agreement) to the new optional reverse charge mechanism provided for by Art. 4 of Italian Legislative Decree no. 34 of 30 April 2019 and therefore directly determine the discount on taxable income provided by the "Patent Box" for the current year, using the same criteria already agreed with the Tax Authorities and providing documentation supporting the calculation. The relevant benefit for the first quarter of 2021, totalling € 2.4 million, was recognized to reduce the tax amount.

Net income was € 89.9 million, at 23.4% of revenue, down by 19.2% compared to the same period the previous year due to lower operating income and higher net financial expenses.

Adjusted net income was € 104.4 million and excludes amortization and write-downs of intangible assets (except software) and goodwill for an amount of € 17.6 million and non-recurring items for € 0.8 million, both net of tax effects.

The reconciliation of net income with adjusted net income\* is reported below.

€ (thousands)	First quarter 2021	First quarter 2020
Net income	89,884	111,195
Amortization and write-downs of intangible assets (except software)	17,648	15,900
Tax effect	(3,667)	(3,450)
Non-recurring operating expenses	774	2,017
Tax effect	(206)	(487)
<b>Adjusted net income*</b>	<b>104,433</b>	<b>125,175</b>

\* Net income excluding amortization and write-downs of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects.

## NET FINANCIAL POSITION

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

€ (thousands)	31 March 2021	31 December 2020	Changes 2021/2020	%
Cash and cash equivalents	250,085	188,230	61,855	32.9
Short-term debts to banks and other lenders	(35,997)	(12,567)	(23,430)	n.s.
Loans - due within one year <sup>(1)</sup>	(266,114)	(261,216)	(4,898)	1.9
Leasing liabilities - due within one year	(8,946)	(9,038)	92	(1.0)
Short-term financial position	(60,972)	(94,591)	33,619	(35.5)
Loans - due after one year <sup>(1)</sup>	(775,120)	(753,582)	(21,538)	2.9
Leasing liabilities - due after one year	(16,546)	(17,651)	1,105	(6.3)
<b>Net financial position</b>	<b>(852,638)</b>	<b>(865,824)</b>	<b>13,186</b>	<b>(1.5)</b>

<sup>(1)</sup> Includes the fair value measurement of the relative currency risk hedging instruments (cash flow hedge)

The net financial position at 31 March 2021 recorded debt of € 852.6 million compared to debt of € 865.8 million at 31 December 2020. Over the period, € 35.0 million was paid to Tolmar International based on the license agreement for Eligard® and € 14.5 million to Almirall for the Flatoril® license. Furthermore, treasury shares were purchased for € 43.2 million, net of sales and dividends were paid for € 0.7 million, with the collection in November 2020 postponed. Free cash flow, which is operating cash flow excluding these effects and financial components, in the period was € 110.2 million, an increase of € 20.9 million compared to the first quarter of 2020, mainly due to a lower absorption of working capital.

## RELATED-PARTY TRANSACTIONS

At 31 March 2021, the Group's immediate Parent Company is FIMEI S.p.A., which since 2018 has been owned by a consortium of investment funds controlled by CVC Capital Partners. FIMEI S.p.A. has its headquarters in Milan, Italy, at Via Vecchio Politecnico 9.

On 1 October 2020, the Company's Board of Directors approved the reverse merger by incorporation of Rossini Investimenti S.p.A. and FIMEI S.p.A. in Recordati S.p.A. The merger will not entail any change to the share capital of the incorporating company, nor will there be any balancing cash payments. Furthermore, the equity and income profile of Recordati S.p.A. post merger will be substantially in line with its current profile and, in particular, the merger does not alter the net financial position and therefore the investment capacity of Recordati, nor its capital allocation strategy or policy. As provided for in the draft terms of merger, Recordati S.p.A. will inherit the ACE base and the ACE surplus of Rossini Investimenti S.p.A. with a non-recurring positive tax effect in 2021 estimated at approximately € 12.9 million and a recurring tax benefit of approximately € 1.2 million per year. ACE (Allowance for Corporate Equity) is tax relief for companies governed by Italian Legislative Decree no. 201/2011 and by Italian Ministerial Decree 03/08/2017. It consists of the taxation of part of the taxable income proportional to the increases in net assets.

## BUSINESS OUTLOOK

On 22 February, the Company announced the following financial targets for 2021, which included revenue of between € 1,570 and € 1,620 million, EBITDA of between € 600 and € 620 million and adjusted net income between € 420 and € 440 million.

Despite the drop in sales, financial results for the first quarter were in line with expectations. Consistently with the objectives set at the beginning of 2021, we expect a gradual recovery of the reference markets after the pandemic in the second half of the year, with lower incidence of seasonal infections flu throughout 2021.

Today, the 2021-2023 three-year plan was approved. For 2023, including the contribution of additional acquisitions that could be finalized over the plan period, it forecasts revenue between € 1,900 and € 2,000 million, EBITDA between € 720 and € 760 million and adjusted net income between € 530 and € 560 million.

Milan, 06 May 2021

for the Board of Directors  
Chief Executive Officer  
Andrea Recordati

# CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2021 AND NOTES

RECORDATI S.p.A. and SUBSIDIARIES  
CONSOLIDATED INCOME STATEMENT

€ (thousands) <sup>(1)</sup>	Note	First quarter 2021	First quarter 2020
<b>Net revenue</b>	3	<b>384,838</b>	<b>429,235</b>
Cost of sales	4	(104,069)	(125,511)
<b>Gross profit</b>		<b>280,769</b>	<b>303,724</b>
Selling expenses	4	(93,347)	(99,854)
Research and development expenses	4	(41,456)	(34,928)
General and administrative expenses	4	(20,062)	(18,369)
Other income/(expenses), net	4	(1,017)	(2,147)
<b>Operating income</b>		<b>124,887</b>	<b>148,426</b>
Financial income/(expenses), net	5	(8,893)	(2,896)
<b>Pre-tax income</b>		<b>115,994</b>	<b>145,530</b>
Income taxes	6	(26,110)	(34,335)
<b>Net income</b>		<b>89,884</b>	<b>111,195</b>
Attributable to:			
Equity holders of the Parent		89,872	111,183
Non-controlling interests		12	12
<b>Earnings per share</b>			
Basic		€ 0.436	€ 0.540
Diluted		€ 0.430	€ 0.532

<sup>(1)</sup> Except amounts per share.

Earnings per share (EPS) are based on average shares outstanding during the respective period, 206,225,973 in 2021 and 205,786,745 in 2020. net of average treasury stock, which amounted to 2,899,183 shares in 2021 and 3,338,411 shares in 2020.

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

The notes are an integral part of these consolidated financial statements.



RECORDATI S.p.A. and SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET

ASSETS

€ (thousands)	Note	31 March 2021	31 December 2020
<b>Non-current assets</b>			
Property, plant and equipment	7	131,384	133,250
Intangible assets	8	1,143,837	1,115,811
Goodwill	9	560,466	562,116
Other equity investments and securities	10	47,405	45,581
Other non-current assets	11	18,867	6,861
Deferred tax assets	12	74,188	75,084
<b>Total non-current assets</b>		<b>1,976,147</b>	<b>1,938,703</b>
<b>Current assets</b>			
Inventories	13	243,684	251,252
Trade receivables	13	307,910	268,897
Other receivables	13	35,208	47,291
Other current assets	13	13,366	10,245
Derivative instruments measured at fair value	14	11,068	7,036
Cash and cash equivalents	15	250,085	188,230
<b>Total current assets</b>		<b>861,321</b>	<b>772,951</b>
<b>Total assets</b>		<b>2,837,468</b>	<b>2,711,654</b>

The notes are an integral part of these consolidated financial statements.

RECORDATI S.p.A. and SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET

SHAREHOLDERS' EQUITY AND LIABILITIES

€ (thousands)	Note	31 March 2021	31 December 2020
<b>Shareholders' equity</b>			
Share capital		26,141	26,141
Share premium reserve		83,719	83,719
Treasury shares		(126,637)	(87,516)
Reserve for derivative instruments		(3,091)	(2,659)
Translation reserve		(213,558)	(217,303)
Other reserves		72,757	70,707
Profits carried forward		1,502,720	1,151,053
Net income		89,872	354,984
Interim dividend		(103,143)	(103,143)
<b>Shareholders' equity attributable to equity holders of the Parent</b>		<b>1,328,780</b>	<b>1,275,983</b>
Shareholders' equity attributable to non-controlling interests		289	277
<b>Total shareholders' equity</b>	16	<b>1,329,069</b>	<b>1,276,260</b>
<b>Non-current liabilities</b>			
Loans - due after one year	17	800,325	778,238
Provisions for employee benefits	18	21,296	21,174
Deferred tax liabilities	19	41,110	41,219
Other non-current liabilities	20	17,058	16,299
<b>Total non-current liabilities</b>		<b>879,789</b>	<b>856,930</b>
<b>Current liabilities</b>			
Trade payables	21	145,065	132,096
Other payables	21	104,383	95,671
Tax liabilities	21	37,096	29,743
Other current liabilities	21	10,623	11,250
Provisions for risks and charges	21	15,656	17,113
Derivative instruments measured at fair value	22	4,730	9,770
Loans - due within one year	17	275,060	270,254
Short-term debts to banks and other lenders	23	35,997	12,567
<b>Total current liabilities</b>		<b>628,610</b>	<b>578,464</b>
<b>Total shareholders' equity and liabilities</b>		<b>2,837,468</b>	<b>2,711,654</b>

The notes are an integral part of these consolidated financial statements.

