



# INTERIM REPORT

AT 31 MARCH 2022

## CONTENTS

	Page
<b>MANAGEMENT REVIEW</b>	<b>3</b>
Financial highlights	3
Corporate development news and other key events	4
Review of operations	5
Financial review	10
Business outlook	13
<b>CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2022 and NOTES</b>	<b>14</b>
<b>DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS</b>	<b>48</b>

*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 indications or recommendations, nor as advertising.*

# MANAGEMENT REVIEW

## FINANCIAL HIGHLIGHTS

### First quarter 2022

#### NET REVENUE

€ (thousands)	First quarter 2022	%	First quarter 2021	%	Changes 2022/2021	%
<b>Total net revenue</b>	<b>419,381</b>	<b>100.0</b>	<b>384,838</b>	<b>100.0</b>	<b>34,543</b>	<b>9.0</b>
Italy	75,531	18.0	72,793	18.9	2,738	3.8
International	343,850	82.0	312,045	81.1	31,805	10.2

#### KEY CONSOLIDATED P&L DATA

€ (thousands)	First quarter 2022	% of revenue	First quarter 2021	% of revenue	Changes 2022/2021	%
Net revenue	419,381	100.0	384,838	100.0	34,543	9.0
EBITDA <sup>(1)</sup>	163,049	38.9	150,021	39.0	13,028	8.7
Operating income	131,271	31.3	124,887	32.5	6,384	5.1
Net income	96,720	23.1	89,884	23.4	6,836	7.6
Adjusted net income <sup>(2)</sup>	116,320	27.7	104,433	27.1	11,887	11.4

<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 2022	31 December 2021	Changes 2022/2021	%
Net financial position <sup>(3)</sup>	(1,399,490)	(736,539)	(662,951)	90.0
Shareholders' equity	1,449,433	1,381,625	67,808	4.9

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

As expected, the first quarter of 2022 was characterized by a general recovery in the relevant markets, with access to healthcare professionals returning to pre-pandemic levels in most countries. With regard to the Specialty and Primary Care business, this recovery was particularly strong for seasonal flu products, which were also affected by the general reduction in inventories in the first quarter of 2021, with strong growth also in the OTC portfolio. The contribution of Eligard®, licensed from Tolmar International Ltd in January 2021, was also greater compared to the same period in 2021. Regarding the rare diseases business, endocrinology products saw continued growth (Signifor® and Isturisa®), as did metabolic products in the United States and Europe. Sales in Russia and Ukraine for the quarter held up quite well, at € 17.0 million and € 4.4 million respectively, benefiting from the recovery in the seasonal flu products markets at the start of the year and a general increase in demand before the conflict escalated.

Revenue performance led to an increase in the operating results and profits compared to the same period of last year, in line with targets.

Consolidated net revenue in the first quarter was € 419.4 million, compared to € 384.8 million in the first quarter of last year, up by 9.0%, with an adverse currency exchange rate effect of € 7.3 million (-1.9%), relating mainly to the Turkish lira and the rouble, and a positive effect relating to the different accounting treatment for Eligard® revenue compared to the first quarter of 2021 due to the change to direct sales, for an amount of € 7.1 million. Excluding these effects, organic growth during the period was at 9.0%.

Operating results were positive, reflecting the increase in revenue and the benefits of the efficiency measures put in place at the end of 2021 with regard to the organization of the Specialty & Primary Care sales force, mainly in Germany and Turkey, with EBITDA at € 163.0 million, up by 8.7% compared to the first quarter of 2021 and at 38.9% of revenue.

Operating income was € 131.3 million, up by 5.1% over the same period of the previous year, at 31.3% of revenue.

Net income, at € 96.7 million, was up 7.6% compared to the first quarter of 2021, accounting for 23.1% of revenue. The increase is due to higher operating income and the lower impact of financial charges.

Adjusted net income was € 116.3 million, up by 11.4% compared to the same period in 2021, at 27.7% of revenue.

The net financial position at 31 March 2022 recorded net debt of € 1,399.5 million compared to net debt of € 736.5 million at 31 December 2021. The significant increase is mainly attributable to the disbursement of € 707.0 million to acquire EUSA Pharma, which was completed on 16 March 2022. The net financial position of EUSA Pharma was negative at the time of acquisition for around € 25.0 million, determined by cash and cash equivalents for € 53.2 million and a loan for € 78.2 million, which was fully repaid at the time the transaction was completed. € 5.0 million was paid during the period in the scope of the license agreements with Helsinn for Ledaga®. Furthermore, treasury shares were purchased for € 18.4 million, net of sales proceeds, and dividends were paid for € 6.2 million, with shareholders requesting a postponement in this regard. Free cash flow, which is operating cash flow before excluding these effects and financing items, in the period was € 110.3 million, in line with the results for the first quarter of 2021.

Shareholders' equity was € 1,449.4 million.

## CORPORATE DEVELOPMENT NEWS AND OTHER KEY EVENTS

The acquisition of EUSA Pharma (UK) Limited was completed on 16 March 2022. This specialist global pharmaceutical company based in the United Kingdom focuses on niche rare diseases and cancers. The acquisition of EUSA Pharma is an additional and significant step forward in achieving our strategy, which aims to increase our presence in the rare diseases segment and implement our mission: improving patients' lives by delivering innovative treatments that address serious unmet medical needs. The transaction integrates Recordati's global presence with new expertise and a highly efficient and focused commercial infrastructure, adding a product portfolio of four drugs with high growth potential in the niche treatment area of niche rare cancers and providing a platform for possible future expansion. The consolidation of EUSA Pharma opening balances was included in the Recordati group financial statements at 31 March 2022, with provisional recognition under Goodwill of the entire difference between the amount paid and carrying amount of the assets and liabilities acquired, as permitted by accounting standard IFRS 3 pending finalisation of the purchase price allocation to identify appropriate fair value adjustments. As already communicated, income statement results will be consolidated starting the second quarter of 2022.

Pursuant to the license and supply agreements signed in January 2021 with Tolmar International Ltd to market Eligard® (leuprorelin acetate), in Europe, Turkey, Russia and other countries, following a request from the

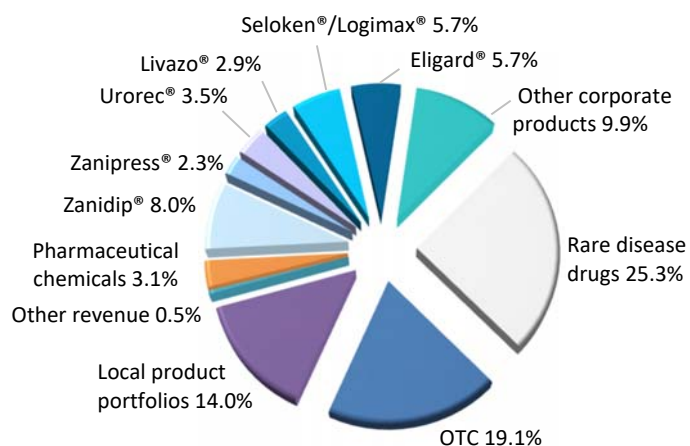
European Medicines Agency (EMA), a new device was developed to make administration of the product easier. The application for approval was submitted in the first quarter of 2022 and subsequently accepted by the authority. Eligard® is a medicinal product for the treatment of advanced hormone-dependent prostate cancer and for the treatment of high-risk localized and locally advanced hormone-dependent prostate cancer, in combination with radiotherapy. The active ingredient in Eligard®, leuporelin acetate, presents in powder form, which is solubilized with a solvent and administered as a subcutaneous injection. Based on the agreements signed, upon acceptance of the application by the regulatory authorities, a milestone of € 35 million is payable to Tolmar International Ltd, expected to be paid in the second quarter of 2022.

## REVIEW OF OPERATIONS

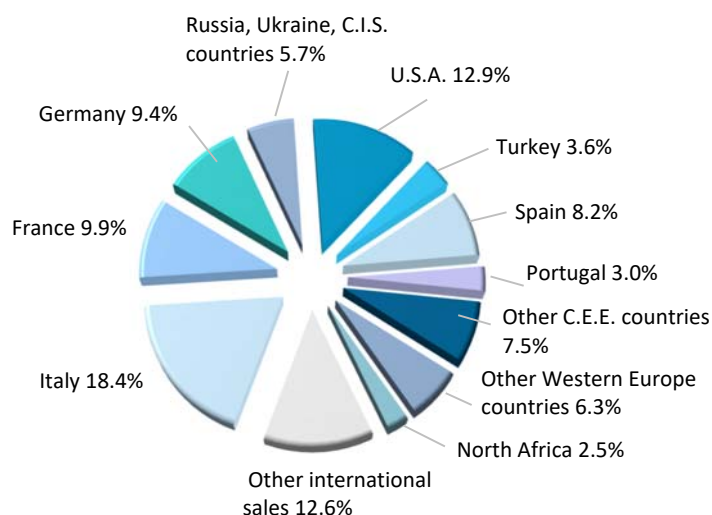
The Group's business involves two segments: Specialty and Primary Care medicines and treatments for rare diseases. Business is conducted through our subsidiaries in Europe, Russia, Turkey, North Africa, the United States of America, Canada, Mexico, certain South American countries, Japan and Australia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

Consolidated net revenue in the first quarter of 2022 was € 419.4 million, compared to € 384.8 million in the first quarter of last year (+9.0% or +10.9% at a constant exchange rates) and reflects the recovery in relevant markets from the effects of the COVID-19 pandemic (which was highly significant for seasonal flu products), the continued growth in the rare diseases portfolio and some advanced purchases by wholesalers in Russia and Ukraine before the military escalation (the opposite occurred the previous year in Russia, with a reduction of stocks, especially those related to seasonal infections).

Breakdown of revenue



Revenue by geographic area



\* Excluding sales of pharmaceutical chemicals, which were at € 12.9 million, up by 6.1%, representing 3.1% of total revenue.

The performance of products sold directly in more than one market (corporate products) during the first quarter of 2022 is shown in the table below and already reflects the effects of the pandemic referred to above.

€ (thousands)	First quarter 2022	First quarter 2021	Changes 2022/2021	%
Zanidip® (lercanidipine)	33,545	41,951	(8,406)	(20.0)
Zanipress® (lercanidipine+enalapril)	9,707	11,235	(1,528)	(13.6)
Urorec® (silodosin)	14,616	15,981	(1,365)	(8.5)
Livazo® (pitavastatin)	12,071	11,378	693	6.1
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol + felodipine)	24,022	24,808	(786)	(3.2)
Eligard® (leuporelin acetate)	23,936	16,841	7,095	42.1
Other corporate products*	72,326	63,474	8,852	13.9
Drugs for rare diseases	106,089	84,922	21,167	24.9

\* Include corporate OTC products for a total of € 30.6 million in 2022 and € 26.0 million in 2021 (+18.0%).

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 2022	First quarter 2021	Changes 2022/2021	%
Direct sales	18,511	19,085	(574)	(3.0)
Sales to licensees	15,034	22,866	(7,832)	(34.3)
<b>Total lercanidipine sales</b>	<b>33,545</b>	<b>41,951</b>	<b>(8,406)</b>	<b>(20.0)</b>

Direct sales of lercanidipine-based products were down by 3.0%, mainly due to the exchange rate effect and generic competition in Turkey. Sales to licensees, representing 44.8% of the total, were down by 34.3% due to the distributor in China losing a tender (whereas we recorded initial sales to the new distributor during the same period the previous year) and lower sales in Central Europe due to the phasing of shipments.

Zanipress® is an original pharmaceutical specialty developed by Recordati, indicated for the treatment of hypertension, consisting of a fixed combination of lercanidipine and enalapril. This product is successfully marketed directly by Recordati or by its licensees in 56 countries.

€ (thousands)	First quarter 2022	First quarter 2021	Changes 2022/2021	%
Direct sales	8,675	9,494	(819)	(8.6)
Sales to licensees	1,032	1,741	(709)	(40.7)
<b>Total lercanidipine+enalapril sales</b>	<b>9,707</b>	<b>11,235</b>	<b>(1,528)</b>	<b>(13.6)</b>

Direct sales of Zanipress® in the first quarter of 2022 were down by 8.6%, mainly due to the effect of the exchange rate in Turkey and lower volumes in Italy, whereas sales to licensees (representing 10.6% of the total) were

impacted by the distributor in China's loss of a tender (whereas good recorded initial sales to the new distributor during the same period the previous year).