RECORDATI S.p.A. and SUBSIDIARIES  
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

€ (thousands) <sup>(1)</sup>	First quarter 2021	First quarter 2020
Net income	<b>89,884</b>	<b>111,195</b>
Gains/(losses) on cash flow hedges, net of tax effects	(432)	2,563
Gains/(losses) on translation of foreign financial statements	3,745	(17,218)
Gains/(losses) on equity-accounted investees, net of tax effects	1,922	(9,850)
Other changes, net of tax effects	8	(234)
<b>Income and expenses recognized in shareholders' equity</b>	<b>5,243</b>	<b>(24,739)</b>
<b>Comprehensive income</b>	<b>95,127</b>	<b>86,456</b>
Attributable to:		
Equity holders of the Parent	95,115	86,444
Non-controlling interests	12	12
Per share data		
Basic	€ 0.461	€ 0.420
Diluted	€ 0.455	€ 0.413

<sup>(1)</sup> Except amounts per share.

Earnings per share (EPS) are based on average shares outstanding during the respective period, 206,225,973 in 2021 and 205,786,745 in 2020. net of average treasury stock, which amounted to 2,899,183 shares in 2021 and 3,338,411 shares in 2020.

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

The notes are an integral part of these consolidated financial statements.

**RECORDATI S.p.A. and SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

€ (thousands)	Shareholders' equity attributable to equity holders of the Parent										Total
	Share capital	Share premium reserve	Treasury shares	Reserve for derivative instruments	Translation reserve	Other reserves	Profits carried forward	Net income	Interim dividend	Non-controlling interests	
<b>Balance at 31 December 2019</b>	<b>26,141</b>	<b>83,719</b>	<b>(93,480)</b>	<b>(5,357)</b>	<b>(146,866)</b>	<b>64,651</b>	<b>999,708</b>	<b>368,825</b>	<b>(98,764)</b>	<b>234</b>	<b>1,198,811</b>
Allocation of 2019 net income							368,825	(368,825)			0
Change in share-based payments						280	939				1,219
Purchase of treasury shares			(47,871)								(47,871)
Sale of treasury shares			8,891				(5,047)				3,844
Other changes							454				454
Comprehensive income				2,563	(17,218)	(10,084)		111,183		12	86,456
<b>Balance at 31 March 2020</b>	<b>26,141</b>	<b>83,719</b>	<b>(132,460)</b>	<b>(2,794)</b>	<b>(164,084)</b>	<b>54,847</b>	<b>1,364,879</b>	<b>111,183</b>	<b>(98,764)</b>	<b>246</b>	<b>1,242,913</b>
<b>Balance at 31 December 2020</b>	<b>26,141</b>	<b>83,719</b>	<b>(87,516)</b>	<b>(2,659)</b>	<b>(217,303)</b>	<b>70,707</b>	<b>1,151,053</b>	<b>354,984</b>	<b>(103,143)</b>	<b>277</b>	<b>1,276,260</b>
Allocation of 2020 net income							354,984	(354,984)			0
Change in share-based payments						120	531				651
Purchase of treasury shares			(48,584)								(48,584)
Sale of treasury shares			9,463				(4,106)				5,357
Other changes							258				258
Comprehensive income				(432)	3,745	1,930		89,872		12	95,127
<b>Balance at 31 March 2021</b>	<b>26,141</b>	<b>83,719</b>	<b>(126,637)</b>	<b>(3,091)</b>	<b>(213,558)</b>	<b>72,757</b>	<b>1,502,720</b>	<b>89,872</b>	<b>(103,143)</b>	<b>289</b>	<b>1,329,069</b>

The notes are an integral part of these consolidated financial statements.

RECORDATI S.p.A. and SUBSIDIARIES  
CONSOLIDATED CASH FLOW STATEMENT

€ (thousands)	First quarter 2021	First quarter 2020*
<b>OPERATING ACTIVITIES</b>		
Net income	89,884	111,195
Income taxes	26,110	34,335
Net interest	4,393	4,199
Depreciation of property, plant and equipment	6,311	6,451
Amortization of intangible assets	18,049	15,978
Equity-settled share-based payment transactions	651	1,219
Other non-monetary components	586	546
Changes in other assets and other liabilities	(8,051)	1,461
<b>Cash flow generated/(used) by operating activities</b>		
<b>before changes in working capital</b>	<b>137,933</b>	<b>175,384</b>
Change in:		
- inventories	7,334	(4,708)
- trade receivables	(36,299)	(48,878)
- trade payables	13,683	(16,888)
<b>Changes in working capital</b>	<b>(15,282)</b>	<b>(70,474)</b>
Interest received	29	288
Interest paid	(2,243)	(2,231)
Income taxes paid	(6,302)	(9,974)
<b>Cash flow generated/(used) by operating activities</b>	<b>114,135</b>	<b>92,993</b>
<b>INVESTMENT ACTIVITIES</b>		
Investments in property, plant and equipment	(4,092)	(3,681)
Disposals of property, plant and equipment	185	0
Investments in intangible assets	(53,225)	(19,747)
Disposals of intangible assets	0	25
<b>Cash flow generated/(used) by investment activities</b>	<b>(57,132)</b>	<b>(23,403)</b>
<b>FINANCING ACTIVITIES</b>		
Opening of loans	39,910	12
Repayment of loans	(13,449)	(4,227)
Payment of lease liabilities	(2,415)	(2,834)
Change in short-term debts to banks and other lenders	21,675	(5,980)
Dividends paid	(740)	(3,132)
Purchase of treasury shares	(48,584)	(47,871)
Sale of treasury shares	5,357	3,844
<b>Cash flow generated/(used) by financing activities</b>	<b>1,754</b>	<b>(60,188)</b>
<b>Change in cash and cash equivalents</b>	<b>58,757</b>	<b>9,402</b>
Opening cash and cash equivalents	188,230	187,923 **
Currency translation effect	3,098	(1,236)
<b>Closing cash and cash equivalents</b>	<b>250,085</b>	<b>196,089 **</b>

\* The 2020 figures were restated following the adoption of a new recognition method with the objective of better representing Group cash flow. These changes did not lead to significant changes in cash flow balances in terms of operating, investment, or financing activities as compared to what the cash flow statement showed last year.

\*\* In 2020, the amounts net of short-term debts to banks and other lenders were shown, equal to € 13,392 thousand at 31 December 2019 and € 9,192 thousand at 31 March 2020.

The notes are an integral part of these consolidated financial statements.

## RECORDATI S.p.A. and SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2021

## 1. GENERAL INFORMATION

The Interim Report for the Recordati group for the period ended 31 March 2021 was prepared by Recordati Industria Chimica e Farmaceutica S.p.A. (the “Company” or the “Parent Company”), with headquarters in Milan, Italy at Via Matteo Civitali no. 1, and was approved by the Board of Directors’ meeting on 6 May 2021, which authorized its public disclosure.

The Interim Financial Statements at 31 March 2021 include the economic-equity position of the Parent Company and all its subsidiaries. The companies included in the scope of consolidation, their percentage of ownership and a description of their activity are set out in Note 28.

The scope of consolidation did not change in the first quarter of 2021.

These financial statements are presented in euro (€), rounded to thousands of euro, except when indicated otherwise.

## 2. SUMMARY OF ACCOUNTING STANDARDS

These interim consolidated financial statements were prepared in accordance with the recognition and measurement criteria prescribed by the International Financial Reporting Standards (IFRS) adopted by the European Union, but do not include the full information required for the annual financial statements and must therefore be read together with the annual report for the full year ended 31 December 2020, prepared in accordance with the IFRSs issued by the International Accounting Standards Board (IASB) and endorsed by the European Union pursuant of regulation no. 1606/2002.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements. If in the future, these estimates and assumptions, which are based on management’s best judgement, should deviate from the actual circumstances, these will be modified in relation to the circumstances. In making the estimates and assumptions related to the preparation of these interim financial statements, the impacts, even potential ones, deriving from the COVID-19 pandemic were taken into account. Valuation exercises, in particular complex calculations such as those required to identify impairment loss, are carried out in depth only for the preparation of the year-end consolidated financial statements, except when there are impairment loss indicators, which would require an immediate estimate of the loss.

In relation to financial instruments measured at fair value, IFRS 13 requires the classification of these instruments according to the standard’s hierarchy levels, which reflect the significance of the inputs used in establishing the fair value. The following levels are used:

- Level 1: unadjusted assets or liabilities subject to valuation on an active market;
- Level 2: inputs other than prices listed at the previous point, which are observable directly (prices) or indirectly (derivatives from the prices) on the market;
- Level 3: input which is not based on observable market data.

Disclosure of the net financial position is included in the section “Management Review” of this Report.

### Application of new accounting principles

The accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

## 3. NET REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers and is not subject to significant seasonal fluctuations.

Net revenue in the first quarter of 2021 was € 384.8 million, down compared to the € 429.2 million in the same period in 2020. This change is due to the persistent COVID-19 pandemic and the negative currency exchange. Furthermore, whereas the first quarter of 2020 benefited from the accelerated buying for around € 20.0 million in order to deal with the onset of the health emergency, the first part of this year saw a decrease in seasonal flu medication stockpiling by wholesalers and pharmacists, following the lower frequency of the illness.

Net revenue can be broken down as follows:

€ (thousands)	First quarter 2021	First quarter 2020	Change 2021/2020
Net sales	364,215	414,305	(50,090)
<i>Royalties</i>	1,515	1,529	(14)
<i>Upfront payments</i>	1,343	1,319	24
Various revenue	17,765	12,082	5,683
<b>Total net revenue</b>	<b>384,838</b>	<b>429,235</b>	<b>(44,397)</b>

Upfront payment revenue relates to the licensing and distribution of the portfolio products and is recognized when the products are delivered to customers. Revenue for € 1.3 million recorded in the first quarter of 2021 refers mainly to marketing agreements for Pitavastatin (€ 0.3 million), for the lercanidipine+enalpril combination (€ 0.3 million), lercanidipine (€ 0.2 million, Cystadrops® (cysteamine hydrochloride) (€ 0.2 million), and for Silodosin (€ 0.1 million). The remaining balance of amounts already paid upfront by customers, which will be recognized as revenue in future periods, recorded under current liabilities (see Note 21), was € 9.6 million (€ 10.3 million at 31 December 2020).