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 € 14.6 million in the first quarter of 2022, down 8.5%, especially due to the exchange rate in Turkey and on indirect sales, due to competition from generic versions of the product following the expiry of its marketing exclusivity in February 2020.

Sales of 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, were € 12.1 million in the first quarter of 2022, up by 6.1% thanks to the growth in volumes in various markets through our subsidiaries and through our distributors, which partially offset the effect of the unfavourable exchange rate in Turkey.

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 € 24.0 million in the first quarter of 2022, down by 3.2% compared to the same period of the previous year due to lower volumes in Poland and Germany, partially offset by the return to growth in various Eastern European countries.

Revenue for Eligard® in the first quarter of 2022 was € 23.9 million, up by 42.1% compared to the same period of the previous year. The increase is primarily driven by the different accounting of revenue in the two periods. Whereas in 2022 revenue corresponded entirely to the sales made by Recordati, in 2021 revenue mainly comprised of the transfer of gross profit to Recordati by Astellas, the prior licensee, in the countries falling under the licence agreement with Tolmar International Ltd where Recordati had not yet obtained transfer of the relevant marketing authorization or sales licence. On a like for like basis, Eligard® revenue would substantially be in line with the previous year, demonstrating that Recordati's promotional activities have effectively stopped the negative trend in sales over recent years. Of note is the reversal in the trend, and consequently the growth of the Eligard® market share, in Spain and France.

In the first quarter of 2022, sales of other corporate products totalled € 72.3 million, up by 13.9% over the same period of the previous year, mainly due to the recovery of 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® (transdermal oxybutynin), TransAct® LAT (transdermal flurbiprofen), Rupafin®/Wystamm® (rupatadine), Lopresor® (metoprolol), Procto-Glyvenol® (tribenoside), Tergynan® (fixed combination of anti-infectives), in addition to CitraFleet®, Casenlax®, Fleet enema, Fosfosoda®, Reuflor®/Reuteri® (lactobacillus reuteri) and Lactigest® (tilactase), the gastroenterology products, Polydexa®, Isofra® and Otofa®, otorhinolaryngological anti-infectives, the Hexa product range for seasonal ailments of the upper respiratory tract, Abufene® and Muvagyn® gynecological disorders, Virirec® (alprostadil) and Fortacin® (lidocaine+prilocaine), for andrological disorders.

In the first quarter of 2022, sales of 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, totalled € 106.1 million, up by 24.9%, thanks to revenue growth of Signifor®, Signifor® LAR and Isturisa® up to a total of € 38.2 million, as well as growth of Panhematin® in the United States and other portfolio products in Europe and the United States.

Sales of pharmaceutical chemicals, which comprise active substances produced in the Campoverde di Aprilia plant in Italy for the international pharmaceutical industry, were at € 12.9 million, up by 6.1%, representing 3.1% 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 2022	First quarter 2021	Changes 2022/2021	%
Italy	74,667	70,972	3,695	5.2
France	40,440	36,088	4,352	12.1
Germany	38,298	36,384	1,914	5.3
Russia, other C.I.S. countries and Ukraine	23,090	17,081	6,009	35.2
U.S.A.	52,581	36,965	15,616	42.2
Turkey	14,688	20,174	(5,486)	(27.2)
Spain	33,316	26,146	7,170	27.4
Portugal	12,322	11,093	1,229	11.1
Other C.E.E. countries	30,336	27,767	2,569	9.3
Other Western European countries	25,544	24,355	1,189	4.9
North Africa	10,083	9,780	303	3.1
Other international sales	51,107	55,869	(4,762)	(8.5)
<b>Total pharmaceutical revenue*</b>	<b>406,472</b>	<b>372,674</b>	<b>33,798</b>	<b>9.1</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 2022	First quarter 2021	Changes 2022/2021	%
Russia (RUB)	1,629,712	1,020,999	608,713	59.6
Turkey (TRY)	217,857	166,534	51,323	30.8
United States of America (USD)	58,979	44,537	14,442	32.4

Net revenue in Russia excludes sales of rare disease products.

Sales of pharmaceutical specialties in Italy were at € 74.7 million, increasing by 5.2% compared to the same period of the previous year. This was primarily due to the recovery in prescription seasonal flu medicines and the continued growth in OTC products, particularly Magnesio Supremo®, in addition to the contribution of Eligard® and the growth in the sales of products for the treatment of rare diseases for € 5.2 million, up by 3.6%.

At € 40.4 million, sales in France were up by 12.1%. France also benefited from the recovery in Cough & Cold products, as well as cardiovascular medications with Reselip®. However, methadone sales dropped. Sales of products for the treatment of rare diseases amounted to € 8.3 million (+1.8%).

Sales for € 38.3 million were recorded in Germany and were up by 5.3% thanks to the solid growth of Ortoton® and the contribution of Eligard® and also thanks to the growth in sales of products for the treatment of rare diseases, amounting to € 5.9 million (+21.6%).

Sales generated in Russia, Ukraine and in the countries within the Commonwealth of Independent States (C.I.S.) were at € 23.1 million, up by 35.2% compared to the same period of the previous year, and include an estimated adverse currency exchange rate of € 1.5 million. Revenue realized in Russia was RUB 1,629.7 million in local



currency, up by 59.6% over the same period of the previous year, while sales in Ukraine were at UAH 143 million, with 22.1% growth in terms of local currency. The increased sales in these countries are due to the resumption of seasonal flu illnesses and the increase in stocks held by wholesalers before the military escalation in the region (additionally wholesalers, especially in Russia, had implemented a policy to reduce their stocks during the same quarter last year due to impact of the pandemic). Sales of products for the treatment of rare diseases in this area were at € 0.5 million.

The Group's pharmaceutical business in the U.S.A. is dedicated to marketing products for the treatment of rare diseases. Sales were at € 52.6 million in the first quarter of 2022, up by 42.2%. In local currency, sales grew by 32.4%. Growth was mainly generated by endocrinology products (Signifor®, Signifor® LAR, Isturisa®) and products for metabolic disorders and other conditions (the main ones being Carbaglu®, Panhematin® and Cystadrops®).

Sales in Turkey were at € 14.7 million, down by 27.2%, and included a negative currency exchange effect estimated at € 10.5 million. The Turkish subsidiary's sales in local currency were up by 30.8% thanks to a general return to growth in portfolio volumes and the contribution of Eligard®, combined with the effect of the price increases during March. Sales of products for the treatment of rare diseases amounted to € 0.8 million.

Sales for € 33.3 million were recorded in Spain, up by 27.4%, mainly due to the contribution of Eligard®, gastrointestinal products and Flatoril®. Sales of products for the treatment of rare diseases amounted to € 3.8 million, up by 13.1%.

Sales in Portugal were at € 12.3 million, up by 11.1%, thanks to Eligard® and products for gastrointestinal conditions. Sales of drugs for the treatment of rare diseases amounted to € 0.6 million.

Sales in other Central and Eastern European countries, at € 30.3 million, include the sales from Recordati subsidiaries in Poland, the Czech Republic and Slovakia, Romania, Bulgaria and the Baltic countries, in addition to sales of rare disease treatments in this area, as well as in Hungary. In the first quarter of 2022, overall sales increased by 9.3% thanks to growth in OTC products and metoprolol and the contribution from Eligard®. Sales of products for the treatment of rare diseases, amounting to € 3.2 million, were up by 35.2% compared to the first quarter of 2021.

Sales in other Western European countries totalled € 25.5 million, increasing by 4.9%. 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 € 7.0 million, were essentially in line with the first quarter of 2021.

Sales in North Africa were at € 10.1 million, up by 3.1% compared to the same period the previous 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 2022 were up by 8.2%.

Other international sales, for € 51.1 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 drop mainly refers to the impact mentioned previously, from the sales of lercadinipine to our distributor in China.

## 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 2021:

€ (thousands)	First quarter 2022	% of revenue	First quarter 2021	% of revenue	Changes 2022/2021	%
<b>Net revenue</b>	<b>419,381</b>	<b>100.0</b>	<b>384,838</b>	<b>100.0</b>	<b>34,543</b>	<b>9.0</b>
Cost of sales	(115,478)	(27.5)	(104,069)	(27.0)	(11,409)	11.0
<b>Gross profit</b>	<b>303,903</b>	<b>72.5</b>	<b>280,769</b>	<b>73.0</b>	<b>23,134</b>	<b>8.2</b>
Selling expenses	(99,792)	(23.8)	(93,347)	(24.3)	(6,445)	6.9
Research and development expenses	(43,669)	(10.4)	(41,456)	(10.8)	(2,213)	5.3
General and administrative expenses	(21,941)	(5.2)	(20,062)	(5.2)	(1,879)	9.4
Other income/(expenses), net	(7,230)	(1.7)	(1,017)	(0.3)	(6,213)	n.s.
<b>Operating income</b>	<b>131,271</b>	<b>31.3</b>	<b>124,887</b>	<b>32.5</b>	<b>6,384</b>	<b>5.1</b>
Financial income/(expenses), net	(6,953)	(1.7)	(8,893)	(2.3)	1,940	(21.8)
<b>Pre-tax income</b>	<b>124,318</b>	<b>29.6</b>	<b>115,994</b>	<b>30.1</b>	<b>8,324</b>	<b>7.2</b>
Income taxes	(27,598)	(6.6)	(26,110)	(6.8)	(1,488)	5.7
<b>Net income</b>	<b>96,720</b>	<b>23.1</b>	<b>89,884</b>	<b>23.4</b>	<b>6,836</b>	<b>7.6</b>
<b>Adjusted net income <sup>(1)</sup></b>	<b>116,320</b>	<b>27.7</b>	<b>104,433</b>	<b>27.1</b>	<b>11,887</b>	<b>11.4</b>
<b>EBITDA<sup>(2)</sup></b>	<b>163,049</b>	<b>38.9</b>	<b>150,021</b>	<b>39.0</b>	<b>13,028</b>	<b>8.7</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 € 419.4 million, up by € 34.5 million compared to the first quarter of 2021. For a detailed analysis, please refer to the previous chapter "Review of Operations".

Gross profit was € 303.9 million, at 72.5% of sales, slightly lower than the same period of the previous year. The positive effect from the growth in revenue was partially offset by a negative mix effect and slight increase in the cost of sales due to the higher costs of raw materials (mitigated in the first quarter by the average inventory cost).

Selling expenses increased by 6.9% due to the resumption in promotional activities compared to the same period of the previous year (which was still affected by the COVID-19 pandemic) and the increased resources needed to support the growth of endocrinology products. This increase was nonetheless partially offset by the benefits of the efficiency measures put in place at the end of 2021 with regard to the organization of the Specialty and Primary Care sector sales force, primarily in Germany and Turkey. Expenses as a percentage of revenue came down compared to the same period of the previous year due to a particularly positive revenue performance.

Research and development expenses were at € 43.7 million, up by 5.3% compared to the first quarter of last year

due to the investments to support endocrinology products.

General and administrative expenses increased by 9.4% to strengthen the general coordination structure to support an increasingly complex portfolio resulting from recent acquisitions, including EUSA Pharma, in which case the income statement will be consolidated starting the second quarter of 2022.

Other net income and expenses amounted to € 7.2 million, compared to € 1.0 million in the first quarter of 2021. The increase refers primarily to non-recurring costs of € 4.8 million related to the acquisition of EUSA Pharma and € 2.0 million for organizational restructuring. Costs related to the COVID-19 health emergency decreased by € 0.5 million over the same period of the previous year.

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) totalled € 163.0 million, up by 8.7% compared to the first quarter of 2021, at 38.9% of revenue. The amortization items classified above equalled € 24.6 million, of which € 18.6 million related to intangible assets, up by € 0.5 million over the same period of the previous year, and € 6.0 million relating to property, plant and equipment, down by € 0.3 million over the first quarter of 2021.

The reconciliation of net income and EBITDA is reported below.

€ (thousands)	First quarter 2022	First quarter 2021
Net income	96,720	89,884
Income taxes	27,598	26,110
Financial income/(expenses), net	6,953	8,893
Depreciation and amortization	24,651	24,360
Write-downs of intangible assets	12	0
Non-recurring expenses	7,115	774
<b>EBITDA*</b>	<b>163,049</b>	<b>150,021</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 2022	First quarter 2021	Changes 2022/2021	%
Specialty and Primary Care segment	112,763	111,153	1,610	1.4
Rare diseases segment	50,286	38,868	11,418	29.4
<b>Total EBITDA*</b>	<b>163,049</b>	<b>150,021</b>	<b>13,028</b>	<b>8.7</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 36.0% of EBITDA, and the rare disease segment was 47.4%.