"Various revenue" includes € 16.1 million, corresponding to the sales margin for Eligard® - a medicinal product for the treatment of prostate cancer - earned by Astellas Pharma Europe Ltd, following the January 2021 contract between Tolmar International Ltd. and Recordati S.p.A. for the assignment of the new product license. The first quarter of 2020 included € 11.3 million under this item, relating to the margin on sales of Signifor® and Signifor® LAR® realized by Novartis AG on behalf of Recordati following the transfer of the rights on the products. Subsequent to the transfer of the Marketing Authorization, initially in the United States of America and then gradually also for Europe and other geographic areas, the recognition of the margin was progressively replaced by direct sales, which currently represent almost the entire revenue amount.

In the tables below, net revenue is disaggregated by product or product class and by geographic area by country. The tables also include a reconciliation of the disaggregated revenue with the Group's reportable segments.

## Product or product class

€ (thousands)	<i>Specialty and Primary Care</i> 2021	<i>Specialty and Primary Care</i> 2020	Rare Diseases 2021	Rare Diseases 2020	Total 2021	Total 2020
Zanidip®	41,951	40,668	-	-	41,951	40,668
Zanipress®	11,235	14,868	-	-	11,235	14,868
Urorec®	15,981	27,056	-	-	15,981	27,056
Livazo®	11,378	16,596	-	-	11,378	16,596
Seloken®/Logimax®	24,808	30,314	-	-	24,808	30,314
Eligard®	16,841	-	-	-	16,841	-
Other corporate products	37,523	57,571	-	-	37,523	57,571
Drugs for rare diseases	-	-	84,922	77,454	84,922	77,454
OTC	70,264	82,538	-	-	70,264	82,538
Local product portfolios	55,499	67,646	-	-	55,499	67,646
Other revenue	2,272	2,726	-	-	2,272	2,726
Pharmaceutical chemicals	12,164	11,798	-	-	12,164	11,798
<b>Total net revenue</b>	<b>299,916</b>	<b>351,781</b>	<b>84,922</b>	<b>77,454</b>	<b>384,838</b>	<b>429,235</b>

## Geographic area by country

€ (thousands)	<i>Specialty and Primary Care</i> 2021	<i>Specialty and Primary Care</i> 2020	Rare Diseases 2021	Rare Diseases 2020	Total 2021	Total 2020
<b>Pharmaceutical revenue</b>						
Italy	65,933	73,701	5,039	4,880	70,972	78,581
France	27,924	34,377	8,164	6,889	36,088	41,266
Russia, Ukraine, other CIS	16,111	35,028	970	314	17,081	35,342
Germany	31,528	34,628	4,856	4,497	36,384	39,125
Spain	22,817	22,139	3,329	2,819	26,146	24,958
Turkey	18,678	26,146	1,496	1,361	20,174	27,507
Portugal	10,596	12,682	497	383	11,093	13,065
Other Eastern European countries	25,411	26,268	2,356	1,804	27,767	28,072
Other Western European countries	17,491	17,368	6,864	7,203	24,355	24,571
North Africa	9,661	11,735	119	286	9,780	12,021
Other international sales	41,602	45,911	14,267	15,130	55,869	61,041
U.S.A.	-	-	36,965	31,888	36,965	31,888
<b>Total pharmaceutical revenue</b>	<b>287,752</b>	<b>339,983</b>	<b>84,922</b>	<b>77,454</b>	<b>372,674</b>	<b>417,437</b>
<b>Pharmaceutical chemicals revenue</b>						
Italy	1,285	1,456	-	-	1,285	1,456
Other European countries	5,004	4,713	-	-	5,004	4,713
U.S.A.	1,402	1,317	-	-	1,402	1,317
America (U.S.A. excluded)	686	916	-	-	686	916
Australasia	3,467	3,181	-	-	3,467	3,181
Africa	320	215	-	-	320	215
<b>Total chemical pharmaceuticals revenue</b>	<b>12,164</b>	<b>11,798</b>	<b>0</b>	<b>0</b>	<b>12,164</b>	<b>11,798</b>
<b>Total net revenue</b>	<b>299,916</b>	<b>351,781</b>	<b>84,922</b>	<b>77,454</b>	<b>384,838</b>	<b>429,235</b>



#### 4. OPERATING EXPENSES

Total operating expenses for the first quarter of 2021 amounted to € 260.0 million, down compared to the € 280.8 million for the corresponding period the previous year, and are classified by function as follows:

€ (thousands)	First quarter 2021	First quarter 2020	Change 2021/2020
Cost of sales	104,069	125,511	(21,442)
Selling expenses	93,347	99,854	(6,507)
Research and development expenses	41,456	34,928	6,528
General and administrative expenses	20,062	18,369	1,693
Other (income)/expenses, net	1,017	2,147	(1,130)
<b>Total operating expenses</b>	<b>259,951</b>	<b>280,809</b>	<b>(20,858)</b>

The cost of sales was € 104.1 million, down compared to the first three months of 2020, due to lower sales volumes. The impact on revenue was 27.0%, lower than the 29.2% in the first quarter of 2020 due to the positive effect from the increased incidence of turnover in products for the treatment of rare diseases.

Selling expenses decreased by 6.5% mainly due to the significant reduction in promotional activities as a result of the restrictions introduced in all markets to counter the COVID-19 epidemiological emergency. The impact on revenue grew compared to the same period the preceding year due to the particularly positive revenue performance in the first quarter of 2020.

Research and development expenses were at € 41.5 million, increasing by 18.7% on the first quarter the previous year, due to the investments to support endocrinology products, and increased amortizations on the rights for Isturisa®, launched in the second quarter of 2020, and for Eligard®, acquired on license from Tolmar International in January 2021. Research and development expenses include the amortization of intangible assets, classified as licenses, brands and patents, referable to acquired products for an overall amount of € 17.6 million.

General and administrative expenses increased by 9.2% to strengthen the general coordination structure in order to manage an increasingly complex portfolio and specifically to support the management of Signifor® and Isturisa®, which are expected to record sustained growth in 2021 and into the future.

The following table summarizes the more significant components of “Other net (income)/expenses”.

€ (thousands)	First quarter 2021	First quarter 2020	Change 2021/2020
Non-recurring costs for the COVID-19 epidemic	774	2,017	(1,243)
Other	243	130	113
<b>Other (income)/expenses, net</b>	<b>1,017</b>	<b>2,147</b>	<b>(1,130)</b>

The costs incurred for the COVID-19 epidemic are for donations in favour of hospitals and national health services, making work environments safe and the purchase of personal protective equipment.

Total operating expenses are analyzed by nature as follows:

€ (thousands)	First quarter 2021	First quarter 2020	Change 2021/2020
Material consumption	78,262	97,295	(19,033)
Payroll costs	68,975	68,014	961
Other employee costs	6,238	9,771	(3,533)
Variable sales expenses	25,393	23,313	2,080
Depreciation and amortization	24,360	22,429	1,931
Utilities and consumables	10,173	8,533	1,640
Other expenses	46,550	51,454	(4,904)
<b>Total operating expenses</b>	<b>259,951</b>	<b>280,809</b>	<b>(20,858)</b>

The proportion of raw material consumption to net revenue was 20.3%, down by 2.4% compared to the same period in 2020.

The item “Payroll costs” includes € 0.6 million in charges for stock option plans, down by € 1.2 million compared to the same period the previous year.

During 2019, some Group employees were designated as beneficiaries of an incentive plan, with a duration of 5 years, under which they acquired, at nominal value, shares of Rossini Luxembourg S.à r.l., an indirect shareholder of Recordati S.p.A., and will benefit from a return at the expiry of the plan’s duration. Recognition according to the accounting standard IFRS 2 determined an expense in the 2021 first quarter income statement of € 0.3 million.

Amortization items equalled € 24.4 million, of which, € 18.1 million related to intangible assets, increasing by € 2.1 million on the same period the previous year, due to the launch of Isturisa® in the second quarter of 2020, the license contract with Tolmar International for Eligard® in January 2021, and € 6.3 million. relating to property, plant and equipment, down by € 0.2 million on the first quarter of 2020.

## 5. NET FINANCIAL INCOME AND EXPENSES

In the first quarter of 2021 and same period in 2020, the balance of financial components was negative for € 8.9 million and € 2.9 million, respectively. The main balance items are summarized in the table below.

€ (thousands)	First quarter 2021	First quarter 2020	Change 2021/2020
Interest expense on loans	3,987	4,050	(63)
Net exchange rate (gains)/losses	3,736	(36)	3,772
Net (income)/expense on short-term positions	949	(1,443)	2,392
Expenses on leases	211	306	(95)
Expenses for defined benefit plans	10	19	(9)
<b>Total net financial (income)/expenses</b>	<b>8,893</b>	<b>2,896</b>	<b>5,997</b>

Exchange losses were mainly determined by transactions in Russian roubles and U.S. dollars, currencies which were revalued against the euro compared to the end of 2020.

The change to “Net (income)/expense on short-term positions” is mainly due to the recognition in the first

quarter of 2020 of the positive effects of the two intercompany loans and relative cross-currency swaps for € 1.9 million.

## 6. INCOME TAXES

Income taxes amounted to € 26.1 million and include income taxes levied on all consolidated companies as well as the Italian regional tax on production (IRAP) which is levied on all Italian companies.