Net financial expenses amounted to € 7.0 million, down by € 1.9 million compared to the same period of the previous year due to the lower impact of net exchange losses.

The effective tax rate was 22.2%, which was slightly lower than the same period of the previous year. In continuing with the approach adopted in previous years, this result includes the tax benefit pertaining to the first quarter of 2022 relating to the Patent Box in Italy, which reduces tax for an amount of € 1.9 million.

Net income was € 96.7 million, at 23.1% of revenue, up by 7.6% compared to the same period of the previous year due to higher operating income and lower net financial expenses.

Adjusted net income was € 116.3 million and excludes amortization and write-downs of intangible assets (except software) and goodwill for an amount of € 18.3 million and non-recurring items for € 7.1 million, both net of tax effects.

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

€ (thousands)	First quarter 2022	First quarter 2021
Net income	96,720	89,884
Amortization and write-downs of intangible assets (except software)	18,253	17,648
Tax effect	(3,727)	(3,667)
Non-recurring operating expenses	7,115	774
Tax effect	(2,041)	(206)
<b>Adjusted net income*</b>	<b>116,320</b>	<b>104,433</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 2022	31 December 2021	Changes 2022/2021	%
Cash and cash equivalents	261,430	244,578	16,852	6.9
Short-term debts to banks and other lenders	(15,022)	(8,657)	(6,365)	73.5
Loans - due within one year <sup>(1)</sup>	(242,565)	(213,486)	(29,079)	13.6
Leasing liabilities - due within one year	(8,030)	(8,100)	70	(0.9)
Short-term financial position	(4,187)	14,335	(18,522)	n.s.
Loans - due after one year <sup>(1)</sup>	(1,381,493)	(735,783)	(645,710)	87.8
Leasing liabilities - due after one year	(13,810)	(15,091)	1,281	(8.5)
<b>Net financial position</b>	<b>(1,399,490)</b>	<b>(736,539)</b>	<b>(662,951)</b>	<b>90.0</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 2022 recorded debt of € 1,399.5 million compared to debt of € 736.5 million at 31 December 2021. The significant increase is mainly attributable to the disbursement of € 707.0 million to acquire EUSA Pharma, which was completed on 16 March 2022. The net financial position of EUSA Pharma was negative at the time of acquisition for around € 25.0 million, determined by cash and cash equivalents for € 53.2 million and a loan for € 78.2 million, which were fully repaid at the time the transaction was completed. € 5.0 million was paid during the period in the scope of the license agreements with Helsinn for Ledaga®. Furthermore,

treasury shares were purchased for € 18.4 million, net of sales proceeds, and dividends were paid for € 6.2 million, with shareholders requesting a postponement in this regard. Free cash flow, which is operating cash flow before excluding these effects and financing items, in the period was € 110.3 million, an increase of € 0.1 million compared to the first quarter of 2021.

## RELATED-PARTY TRANSACTIONS

At 31 March 2022, the Group's immediate parent is Rossini S.à r.l., with headquarters in Luxembourg, which is owned by a consortium of investment funds controlled by CVC Capital Partners VII Limited.

## BUSINESS OUTLOOK

On 24 February, the Company announced the following financial targets for 2022, which include the contribution from the newly acquired EUSA Pharma as from the second quarter of the year: revenue between € 1,720 million and € 1,780 million, EBITDA<sup>(1)</sup> between € 630 and € 660 million and adjusted net income<sup>(2)</sup> between € 450 and € 470 million.

In spite of the impact from the subsequent escalation of the conflict in Ukraine, based on the recent operating trends and the early completion of EUSA Pharma acquisition, the Company confirms its 2022 targets.

The Company is committed to assisting all its patients, wherever they may reside, through continued supply of medication and will continue to closely monitor the geopolitical situation while continuing to ensure the safety of its employees and respecting all applicable laws in the areas where it operates.

Milan, 10 May 2022

for the Board of Directors  
Chief Executive Officer  
Robert Koremans

(1) 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.

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

# CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2022 AND NOTES

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

€ (thousands) <sup>(1)</sup>	Note	First quarter 2022	First quarter 2021
<b>Net revenue</b>	3	<b>419,381</b>	<b>384,838</b>
Cost of sales	4	(115,478)	(104,069)
<b>Gross profit</b>		<b>303,903</b>	<b>280,769</b>
Selling expenses	4	(99,792)	(93,347)
Research and development expenses	4	(43,669)	(41,456)
General and administrative expenses	4	(21,941)	(20,062)
Other income/(expenses), net	4	(7,230)	(1,017)
<b>Operating income</b>		<b>131,271</b>	<b>124,887</b>
Financial income/(expenses), net	5	(6,953)	(8,893)
<b>Pre-tax income</b>		<b>124,318</b>	<b>115,994</b>
Income taxes	6	(27,598)	(26,110)
<b>Net income</b>		<b>96,720</b>	<b>89,884</b>
Attributable to:			
Equity holders of the Parent		96,720	89,872
Non-controlling interests		0	12
<b>Earnings per share (euro)</b>			
Basic		0.470	0.436
Diluted		0.462	0.430

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

Earnings per share (EPS) are based on average shares outstanding during the respective period, 205,695,188 in 2022 and 206,225,973 in 2021. These amounts are calculated deducting treasury shares in the portfolio, the average of which was 3,429,968 for 2022 and 2,899,183 for 2021.

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 2022	31 December 2021
<b>Non-current assets</b>			
Property, plant and equipment	7	129,207	131,120
Intangible assets	8	1,292,747	1,138,786
Goodwill	9	1,125,116	553,209
Other equity investments and securities	10	23,340	34,124
Other non-current assets	11	33,961	32,937
Deferred tax assets	12	76,961	75,922
<b>Total non-current assets</b>		<b>2,681,332</b>	<b>1,966,098</b>
<b>Current assets</b>			
Inventories	13	256,489	228,732
Trade receivables	13	367,012	307,778
Other receivables	13	40,668	44,880
Other current assets	13	24,152	12,984
Derivative instruments measured at fair value	14	11,870	11,149
Cash and cash equivalents	15	261,430	244,578
<b>Total current assets</b>		<b>961,621</b>	<b>850,101</b>
<b>Total assets</b>		<b>3,642,953</b>	<b>2,816,199</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 2021
<b>Shareholders' equity</b>			
Share capital		26,141	26,141
Share premium reserve		83,719	83,719
Treasury shares		(144,381)	(126,981)
Reserve for derivative instruments		(1,081)	(974)
Translation reserve		(214,745)	(213,086)
Other reserves		51,090	60,207
Profits carried forward		1,661,299	1,275,962
Net income		96,720	385,966
Interim dividend		(109,329)	(109,329)
<b>Shareholders' equity attributable to equity holders of the Parent</b>		<b>1,449,433</b>	<b>1,381,625</b>
Shareholders' equity attributable to non-controlling interests		0	0
<b>Total shareholders' equity</b>	16	<b>1,449,433</b>	<b>1,381,625</b>
<b>Non-current liabilities</b>			
Loans - due after one year	17	1,403,577	760,473
Provisions for employee benefits	18	20,995	21,010
Deferred tax liabilities	19	26,909	26,675
Other non-current liabilities	20	17,020	0
<b>Total non-current liabilities</b>		<b>1,468,501</b>	<b>808,158</b>
<b>Current liabilities</b>			
Trade payables	21	194,998	177,925
Other payables	21	181,490	145,170
Tax liabilities	21	40,861	29,543
Other current liabilities	21	6,626	6,508
Provisions for risks and charges	21	21,479	21,396
Derivative instruments measured at fair value	22	12,264	14,156
Loans - due within one year	17	252,279	223,061
Short-term debts to banks and other lenders	23	15,022	8,657
<b>Total current liabilities</b>		<b>725,019</b>	<b>626,416</b>
<b>Total shareholders' equity and liabilities</b>		<b>3,642,953</b>	<b>2,816,199</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 2022	First quarter 2021
Net income	<b>96,720</b>	<b>89,884</b>
Gains/(losses) on cash flow hedges, net of tax effects	(107)	(432)
Gains/(losses) on translation of foreign financial statements	(1,659)	3,745
Gains/(losses) on equity-accounted investees, net of tax effects	(10,613)	1,922
Other changes, net of tax effects	(49)	8
<b>Income and expenses recognized in shareholders' equity</b>	<b>(12,428)</b>	<b>5,243</b>
<b>Comprehensive income</b>	<b>84,292</b>	<b>95,127</b>
Attributable to:		
Equity holders of the Parent	84,292	95,115
Non-controlling interests	0	12
Per-share data (euro)		
Basic	0.410	0.461
Diluted	0.403	0.455

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

Earnings per share (EPS) are based on average shares outstanding during the respective period, 205,695,188 in 2022 and 206,225,973 in 2021. These amounts are calculated deducting treasury shares in the portfolio, the average of which was 3,429,968 for 2022 and 2,899,183 for 2021.

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 CHANGE 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 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>
<b>Balance at 31 December 2021</b>	<b>26,141</b>	<b>83,719</b>	<b>(126,981)</b>	<b>(974)</b>	<b>(213,086)</b>	<b>60,207</b>	<b>1,275,962</b>	<b>385,966</b>	<b>(109,329)</b>	<b>0</b>	<b>1,381,625</b>
Allocation of 2021 net income							385,966	(385,966)			0
Change in share-based payments						1,545	63				1,608
Purchase of treasury shares			(19,041)								(19,041)
Sale of treasury shares			1,641				(983)				658
Other changes							291				291
Comprehensive income				(107)	(1,659)	(10,662)		96,720			84,292
<b>Balance at 31 March 2022</b>	<b>26,141</b>	<b>83,719</b>	<b>(144,381)</b>	<b>(1,081)</b>	<b>(214,745)</b>	<b>51,090</b>	<b>1,661,299</b>	<b>96,720</b>	<b>(109,329)</b>	<b>0</b>	<b>1,449,433</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 2022	First quarter 2021
<b>OPERATING ACTIVITIES</b>		
Net income	96,720	89,884
Income taxes	27,598	26,110
Net interest	4,133	4,393
Depreciation of property, plant and equipment	6,016	6,311
Amortization of intangible assets	18,635	18,049
Write-downs	12	0
Equity-settled share-based payment transactions	1,608	651
Other non-monetary components	2,363	586
Change in other assets and other liabilities	(2,389)	(8,051)
<b>Cash flow generated/(used) by operating activities before change in working capital</b>	<b>154,696</b>	<b>137,933</b>
Change in:		
- inventories	(3,705)	7,334
- trade receivables	(27,826)	(36,299)
- trade payables	3,082	13,683
<b>Change in working capital</b>	<b>(28,449)</b>	<b>(15,282)</b>
Interest received	181	29
Interest paid	(2,344)	(2,243)
Income taxes paid	(10,653)	(6,302)
<b>Cash flow generated/(used) by operating activities</b>	<b>113,431</b>	<b>114,135</b>
<b>INVESTMENT ACTIVITIES</b>		
Investments in property, plant and equipment	(3,341)	(4,092)
Disposals of property, plant and equipment	249	185
Investments in intangible assets	(12,258)	(53,225)
Disposals of intangible assets	74	0
Acquisition of holdings in subsidiaries*	(706,994)	0
<b>Cash flow generated/(used) by investment activities</b>	<b>(722,270)</b>	<b>(57,132)</b>
<b>FINANCING ACTIVITIES</b>		
Opening of loans	684,245	39,910
Repayment of loans	(90,414)	(13,449)
Payment of lease liabilities	(2,297)	(2,415)
Change in short-term debts to banks and other lenders	4,506	21,675
Dividends paid	(6,219)	(740)
Purchase of treasury shares	(19,041)	(48,584)
Sale of treasury shares	658	5,357
<b>Cash flow generated/(used) by financing activities</b>	<b>571,438</b>	<b>1,754</b>
<b>Change in cash and cash equivalents</b>	<b>(37,401)</b>	<b>58,757</b>
Opening cash and cash equivalents	244,578	188,230
Currency translation effect	1,018	3,098
Cash and cash equivalents acquired from EUSA Pharma	53,235	0
<b>Closing cash and cash equivalents</b>	<b>261,430</b>	<b>250,085</b>
*Acquisition of EUSA Pharma (UK) Limited (706,994): working capital (47,288), fixed assets (123,335), goodwill (573,765), cash and cash equivalents (53,235), other assets and liabilities 12,384, loans due within one year 78,245.		