Following the advance agreement signed with the Advance Agreement and Disputes Office of the Italian Tax Authorities on 19 December 2019, which allows the Parent Company to benefit from a discount on taxable income connected with the direct use of intangible assets for the tax years 2015 to 2019, as from 2020, the Parent Company opted to subscribe (instead of renewing the agreement) to the new optional reverse charge mechanism provided for by Art. 4 of Italian Legislative Decree No. 34 of 30 April 2019 and therefore directly determine the discount on taxable income provided by the "Patent Box" for the current year, using the same criteria agreed with the Tax Authorities and providing the necessary documentation supporting the calculation. The relevant benefit for the first quarter of 2021, totalling € 2.4 million, was recognized to reduce the tax amount.

## 7. PROPERTY, PLANT AND EQUIPMENT

The composition and variation of property, plant and equipment, including the valuation of the right to use the assets conveyed under leases, are shown in the following table:

€ (thousands)	Land and buildings	Plant and machinery	Other equipment	Investments in progress	Total
<b>Cost</b>					
Balance at 31 December 2020	90,930	241,577	98,712	21,817	453,036
Additions	787	402	1,162	3,190	5,541
Disposals	(836)	(32)	(793)	(180)	(1,841)
Other changes	(414)	1,151	133	(2,064)	(1,194)
<b>Balance at 31 March 2021</b>	<b>90,467</b>	<b>243,098</b>	<b>99,214</b>	<b>22,763</b>	<b>455,542</b>
<b>Accumulated amortization</b>					
Balance at 31 December 2020	51,670	200,268	67,848	0	319,786
Amortization for the period	1,471	2,071	2,769	0	6,311
Disposals	(783)	(26)	(791)	0	(1,600)
Other changes	(46)	(247)	(46)	0	(339)
<b>Balance at 31 March 2021</b>	<b>52,312</b>	<b>202,066</b>	<b>69,780</b>	<b>0</b>	<b>324,158</b>
<b>Net amount</b>					
31 December 2020	39,260	41,309	30,864	21,817	133,250
<b>31 March 2021</b>	<b>38,155</b>	<b>41,032</b>	<b>29,434</b>	<b>22,763</b>	<b>131,384</b>

Increases over the period amounted to € 5.5 million and mainly refer to the Parent Company (€ 3.3 million) and the German subsidiary Recordati Pharma GmbH (€ 0.7 million).

"Other changes" includes the conversion into euro of the property, plant and equipment recognized in different currencies, for a net decrease of € 0.9 million compared to 31 December 2020, primarily due to the devaluation of the Turkish lira.

The following table shows the valuation of the right to use the assets conveyed under leases, determined as prescribed by the IFRS 16 standard.

€ (thousands)	Land and Buildings	Plant and machinery	Other equipment	Total
<b>Cost</b>				
Balance at 31 December 2020	20,619	1,082	19,861	41,562
Additions	745	0	704	1,449
Disposals	(837)	0	(480)	(1,317)
Other changes	(65)	0	(167)	(232)
<b>Balance at 31 March 2021</b>	<b>20,462</b>	<b>1,082</b>	<b>19,918</b>	<b>41,462</b>
<b>Accumulated amortization</b>				
Balance at 31 December 2020	6,684	188	8,255	15,127
Amortization for the period	916	52	1,508	2,476
Disposals	(782)	0	(480)	(1,262)
Other changes	(10)	0	(76)	(86)
<b>Balance at 31 March 2021</b>	<b>6,808</b>	<b>240</b>	<b>9,207</b>	<b>16,255</b>
<b>Net amount</b>				
31 December 2020	13,935	894	11,606	26,435
<b>31 March 2021</b>	<b>13,654</b>	<b>842</b>	<b>10,711</b>	<b>25,207</b>

Rights of use of leased assets refer mainly to the office premises of several Group companies and to the cars used by medical representatives operating in their territories.

## 8. INTANGIBLE ASSETS

The composition and variation of intangible assets are shown in the following table:

€ (thousands)	Patent rights and marketing authorizations	Distribution, license, trademark and similar rights	Other	Advance payments	Total
<b>Cost</b>					
Balance at 31 December 2020	1,029,335	504,149	20,651	48,436	1,602,571
Additions	1,170	49,737	31	2,287	53,225
Disposals	(1)	(17)	0	0	(18)
Other changes	(6,774)	567	162	538	(5,507)
<b>Balance at 31 March 2021</b>	<b>1,023,730</b>	<b>554,436</b>	<b>20,844</b>	<b>51,261</b>	<b>1,650,271</b>
<b>Accumulated amortization</b>					
Balance at 31 December 2020	253,685	214,572	18,503	0	486,760
Amortization for the period	11,343	6,573	133	0	18,049
Disposals	(1)	(17)	0	0	(18)
Other changes	1,362	300	(19)	0	1,643
<b>Balance at 31 March 2021</b>	<b>266,389</b>	<b>221,428</b>	<b>18,617</b>	<b>0</b>	<b>506,434</b>
<b>Net amount</b>					
31 December 2020	775,650	289,577	2,148	48,436	1,115,811
<b>31 March 2021</b>	<b>757,341</b>	<b>333,008</b>	<b>2,227</b>	<b>51,261</b>	<b>1,143,837</b>

Increases for the period include:

- € 35.0 million for the license agreement with Tolmar International Ltd relating to the marketing of Eligard® (leuprorelin acetate), a medicinal product for the treatment of prostate cancer, in Europe, Turkey, Russia and other countries;
- € 14.5 million paid to Almirall S.A. for a perpetual license agreement to market Flatoril® (combination of clebopride and simethicone) on the Spanish market. Flatoril® is a product for the treatment of functional disturbances that produce flatulence, used in preparation of gastrointestinal radiological examinations and in the treatment of post-surgical nausea and vomiting associated with flatulence.

“Other changes” includes the conversion into euro of the value of the intangible assets held and recognized in different currencies, which determined a net decrease of € 8.9 million compared to 31 December 2020 mainly attributable to the devaluation of the Swiss franc for € 12.2 million, and the revaluation of the U.S. dollar for € 3.0 million and of the Russian rouble for € 0.5 million.

## 9. GOODWILL

Net goodwill at 31 March 2021 amounted to € 560.5 million, a decrease of € 1.6 million as compared to 31 December 2020, and is attributed to the operational areas, which represent the same number of cash generating units:

- France for € 74.2 million;
- Russia for € 24.4 million;
- Germany for € 48.8 million;
- Portugal for € 32.8 million;
- Treatments for rare diseases business: 110.6 million;

- Turkey for € 25.6 million;
- Czech Republic for € 13.5 million;
- Romania for € 0.2 million;
- Poland for € 14.1 million;
- Spain for € 58.1 million;
- Tunisia for € 16.6 million;
- Italy for € 133.2 million;
- Switzerland for € 8.4 million.

Goodwill related to acquisitions made in countries outside the European Monetary Union is calculated in local currency and converted into euro at the period-end exchange rate. Compared to 31 December 2020, this determined a total net decrease of € 1.6 million attributable to the acquisitions made in Turkey (decrease of € 1.7 million), Poland (decrease of € 0.3 million), Switzerland (decrease of € 0.1 million), Tunisia (increase of € 0.1 million) and Russia (increase of € 0.4 million).

In compliance with IFRS 3 goodwill is not systematically amortized. Instead, it is tested for impairment on an annual basis or more frequently if specific events or circumstances indicate a possible loss of value. During the period no events or circumstances arose to indicate possible value loss related to any of the above-mentioned items.

## 10. OTHER EQUITY INVESTMENTS AND SECURITIES

At 31 March 2021, these amounted to € 47.4 million, up by € 1.8 million compared to 31 December 2020.

The main investment refers to the U.K. company PureTech Health plc, specialized in investments in start-up companies dedicated to innovative therapies, medical devices and new research technologies. Starting from 19 June 2015, the shares of the Company were admitted for trading on the London Stock Exchange. At 31 March 2021, the total fair value of the 9,554,140 shares held was € 44.8 million. The value of the investment was consequently adjusted to the stock exchange value and increased by € 2.3 million, compared to 31 December 2020, with a counter-item accounted for, net of the related tax effect, in the statement of gains and losses recognized in shareholders' equity.

This item also includes € 2.6 million regarding an investment made during 2012 in Erytech Pharma S.A., a listed French biopharmaceutical company, focused on developing new therapies for rare oncological pathologies and orphan diseases. The investment, originally structured as a non-interest-bearing loan, was converted into 431,034 shares of the Company in May 2013. The value of the investment was adjusted to the stock exchange value and decreased by € 0.5 million, compared to 31 December 2020, with a counter-item accounted for, net of the related tax effect, in the statement of gains and losses recognized in shareholders' equity.

## 11. OTHER NON-CURRENT ASSETS

This item amounted to € 18.9 million at 31 March 2021, increasing by € 12.0 million compared to 31 December 2020, mainly due to the recognition of the advances made by the subsidiary Recordati AG in the scope of the contract agreements with Novartis AG to acquire the rights on Signifor®, Signifor® LAR® and Isturisa®.

## 12. DEFERRED TAX ASSETS

At 31 March 2021, deferred tax assets amounted to € 74.2 million, down by a net € 0.9 million compared to

31 December 2020. The effect of deferred tax assets related to components of other comprehensive income is a net decrease of € 0.2 million.

### 13. CURRENT ASSETS

Inventories amounted to € 243.7 million, down by € 7.7 million compared to 31 December 2020.

Trade receivables amounted to € 307.9 million at 31 March 2021, up by € 39.0 million compared to 31 December 2020. The balance is less the provision for € 14.9 million, a decrease of € 0.2 million compared to 31 December 2020, recognized under selling expenses, which reflects the collection risk connected with certain customers and geographic areas. Average days sales outstanding are 67.

Other receivables at € 35.2 million, decreased by € 12.1 million compared to 31 December 2020, mainly due to the Parent's lower tax credits.