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 2022

## 1. GENERAL INFORMATION

The Interim Report for the Recordati Group for the period ended 31 March 2022 was prepared by Recordati Industria Chimica e Farmaceutica S.p.A. (the “Company” or the “Parent Company”), with headquarters in Milan at Via Matteo Civitali no. 1, and was approved by the Board of Directors’ on 10 May 2022, which authorized distribution to the public.

The Interim Financial Statements at 31 March 2022 include the economic-equity position of the Parent Company and all its subsidiaries.

The scope of consolidation changed in the first quarter of 2022 following the Parent Company’s acquisition of EUSA Pharma (UK) Limited (“EUSA Pharma”) with its eleven subsidiaries. EUSA Pharma is a leading pharmaceutical company with a portfolio of four products in the niche rare cancer segment, with revenue of over € 150 million in 2021. The acquisition was completed on 16 March 2022, and the income statement will be consolidated starting 1 April 2022, whereas the consolidated cash flow statement and Note no. 24 show the financial effects of the first consolidation at 31 March. The recognition of the acquisition is still provisional, as permitted by accounting standard IFRS 3, considering the short amount of time that has passed since it was completed and the need to obtain additional information on the fair value of the assets and liabilities acquired.

The new company Recordati Rare Diseases FZCO was also established in the Middle East during the period.

The companies included in the scope of consolidation, their percentage of ownership and a description of their activity are set out in Note 29.

These financial statements are presented in euro (€), rounded to thousands of euro, except where 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 2021, 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 impact, albeit potential, deriving from the Russia-Ukraine crisis and 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 under 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 2022 was € 419.4 million, up compared to the € 384.8 million in the same period in 2021.

Net revenue can be broken down as follows:

€ (thousands)	First quarter 2022	First quarter 2021	Changes 2022/2021
Net sales	416,754	364,215	52,539
<i>Royalties</i>	1,298	1,515	(217)
<i>Upfront payments</i>	526	1,343	(817)
Various revenue	803	17,765	(16,962)
<b>Total net revenue</b>	<b>419,381</b>	<b>384,838</b>	<b>34,543</b>

Revenue for up-front payments is related to the activity of licensing and distribution of products in the portfolio and is recognized when it accrues along the time horizon of collaboration with customers. Upfront payment revenue for € 0.5 million recognized in the first quarter of 2022 refers mainly to the marketing agreements for lercanidipine (€ 0.2 million) and Cystadrops® (cysteamine hydrochloride) (€ 0.2 million). The remaining balance of amounts already paid in advance by customers, which will be recognized for accounting purposes as revenue in future periods, is recognized under current liabilities (see Note 21), and amounted to € 5.3 million (€ 5.9 million at 31 December 2021).

In the first quarter of 2021, "Various revenue" included € 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, as the previous licensee, pursuant to the January 2021 contract between Tolmar International Ltd. and Recordati S.p.A. for the assignment of the new product license.

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> 2022	<i>Specialty and Primary Care</i> 2021	Rare diseases 2022	Rare diseases 2021	Total 2022	Total 2021
Zanidip®	33,545	41,951	-	-	33,545	41,951
Zanipress®	9,707	11,235	-	-	9,707	11,235
Urorec®	14,616	15,981	-	-	14,616	15,981
Livazo®	12,071	11,378	-	-	12,071	11,378
Seloken®/Logimax®	24,022	24,808	-	-	24,022	24,808
Eligard®	23,936	16,841	-	-	23,936	16,841
Other corporate products	41,705	37,523	-	-	41,705	37,523
Drugs for rare diseases	-	-	106,089	84,922	106,089	84,922
OTC	80,248	69,312	-	-	80,248	69,312
Local product portfolios	58,779	56,451	-	-	58,779	56,451
Other revenue	1,754	2,272	-	-	1,754	2,272
Pharmaceutical chemicals	12,909	12,164	-	-	12,909	12,164
<b>Total net revenue</b>	<b>313,292</b>	<b>299,916</b>	<b>106,089</b>	<b>84,922</b>	<b>419,381</b>	<b>384,838</b>

## Geographic area by country

€ (thousands)	<i>Specialty and Primary Care</i> 2022	<i>Specialty and Primary Care</i> 2021	Rare diseases 2022	Rare diseases 2021	Total 2022	Total 2021
<b>Pharmaceutical revenue</b>						
Italy	69,449	65,933	5,218	5,039	74,667	70,972
France	32,131	27,924	8,309	8,164	40,440	36,088
Russia, Ukraine, other CIS	22,581	16,111	509	970	23,090	17,081
Germany	32,395	31,528	5,903	4,856	38,298	36,384
Spain	29,549	22,817	3,767	3,329	33,316	26,146
Turkey	13,854	18,678	834	1,496	14,688	20,174
Portugal	11,754	10,596	568	497	12,322	11,093
Other Eastern European countries	27,151	25,411	3,185	2,356	30,336	27,767
Other Western European countries	18,554	17,491	6,990	6,864	25,544	24,355
North Africa	9,414	9,661	669	119	10,083	9,780
Other international sales	33,551	41,602	17,556	14,267	51,107	55,869
U.S.A.	-	-	52,581	36,965	52,581	36,965
<b>Total pharmaceutical revenue</b>	<b>300,383</b>	<b>287,752</b>	<b>106,089</b>	<b>84,922</b>	<b>406,472</b>	<b>372,674</b>
<b>Pharmaceutical chemicals revenue</b>						
Italy	409	1,285	-	-	409	1,285
Other European countries	3,384	5,004	-	-	3,384	5,004
U.S.A.	2,492	1,402	-	-	2,492	1,402
America (U.S.A. excluded)	1,377	686	-	-	1,377	686
Australasia	4,542	3,467	-	-	4,542	3,467
Africa	705	320	-	-	705	320
<b>Total chemical pharmaceuticals revenue</b>	<b>12,909</b>	<b>12,164</b>	<b>0</b>	<b>0</b>	<b>12,909</b>	<b>12,164</b>
<b>Total net revenue</b>	<b>313,292</b>	<b>299,916</b>	<b>106,089</b>	<b>84,922</b>	<b>419,381</b>	<b>384,838</b>

#### 4. OPERATING EXPENSES

Total operating expenses for the first quarter of 2022 amounted to € 288.1 million, up compared to the € 260.0 million for the corresponding period the previous year, and are classified by function as follows:

€ (thousands)	First quarter 2022	First quarter 2021	Changes 2022/2021
Cost of sales	115,478	104,069	11,409
Selling expenses	99,792	93,347	6,445
Research and development expenses	43,669	41,456	2,213
General and administrative expenses	21,941	20,062	1,879
Other (income)/expenses, net	7,230	1,017	6,213
<b>Total operating expenses</b>	<b>288,110</b>	<b>259,951</b>	<b>28,159</b>

The cost of sales was € 115.5 million, up compared to the first three months of 2021. This was at 27.5% of revenue, just over 27.0% in the first quarter of 2021.