Other current assets were at € 13.4 million and refer mainly to prepaid expenses.

### 14. DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE (included in current assets)

The measurement at market (fair value) of cross currency swaps entered into by the Parent Company to hedge the US\$ 75 million loan issued on 30 September 2014 gave rise to a € 8.7 million asset at 31 March 2021. This amount represents the potential benefit of a lower value in euro of the future dollar denominated principal and interest flows, in view of the revaluation of the foreign currency with respect to the moment in which the loan and hedging instruments were negotiated. In particular, the change in fair value of the derivative hedging the US\$ 50 million tranche of the loan, provided by Mediobanca, was positive for an amount of € 5.9 million, and that hedging the US\$ 25 million tranche of the loan, provided by UniCredit, yielded a € 2.8 million positive change.

In October 2019, Recordati S.p.A. entered into forward exchange contracts to hedge the intercompany loan granted to Recordati AG for an amount of 228.9 million Swiss francs. The fair value of the derivative at 31 March 2021 on the outstanding loan of 198.1 million Swiss francs was positive for € 1.4 million, which was recognized to the income statement, offsetting the exchange losses determined by the valuation of the underlying debt at current exchange rates.

At 31 March 2021, other hedging transactions were in place on foreign currency positions, the measurement of which was positive for a total of € 1.0 million, recognized to the income statement and offsetting the exchange losses arising from the valuation of the underlying positions at current exchange rates.

The fair value of these hedging derivatives is measured at level 2 of the hierarchy provided for in the accounting standard IFRS 13. The fair value is equal to the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve which reflects the relevant benchmark interbank rate used by market participants for pricing interest rate swaps.

### 15. CASH AND CASH EQUIVALENTS

At 31 March 2021, the balance of this item amounted to € 250.1 million, increasing by € 61.9 million on 31 December 2020, and are mainly denominated in euro, US dollars, pounds sterling and comprise current account deposits and short-term time deposits.

## 16. SHAREHOLDERS' EQUITY

Shareholders' Equity at 31 March 2021 was € 1,329.1 million, an increase of € 52.8 million compared to that at 31 December 2020 for the following reasons:

- increase of € 89.9 million from net income;
- increase of € 0.6 million from cost of stock option plans set-off directly in equity;
- decrease of € 48.6 million from the purchase of 1,100,761 treasury shares;
- increase of € 5.4 million from the disposal of 283,708 treasury shares to service the stock option plans;
- decrease of € 0.4 million from the recognition of cross currency swaps, the underlying loans and interest rate swaps, hedged foreign currency loans and interest rate swap transactions, net of the relative tax effect;
- increase of € 1.9 million from the application of IFRS 9, almost entirely due to the change in fair value of the equity investment in PureTech Health plc and in Erytech Pharma S.A., net of the relative tax effect;
- increase of € 3.7 million for foreign currency translation adjustments;
- increase of € 0.3 million from other changes.

In consideration of the fact that the Italian company Recordati Rare Diseases Italy is 99% owned, this gave rise to a minority interest of € 289.0 thousand.

As 31 March 2021, the Company has two stock option plans in favour of certain Group employees: the 2014-2018, plan with the grant of 29 July 2014 and 13 April 2016 and the 2018-2022 plan, with the grant of 3 August 2018. The strike price for the options is the average of the Parent Company's listed share price during the 30 days prior to the grant date. The options are vested over a period of five years, and those not exercised within the eighth year of the grant date expire. Options cannot be exercised if the employee leaves the Company before they are vested.

Stock options outstanding at 31 March 2021 are detailed in the following table:

	Strike price (€)	Quantity 1.1.2021	Granted 2021	Exercised in 2021	Cancelled and expired	Quantity 31.3.2021
<b>Grant date</b>						
29 July 2014	12.2900	778,500	-	(148,458)	-	630,042
13 April 2016	21.9300	1,587,500	-	(71,000)	(4,500)	1,512,000
3 August 2018	30.7300	3,841,000	-	(64,250)	(23,500)	3,753,250
<b>Total</b>		<b>6,207,000</b>	<b>-</b>	<b>(283,708)</b>	<b>(28,000)</b>	<b>5,895,292</b>

At 31 March 2021, 3,646,355 treasury shares were held in the portfolio, an increase of 817,053 shares compared to 31 December 2020. The change was due to the disposal of 283,708 shares for an amount of € 5.4 million to enable the options attributed to employees as part of the stock option plans to be exercised and to the purchase of 1,100,761 shares for an amount of € 48.6 million. The total cost to purchase the treasury shares in the portfolio was € 126.6 million, with an average unit price of € 34.73.

During 2019, some Group employees were designated as beneficiaries of an incentive plan, with a duration of 5 years, under which they acquired, at nominal value, shares of Rossini Luxembourg S.à r.l., an indirect shareholder of Recordati S.p.A., and will benefit from a return at the expiry of the plan's duration.



## 17. LOANS

At 31 March 2021, loans amounted to € 1,075.4 million, increasing by a net € 26.9 million compared to 31 December 2020.

This item includes the liabilities deriving from the application of the accounting standard IFRS 16, representing the obligation to make the payments provided for in the existing leases for a total amount of € 25.5 million, a net decrease of € 1.2 million compared to 31 December 2020.

In the first quarter of 2021, there were increases for € 41.4 million, 39.9 million for the opening of new bank loans and € 1.5 million related to new leases, whereas a total of € 15.9 million was repaid, of which € 2.5 million related to lease liabilities. The loan with Banca Nazionale del Lavoro for € 25.0 million was fully repaid in March, with the payment of the last instalment of € 6.3 million.

The effect of the translation of loans in foreign currencies and of expenses incurred to place the loans, together with the early termination of a number of leases, determined a total net increase of € 1.4 million compared to 31 December 2020.

The main loans outstanding are:

- a) Loan for € 40.0 million entered into by the Parent Company on 30 March 2021 with Allied Irish Bank at a variable interest rate of the 6-month Euribor (with floor to zero) plus a variable spread based on a step up/step down mechanism on changes in the Leverage Ratio, with six-monthly interest payments and principal repayment, again on a semi-annual basis, starting from March 2022 until December March 2026. The loan includes covenants which, if not observed, could lead to a request for immediate repayment. The financial covenants, measured semi-annually, are the following:
  - the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
  - the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.These parameters are being observed.
- b) Loan for 75.0 million Swiss francs taken out on 17 April 2020 by the subsidiary Recordati AG with UBS Switzerland AG, at a variable interest rate of the 3-months Libor on the Swiss currency (with a zero floor) plus a fixed spread, with quarterly interest payments and semi-annual repayment of principal starting September 2020 through March 2025. The value in euro of the outstanding loan at 31 March 2021 was € 54.2 million. The loan, guaranteed by the Parent Company, includes covenants which, if not observed, could lead to a request for immediate repayment. The financial covenants, measured semi-annually, are the following:
  - the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
  - the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.These parameters are being observed.
- c) Loan for € 40.0 million taken out on 17 April 2020 by the Parent Company with UBI Banca, at a fixed interest rate, with quarterly interest payments and repayment of principal in a lump sum in October 2021. The loan agreement does not include financial covenants.

- d) Loan for € 22.5 million taken out by the Parent Company in August 2019 with ING Bank at a variable interest rate of the 6-month Euribor plus a variable spread based on a step up/step down mechanism on changes in the Leverage Ratio, with repayments of principal, again on a semi-annual basis, starting December 2021 through December 2024.

The loan includes covenants which, if not observed, could lead to a request for immediate repayment.

The financial covenants, measured semi-annually, are the following:

- the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
- the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- e) Loan for € 400.0 million negotiated by the Parent Company in June 2019 aimed at supporting the Group's growth strategy. The loan, initially agreed with Mediobanca, Natixis and Unicredit was subsequently syndicated involving a pool of Italian and international banks. The terms of the loan provide for a variable interest rate at the 6-month Euribor (with a zero floor) plus a variable spread based on a step up/step down mechanism on changes in the Leverage Ratio, and a duration of 5 years with semi-annual repayment of the principal starting 30 June 2020 through June 2024. The disbursement, net of upfront commissions, took place on 30 July 2019. The debt outstanding recognized at 31 March 2021 amounted to a total of € 343.8 million.

The loan includes covenants which, if not observed, could lead to a request for immediate repayment.

The financial covenants, measured semi-annually, are the following:

- the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
- the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- f) Loan for € 150.0 million taken out by the Parent Company in November 2018 with Mediobanca, at a variable interest rate of the 6-month Euribor plus a variable spread based on a step up mechanism on changes in the Leverage Ratio, with quarterly interest payments and a duration of 5 years with semi-annual repayments of principal starting November 2020 through November 2023. The debt outstanding at 31 March 2021 amounted to € 128.2 million. The loan was hedged with an interest rate swap, qualifying as a cash flow hedge, effectively converting the entire debt to a fixed interest rate. At 31 March 2021, the fair value of the derivative was measured at negative € 1.8 million, which was recognized directly as a decrease in equity and as an increase in the liability item "Derivative instruments measured at fair value" (see Note 22).

The loan includes covenants which, if not observed, could lead to a request for immediate repayment.

The financial covenants, measured annually, are the following:

- the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
- the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- g) Loan for € 4.3 million granted to the Parent Company in July 2018 by Banca del Mezzogiorno-Mediocredito Centrale to fund investments in research, of which € 3.9 million at a reduced fixed interest rate, to be repaid in six semi-annual instalments starting 30 June 2019 through 31 December 2021, and € 0.4 million at a variable interest rate equal to the 6-month Euribor, to be repaid in two instalments on 30 June and 31 December 2021. The total debt outstanding at 31 March 2021 amounted to € 1.7 million. The loan

agreement does not include financial covenants.

- h) Loan for € 15.0 million taken out by the Parent Company in November 2017 with Banca Passadore. The main conditions provide for a variable interest rate of the 3-month Euribor plus a fixed spread, quarterly payments of interest and a duration of 5 years with annual repayments of principal from November 2020 through November 2022. The total debt outstanding at 31 March 2021 amounted to € 10.0 million.

The loan includes covenants which, if not observed, could lead to a request for immediate repayment.

The financial covenants, measured annually, are the following:

- the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
- the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- i) Loan for € 75.0 million taken out by the Parent Company in October 2017 with Intesa Sanpaolo. The main conditions provide for a variable interest rate of the 6-month Euribor plus a fixed spread, semi-annual interest payments and a duration of 8 years with semi-annual repayments of principal from June 2019 through October 2025. The debt outstanding at 31 March 2021 amounted to € 53.4 million. The loan was hedged with an interest rate swap, qualifying as a cash flow hedge, effectively converting the entire debt to a fixed interest rate. At 31 March 2021, the fair value of the derivative was measured at negative € 1.2 million, which was recognized directly as a decrease in equity and as an increase in the liability item "Derivative instruments measured at fair value" (see Note 22).

The loan includes covenants which, if not observed, could lead to a request for immediate repayment.

The financial covenants, measured annually, are the following:

- the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
- the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- j) Loan for € 50.0 million taken out by the Parent Company in September 2017 with UniCredit. The main conditions provide for a variable interest rate of the 6-month Euribor plus a fixed spread, semi-annual interest payments and repayment of the principal in a lump sum on 29 September 2021. The loan was hedged with an interest rate swap, qualifying as a cash flow hedge, effectively converting the entire debt to a fixed interest rate. At 31 March 2021, the fair value of the derivative was measured at negative € 0.2 million, which was recognized directly as a decrease in equity and as an increase in the liability item "Derivative instruments measured at fair value" (see Note 22).

The loan includes covenants which, if not observed, could lead to a request for immediate repayment.

The financial covenants, measured annually, are the following:

- the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
- the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- k) Loan for € 50.0 million taken out by the Parent Company in September 2017 with UBI Banca. The main conditions provide for a variable interest rate of the 6-month Euribor plus a fixed spread, semi-annual interest payments and repayment of the principal in a lump sum on 07 September 2022. The loan was hedged with an interest rate swap, qualifying as a cash flow hedge, effectively converting the entire debt to a fixed interest rate. At 31 March 2021, the fair value of the derivative was measured at negative € 0.5

million, which was recognized directly as a decrease in equity and as an increase in the liability item “Derivative instruments measured at fair value” (see Note 22).

The loan includes covenants which, if not observed, could lead to a request for immediate repayment.

The financial covenants, measured annually, are the following:

- the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
- the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- l) Loan for € 75.0 million taken out by the Parent Company in July 2017 with Mediobanca. The main conditions of the loan provide for a variable interest rate of the 6-month Euribor plus a fixed spread and a duration of 7 years with annual repayments of principal from July 2018 through July 2024. The debt outstanding at 31 March 2021 amounted to € 43.5 million. The loan was hedged with an interest rate swap, qualifying as a cash flow hedge, effectively converting the entire debt to a fixed interest rate. At 31 March 2021, the fair value of the derivative was measured at negative € 0.7 million, which was recognized directly as a decrease in equity and as an increase in the liability item “Derivative instruments measured at fair value” (see Note 22).

The loan includes covenants which, if not observed, could lead to a request for immediate repayment.

The financial covenants, measured annually, are the following:

- the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
- the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- m) Privately placed guaranteed senior notes by the Parent in May 2017 for an overall amount of € 125.0 million at a fixed interest rate with repayment in annual instalments starting on 31 May 2025 through 31 May 2032.

The note purchase agreement covering the senior guaranteed notes issued by Recordati S.p.A. includes covenants which, if not met, could lead to a request for immediate repayment of the loan.

The financial covenants, measured quarterly, are the following:

- the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
- the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- n) Loan for € 25.0 million taken out by the Parent Company in December 2016 with Intesa Sanpaolo. The main conditions of the loan provide for a variable interest rate of the 6-month Euribor plus a fixed spread and a duration of 5 years with semi-annual repayments of principal from June 2019 through December 2021. The debt outstanding at 31 March 2021 amounted to € 8.3 million. The loan was hedged with an interest rate swap, qualifying as a cash flow hedge, effectively converting the debt to a fixed interest rate. At 31 March 2021, the fair value measurement of the derivative was slightly negative and was recognized directly as a decrease in equity and as an increase in the liability item “Derivative instruments measured at fair value” (see Note 22).

The loan includes covenants which, if not observed, could lead to a request for immediate repayment.

The financial covenants, measured annually, are the following:

- the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;

- the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- o) Loan disbursed on 16 October 2014 to the subsidiary Recordati Ilaç by IFC-World Bank for 71.6 million Turkish lira to finance the construction of a new production plant. The main conditions provide for a variable interest rate of the 3-month Trlibor plus a fixed spread and a duration of 8 years with quarterly repayments of principal from November 2016 through August 2022. The counter-value of the outstanding debt at 31 March 2021 amounted to € 1.8 million, down by € 0.4 million compared to 31 December 2020. This reduction was determined for € 0.1 million by the depreciation of the Turkish lira against the consolidation currency.

The loan includes covenants which, if not observed, could lead to a request for immediate repayment.

The financial covenants, measured quarterly, are the following:

- the ratio of consolidated net financial position to consolidated shareholders' equity must be less than 0.75;
- the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
- the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- p) Guaranteed senior notes issued by the Parent Company on 30 September 2014 for a total of US\$ 75 million, divided into two tranches: US\$ 50 million at fixed rate, repayable semi-annually starting 30 March 2022 and with maturity 30 September 2026, and US\$ 25 million again at fixed rate, repayable semi-annually starting 30 March 2023 and with maturity 30 September 2029. The conversion of the loan at 31 March 2021 resulted in an increased liability for € 2.8 million compared to 31 December 2020, due to the revaluation of the U.S. dollar against the consolidation currency.

The loan was hedged at the same time with two cross-currency swap operations, which provide for the conversion of the debt into a total of € 56.0 million, of which € 37.3 million at a lower fixed rate for the tranche with maturity at 12 years and € 18.7 million again at a lower fixed rate for per that with maturity at 15 years. At 31 March 2021, hedging instruments measured at fair value were positive for a total of € 8.7 million, which was recognized directly as an increase in equity and as an increase in the asset item "Derivative instruments measured at fair value" (see Note 14).

The note purchase agreement covering the senior guaranteed notes issued by Recordati S.p.A. includes covenants which, if not met, could lead to a request for immediate repayment of the loan.

The financial covenants, measured quarterly, are the following:

- the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
- the ratio of consolidated operating profit to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

q) Loan taken out by the Parent Company on 30 November 2010 with Centrobanca, to fund a three-year research and development investment program. The loan, for which Centrobanca received funding from the European Investment Bank, amounts to € 75.0 million, disbursed for € 30.0 million in 2010 and € 45.0 million in the first quarter of 2011. The main conditions provide for a variable interest rate of the 6-month Euribor plus a variable spread on the basis of the Leverage Ratio, and a duration of 12 years with semi-annual repayments of the principal from June 2012 through to December 2022. As stipulated in the contract, the Parent Company recently stated that it would seek recourse to the early repayment of the loan, which will be settled in April 2021. The debt outstanding at 31 March 2021 amounted to € 13.6 million. In June 2012, the loan was hedged with an interest rate swap, qualifying as a cash flow hedge, effectively converting the entire debt to a fixed interest rate. At 31 March 2021, the fair value of the derivative was measured at negative € 0.3 million, which was recognized directly as a decrease in equity and as an increase in the liability item “Derivative instruments measured at fair value” (see Note 22). The loan includes covenants which, if not observed, could lead to a request for immediate repayment. The financial covenants, measured semi-annually, are the following:

- the ratio of consolidated net financial position to consolidated shareholders' equity must be less than 0.75;
- the ratio of consolidated net financial position to consolidated EBITDA (determined for a period of twelve consecutive months) must be less than 3;
- the ratio of consolidated EBITDA to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

## 18. PROVISIONS FOR EMPLOYEE BENEFITS

The balance at 31 December 2021 amounted to € 21.3 million and reflects the Group's liability towards its employees determined in accordance with IAS 19.

## 19. DEFERRED TAX LIABILITIES

At 31 March 2021, deferred tax liabilities amounted to € 41.1 million, which was basically unchanged in respect of 31 December 2020.

## 20. OTHER NON-CURRENT LIABILITIES

At 31 March 2021, other non-current liabilities amounted to € 17.1 million and referred entirely to future payments to Novartis AG for the marketing of Isturisa® on a number of European markets.

## 21. CURRENT LIABILITIES

Trade payables at € 145.1 million, included the accrual for invoices to be received.

Other liabilities amounted to € 104.4 million, increasing by € 8.7 million compared to 31 December 2020, and mainly include:

- € 43.9 million due to employees and social security institutions;
- € 8.5 million for Recordati AG in respect of Novartis AG, on the occurrence of contract conditions in the scope of acquiring the rights for Isturisa®;
- € 3.7 million which Recordati Rare Diseases Inc. must pay to U.S. health care insurance schemes;
- € 4.2 million to be paid to the “Krankenkassen” (German health insurance schemes) by Recordati Pharma GmbH;



- € 3.3 million related to the acquisition of a further 10% of the capital of Opalia Pharma determined on the basis of the put and call options provided for in the contract. The fair value of this purchase option is measured at level 2 as the valuation model considers the present value of the expected payments.
- € 2.3 million to be paid to the Italian National Health Service resulting from the 1.83% discount applicable to the retail price of reimbursed pharmaceutical products before VAT.

Tax liabilities amounted to € 37.1 million, increasing by € 7.4 million compared to 31 December 2020.

Other current liabilities amounted to € 10.6 million, down by € 0.6 million compared to 31 December 2020. An amount of € 9.6 million is attributable to the adoption of the accounting principle IFRS 15 based on which some deferred revenue is recognized in the income statement in variable instalments based on the fulfilment of the conditions for revenue recognition.

The provisions for risks and charges amounted to € 15.7 million, down by € 1.5 million compared to 31 December 2020.

## 22. DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE (included in current liabilities)

The measurement at market (fair) value at 31 March 2021 of the interest rate swaps hedging a number of loans gave rise to a total € 4.7 million liability, which represents the unrealized opportunity of paying in the future, for the duration of the loans, the variable rates currently expected instead of the rates agreed. The amount is related to the interest rate swaps entered into by the Parent Company to hedge the interest rates on loans with Mediobanca (€ 2.5 million), Intesa Sanpaolo (€ 1.2 million), UBI Banca (€ 0.5 million), Centrobanca (€ 0.3 million) and UniCredit (€ 0.2 million).

The fair value of these hedging derivatives is measured at level 2 of the hierarchy provided for in the accounting standard IFRS 13. The fair value is equal to the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve which reflects the relevant benchmark interbank rate used by market participants for pricing interest rate swaps.

## 23. SHORT-TERM DEBTS TO BANKS AND OTHER LENDERS

Debts to banks and other lenders at 31 March 2021 were € 36.0 million and comprise the use of short-term credit lines, overdrafts and interest due on existing loans.

## 24. OPERATING SEGMENTS

The financial information reported by line of business, in compliance with IFRS 8 – *Operating Segments*, is prepared using the same accounting principles used for the preparation and disclosure of the Group's consolidated financial statements. Two main business segments can be identified, the Specialty & Primary Care segment and the rare diseases segment.

The tables below show the figures for these segments as at 31 March 2021 and include comparative data.

€ (thousands)	Specialty and Primary Care segment	Rare diseases segment	Values not allocated	Consolidated financial statements
<b>First quarter 2021</b>				
Revenue	299,916	84,922	-	384,838
Expenses	(205,779)	(54,172)	-	(259,951)
<b>Operating income</b>	<b>94,137</b>	<b>30,750</b>	<b>-</b>	<b>124,887</b>
<b>First quarter 2020</b>				
Revenue	351,781	77,454	-	429,235
Expenses	(237,369)	(43,440)	-	(280,809)
<b>Operating income</b>	<b>114,412</b>	<b>34,014</b>	<b>-</b>	<b>148,426</b>

€ (thousands)	Specialty and Primary Care segment*	Rare diseases segment	Values not allocated**	Consolidated financial statements
<b>31 March 2021</b>				
Non-current assets	1,198,808	729,934	47,405	1,976,147
Inventories	203,370	40,314	0	243,684
Trade receivables	240,164	67,746	0	307,910
Other receivables and other current assets	36,963	11,611	11,068	59,642
Cash and cash equivalents	-	-	250,085	250,085
<b>Total assets</b>	<b>1,679,305</b>	<b>849,605</b>	<b>308,558</b>	<b>2,837,368</b>
Non-current liabilities	57,288	22,176	800,325	879,789
Current liabilities	217,222	95,600	315,788	628,610
<b>Total liabilities</b>	<b>274,510</b>	<b>117,776</b>	<b>1,116,113</b>	<b>1,508,399</b>
<b>Net capital employed</b>	<b>1,404,795</b>	<b>731,829</b>		
<b>31 December 2020</b>				
Non-current assets	1,162,636	730,486	45,581	1,938,703
Inventories	210,089	41,163	-	251,252
Trade receivables	200,601	68,296	-	268,897
Other receivables and other current assets	48,133	9,403	7,036	64,572
Cash and cash equivalents	-	-	188,230	188,230
<b>Total assets</b>	<b>1,621,459</b>	<b>849,348</b>	<b>240,847</b>	<b>2,711,654</b>
Non-current liabilities	57,621	21,071	778,238	856,930
Current liabilities	192,454	93,419	292,591	578,464
<b>Total liabilities</b>	<b>250,075</b>	<b>114,490</b>	<b>1,070,829</b>	<b>1,435,394</b>
<b>Net capital employed</b>	<b>1,371,384</b>	<b>734,858</b>		

\* Includes pharmaceutical chemical operations. \*\* Amounts not allocated refer to the items other equity investments and securities, cash and cash equivalents, loans, derivative instruments and short-term debts to banks and other lenders.

The pharmaceutical chemical business is considered part of the Specialty and Primary Care segment as it is mainly engaged in the production of active ingredients for finished pharmaceutical products, both from a strategic and organizational point of view.



## 25. LITIGATION AND CONTINGENT LIABILITIES

The Parent Company and some subsidiaries are parties to minor legal actions and disputes, the outcomes of which are not expected to result in any liability. The potential liabilities that can currently be measured are not for significant amounts. Some license agreements require the payment of future milestones as certain conditions occur, in which case their occurrence is as yet uncertain, with the consequence that the contractually required payments, estimated at around € 173 million and referring primarily to the contracts with Novartis, Tolmar International and ARS Pharmaceuticals, are currently merely potential liabilities.

## 26. RELATED-PARTY TRANSACTIONS

At 31 March 2021, the Group's immediate Parent Company is FIMEI S.p.A., which since 2018 has been owned by a consortium of investment funds controlled by CVC Capital Partners. FIMEI S.p.A. has its headquarters in Milan, Italy, at Via Vecchio Politecnico 9.

On 1 October 2020, the Company's Board of Directors approved the reverse merger by incorporation of Rossini Investimenti S.p.A. and FIMEI S.p.A. in Recordati S.p.A.

To our knowledge, no transactions or contracts have been entered into with related parties that can be considered significant in terms of value or conditions, or which could in any way materially affect the accounts.

## 27. SUBSEQUENT EVENTS

At the date of preparation of the financial statements, no significant events had occurred subsequent to the close of the period that would require changes to the values of assets, liabilities or the income statement.

In April, the merger deed was drafted for the merger by incorporation of Rossini Investimenti S.p.A. and FIMEI S.p.A. into Recordati S.p.A. The subsequent filing with the Companies Register has finalized the transaction, which will have effect in accounting and tax terms from 1 April 2021. The Merger does not envision any change to the share capital of the incorporating Company, nor any balancing cash payment. Furthermore, the balance sheet and earnings profile of Recordati S.p.A., after the merger, will be substantially in line with that prior to the transaction and, in particular, the merger does not alter the net financial position and therefore the investment capacity of Recordati, nor its capital allocation strategy or policy. As provided for in the draft terms of merger, Recordati S.p.A. will inherit the ACE base and the ACE surplus of Rossini Investimenti S.p.A. with a non-recurring positive tax effect in 2021 estimated at approximately € 12.9 million and a recurring tax benefit of approximately € 1.2 million per year. ACE (Allowance for Corporate Equity) is tax relief for companies governed by Italian Legislative Decree no. 201/2011 and by Italian Ministerial Decree 03/08/2017. It consists of the taxation of part of the taxable income proportional to the increases in net assets. The merger extinguishes group taxation between Recordati S.p.A. and FIMEI S.p.A., and establishes that tax consolidation will continue between Recordati S.p.A. (as the consolidating company) and Italcimici S.p.A.

Except for the above, no significant events occurred subsequent to the reporting date.

## 28. SUBSIDIARIES INCLUDED IN THE CONSOLIDATED ACCOUNTS AT 31 March 2021

Consolidated companies	Head office	Share capital	Currency	Consolidation method
RECORDATI S.p.A. <i>Development, production, marketing and sales of pharmaceuticals and pharmaceutical chemicals</i>	Italy	26,140,644.50	EUR	Line-by-line
INNOVA PHARMA S.p.A. <i>Marketing of pharmaceuticals</i>	Italy	1,920,000.00	EUR	Line-by-line
CASEN RECORDATI S.L. <i>Development, production, and sales of pharmaceuticals</i>	Spain	238,966,000.00	EUR	Line-by-line
BOUCHARA RECORDATI S.A.S. <i>Development, production, and sales of pharmaceuticals</i>	France	4,600,000.00	EUR	Line-by-line
RECORDATI RARE DISEASES COMERCIO DE MEDICAMENTOS LTDA <i>Holds pharmaceutical marketing rights in Brazil</i>	Brazil	166.00	BRL	Line-by-line
RECORDATI RARE DISEASES INC. <i>Development, production, and sales of pharmaceuticals</i>	U.S.A.	11,979,138.00	USD	Line-by-line
RECORDATI IRELAND LTD <i>Development, production, and sales of pharmaceuticals</i>	Ireland	200,000.00	EUR	Line-by-line
LABORATOIRES BOUCHARA RECORDATI S.A.S. <i>Development, production, and sales of pharmaceuticals</i>	France	14,000,000.00	EUR	Line-by-line
RECORDATI PHARMA GmbH <i>Marketing of pharmaceuticals</i>	Germany	600,000.00	EUR	Line-by-line
RECORDATI PHARMACEUTICALS LTD <i>Marketing of pharmaceuticals</i>	United Kingdom	15,000,000.00	GBP	Line-by-line
RECORDATI HELLAS PHARMACEUTICALS S.A. <i>Marketing of pharmaceuticals</i>	Greece	10,050,000.00	EUR	Line-by-line
JABA RECORDATI S.A. <i>Marketing of pharmaceuticals</i>	Portugal	2,000,000.00	EUR	Line-by-line
JABAFARMA PRODUTOS FARMACÊUTICOS S.A. <i>Promotion of pharmaceuticals</i>	Portugal	50,000.00	EUR	Line-by-line
BONAFARMA PRODUTOS FARMACÊUTICOS S.A. <i>Promotion of pharmaceuticals</i>	Portugal	50,000.00	EUR	Line-by-line
RECORDATI ORPHAN DRUGS S.A.S. <i>Holding company</i>	France	57,000,000.00	EUR	Line-by-line
RECORDATI RARE DISEASES MIDDLE EAST FZ LLC <i>Marketing of pharmaceuticals</i>	United Arab Emirates	100,000.00	AED	Line-by-line
RECORDATI AB <i>Marketing of pharmaceuticals</i>	Sweden	100,000.00	SEK	Line-by-line
RECORDATI RARE DISEASES S.à r.l. <i>Development, production, and sales of pharmaceuticals</i>	France	320,000.00	EUR	Line-by-line
RECORDATI RARE DISEASES UK Limited <i>Marketing of pharmaceuticals</i>	United Kingdom	50,000.00	GBP	Line-by-line
RECORDATI RARE DISEASES GERMANY GmbH <i>Marketing of pharmaceuticals</i>	Germany	25,600.00	EUR	Line-by-line
RECORDATI RARE DISEASES SPAIN S.L. <i>Marketing of pharmaceuticals</i>	Spain	1,775,065.49	EUR	Line-by-line
RECORDATI RARE DISEASES ITALY S.R.L. <i>Marketing of pharmaceuticals</i>	Italy	40,000.00	EUR	Line-by-line
RECORDATI BV <i>Marketing of pharmaceuticals</i>	Belgium	18,600.00	EUR	Line-by-line
FIC MEDICAL S.à r.l. <i>Promotion of pharmaceuticals</i>	France	173,700.00	EUR	Line-by-line
HERBACOS RECORDATI s.r.o. <i>Development, production, and sales of pharmaceuticals</i>	Czech Republic	25,600,000.00	CZK	Line-by-line
RECORDATI SK s.r.o. <i>Marketing of pharmaceuticals</i>	Slovak Republic	33,193.92	EUR	Line-by-line

Consolidated companies	Head office	Share capital	Currency	Consolidation method
RUSFIC LLC <i>Development, promotion, and sales of pharmaceutical products</i>	Russian Federation	3,560,000.00	RUB	Line-by-line
RECOFARMA İLAÇ Ve Hammaddeleri Sanayi Ve Ticaret L.Ş. <i>Promotion of pharmaceutical products</i>	Turkey	10,000.00	TRY	Line-by-line
RECORDATI ROMÂNIA S.R.L. <i>Marketing of pharmaceuticals</i>	Romania	5,000,000.00	RON	Line-by-line
RECORDATI İLAÇ Sanayi Ve Ticaret A.Ş. <i>Development, production, and sales of pharmaceuticals</i>	Turkey	180,000,000.00	TRY	Line-by-line
RECORDATI POLSKA Sp. z o.o. <i>Marketing of pharmaceuticals</i>	Poland	4,500,000.00	PLN	Line-by-line
ACCENT LLC <i>Holds pharmaceutical marketing rights</i>	Russian Federation	20,000.00	RUB	Line-by-line
RECORDATI UKRAINE LLC <i>Marketing of pharmaceuticals</i>	Ukraine	1,031,896.30	UAH	Line-by-line
CASEN RECORDATI PORTUGAL Unipessoal Lda <i>Marketing of pharmaceuticals</i>	Portugal	100,000.00	EUR	Line-by-line
OPALIA PHARMA S.A. <i>Development, production, and sales of pharmaceuticals</i>	Tunisia	9,656,000.00	TND	Line-by-line
OPALIA RECORDATI S.à r.l. <i>Promotion of pharmaceuticals</i>	Tunisia	20,000.00	TND	Line-by-line
RECORDATI RARE DISEASES S.A. DE C.V. <i>Marketing of pharmaceuticals</i>	Mexico	16,250,000.00	MXN	Line-by-line
RECORDATI RARE DISEASES COLOMBIA S.A.S. <i>Marketing of pharmaceuticals</i>	Colombia	150,000,000.00	COP	Line-by-line
ITALCHIMICI S.p.A. <i>Marketing of pharmaceuticals</i>	Italy	7,646,000.00	EUR	Line-by-line
RECORDATI AG <i>Marketing of pharmaceuticals</i>	Switzerland	15,000,000.00	CHF	Line-by-line
PRO FARMA GmbH <i>Marketing of pharmaceuticals</i>	Austria	35,000.00	EUR	Line-by-line
RECORDATI RARE DISEASES CANADA Inc. <i>Marketing of pharmaceuticals</i>	Canada	350,000.00	CAD	Line-by-line
RECORDATI RARE DISEASES JAPAN K.K. <i>Marketing of pharmaceuticals</i>	Japan	10,000,000.00	JPY	Line-by-line
NATURAL POINT S.r.l. <i>Marketing of pharmaceuticals</i>	Italy	10,400.00	EUR	Line-by-line
RECORDATI RARE DISEASES AUSTRALIA Pty Ltd <i>Marketing of pharmaceuticals</i>	Australia	200,000.00	AUD	Line-by-line
TONIPHARM S.a.s. <i>Marketing of pharmaceuticals</i>	France	257,700.00	EUR	Line-by-line
RECORDATI BULGARIA Ltd <i>Marketing of pharmaceuticals</i>	Bulgaria	50,000.00	BGN	Line-by-line

Consolidated companies	PERCENTAGE OF OWNERSHIP										
	Recordati S.p.A. <i>Parent Company</i>	Recordati Pharma GmbH	Bouchara Recordati S.a.s.	Casen Recordati S.L.	Recordati Orphan Drugs S.a.s.	Recordati Rare Diseases S.à r.l.	Herbacos Recordati s.r.o.	Recordati İlaç A.Ş.	Opalia Pharma S.A.	Recordati AG	Total
INNOVA PHARMA S.P.A.	100.00										100.00
CASEN RECORDATI S.L.	100.00										100.00
BOUCHARA RECORDATI S.A.S.	100.00										100.00
RECORDATI RARE DISEASES COMERCIO DE MEDICAMENTOS LTDA	100.00										100.00
RECORDATI RARE DISEASES INC.	100.00										100.00
RECORDATI IRELAND LTD	100.00										100.00
LABORATOIRES BOUCHARA RECORDATI S.A.S.			100.00								100.00
RECORDATI PHARMA GmbH	55.00			45.00							100.00
RECORDATI PHARMACEUTICALS LTD	100.00										100.00
RECORDATI HELLAS PHARMACEUTICALS S.A.	100.00										100.00
JABA RECORDATI S.A.				100.00							100.00
JABAFARMA PRODUTOS FARMACÊUTICOS S.A.				100.00							100.00
BONAFARMA PRODUTOS FARMACÊUTICOS S.A.				100.00							100.00
RECORDATI ORPHAN DRUGS S.A.S.	90.00	10.00									100.00
RECORDATI RARE DISEASES MIDDLE EAST FZ LLC					100.00						100.00
RECORDATI AB					100.00						100.00
RECORDATI RARE DISEASES S.à r.l.					100.00						100.00
RECORDATI RARE DISEASES UK Limited						100.00					100.00
RECORDATI RARE DISEASES GERMANY GmbH						100.00					100.00
RECORDATI RARE DISEASES SPAIN S.L.						100.00					100.00
RECORDATI RARE DISEASES ITALY S.R.L.						99.00					99.00
RECORDATI BV					99.46	0.54					100.00
FIC MEDICAL S.à r.l.			100.00								100.00
HERBACOS RECORDATI s.r.o.	100.00										100.00
RECORDATI SK s.r.o.							100.00				100.00

Consolidated companies	PERCENTAGE OF OWNERSHIP										Total
	Recordati S.p.A. <i>Parent Company</i>	Recordati Pharma GmbH	Bouchara Recordati S.a.s.	Casen Recordati S.L.	Recordati Orphan Drugs S.a.s.	Recordati Rare Diseases S.à r.l.	Herbacos Recordati s.r.o.	Recordati İlaç A.Ş.	Opalia Pharma S.A.	Recordati AG	
RUSFIC LLC			100.00								100.00
RECOFARMA İLAÇ Ve Hammaddeleri Sanayi Ve Ticaret L.Ş.								100.00			100.00
RECORDATI ROMÂNIA S.R.L.	100.00										100.00
RECORDATI İLAÇ Sanayi Ve Ticaret A.Ş.				100.00							100.00
RECORDATI POLSKA Sp. z o.o	100.00										100.00
ACCENT LLC	100.00										100.00
RECORDATI UKRAINE LLC	0.01		99.99								100.00
CASEN RECORDATI PORTUGAL Unipessoal Lda				100.00							100.00
OPALIA PHARMA S.A.	90.00										90.00
OPALIA RECORDATI S.à R.L.			1.00						99.00		100.00
RECORDATI RARE DISEASES S.A. DE C.V.	99.998					0.002					100.00
RECORDATI RARE DISEASES COLOMBIA S.A.S.				100.00							100.00
ITALCHIMICI S.p.A.	100.00										100.00
RECORDATI AG	100.00										100.00
PRO FARMA GmbH										100.00	100.00
RECORDATI RARE DISEASES CANADA Inc.	100.00										100.00
RECORDATI RARE DISEASES JAPAN K.K.						100.00					100.00
NATURAL POINT S.r.l.	100.00										100.00
RECORDATI RARE DISEASES AUSTRALIA Pty Ltd						100.00					100.00
TONIPHARM S.a.s.	100.00										100.00
RECORDATI BULGARIA Ltd	100.00										100.00

RECORDATI S.p.A. and SUBSIDIARIES

## DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

The manager responsible for preparing the company's financial reports, Luigi La Corte, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this document corresponds to the documentation, books and accounting records.

Milan, 06 May 2021

Luigi La Corte

*Financial Reporting  
Manager*