Selling expenses increased by 6.9% due to the resumption in promotional activities compared to the same period of the previous year (which was still affected by the COVID-19 pandemic) and the increased resources needed to support the growth of endocrinology products. Expenses as a percentage of revenue came down compared to the same period of the previous year due to a particularly positive revenue performance.

Research and development expenses were at € 43.7 million, up by 5.3% compared to the first quarter of last year due to the investments to support endocrinology products.

General and administrative expenses increased by 9.4% to strengthen the general coordination structure to support an increasingly complex portfolio resulting from recent acquisitions, including EUSA Pharma.

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

€ (thousands)	First quarter 2022	First quarter 2021	Changes 2022/2021
Non-recurring costs:			
- EUSA Pharma acquisition	4,759	-	4,759
- restructuring	1,989	-	1,989
- COVID-19 epidemic	304	774	(470)
- Ukraine emergency	63	-	63
Other	115	243	(128)
<b>Other (income)/expenses, net</b>	<b>7,230</b>	<b>1,017</b>	<b>6,213</b>

The costs related to the acquisition of EUSA Pharma refer to a specific insurance to cover potential risks from limitations of warranties provided by previous shareholder and management of the company during the due diligence process. Restructuring costs referred to “severances” relating to “right sizing” the sales area in the Specialty and Primary Care segment and other organizational changes.

The costs incurred for the COVID-19 epidemic are for donations in favor 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 2022	First quarter 2021	Changes 2022/2021
Material consumption	88,513	78,262	10,251
Payroll costs	70,234	68,975	1,259
Other employee costs	8,425	6,238	2,187
Variable sales expenses	28,960	25,393	3,567
Depreciation and amortization	24,651	24,360	291
Utilities and consumables	9,392	10,173	(781)
Other expenses	57,935	46,550	11,385
<b>Total operating expenses</b>	<b>288,110</b>	<b>259,951</b>	<b>28,159</b>

The proportion of raw material consumption to net revenue was 21.1%, up by 0.8% compared to the same period in 2021.

The item “Payroll costs” includes € 1.6 million in charges for stock option plans, up by € 0.6 million compared to the same period of the previous year.

Starting in 2019, some Group employees were designated as beneficiaries of an incentive plan with a 5-year vesting period, granted and entirely funded by 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 term if they have met a number of performance conditions. The measurement according to the accounting standard IFRS 2 led to an expense in the first quarter 2022 income statement of € 0.3 million, which also includes the incentive plan granted by Rossini Luxembourg S.à r.l. to the Chief Executive Officer of the Recordati Group.

Amortization and depreciation equalled € 24.6 million, of which € 18.6 million related to intangible assets, up by € 0.5 million over the same period of the previous year and € 6.0 million relating to property, plant and equipment, down by € 0.3 million over the first quarter of 2021.

The change in “Other expenses” is mainly attributable to higher non-recurring items.

## 5. NET FINANCIAL INCOME AND EXPENSES

In the first quarter of 2022 and the same period in 2021, the balance of financing items was negative for € 7.0 million and € 8.9 million respectively, with the change referring primarily to lower FX losses. The main balance items are summarized in the table below.

€ (thousands)	First quarter 2022	First quarter 2021	Changes 2022/2021
Interest expense on loans	4,016	3,987	29
Net exchange rate (gains)/losses	1,585	3,736	(2,151)
Net (income)/expense on short-term positions	1,170	949	221
Expenses on leases	155	211	(56)
Expenses for defined benefit plans	27	10	17
<b>Total net financial (income)/expenses</b>	<b>6,953</b>	<b>8,893</b>	<b>(1,940)</b>



## 6. INCOME TAXES

Income taxes amounted to € 27.6 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.

In 2019, the Parent Company signed an advance agreement with the Italian Tax Authority to define the calculation methods and criteria for a discount on taxable income connected with the direct use of intangible assets for the 2015 to 2019 tax years. For the 2020 tax year, however, Recordati S.p.A. has subscribed to the reverse charge mechanism with reference to those assets from the previous five years (with the exception of expired patents and the brands excluded in the meantime from the objective scope of the subsidy), exercising, in the tax return for that year, the option until the expiry of the five years of validity of the option (2020-2024). Subsequently, on 21 October 2021, the Company filed a request for the purposes of activating the advance agreement procedure connected to the use of the intangible assets for the remaining 2021-2024 period, indicating the same calculation methods and criteria for the discount used in the previous periods. The Company, operating in line with the previous years, determined the tax benefit pertaining to the first quarter of 2022, recognized to reduce the tax amounts, as € 1.9 million.

## 7. PROPERTY, PLANT AND EQUIPMENT

The composition and change to property, plant and equipment, including the valuation of the right to use the assets conveyed under leases, are shown in the table below.

€ (thousands)	Land and buildings	Plant and machinery	Other equipment	Investments in progress	Total
<b>Cost</b>					
Balance at 31 December 2021	92,394	243,540	99,736	27,155	462,825
Additions	558	340	831	2,690	4,419
Disposals	(928)	(953)	(1,553)	0	(3,434)
Change to scope of consolidation	197	0	1,354	0	1,551
Other changes	(345)	(320)	(185)	(42)	(892)
<b>Balance at 31 March 2022</b>	<b>91,876</b>	<b>242,607</b>	<b>100,183</b>	<b>29,803</b>	<b>464,469</b>
<b>Accumulated amortization</b>					
Balance at 31 December 2021	55,702	203,515	72,488	0	331,705
Amortization for the period	1,487	2,064	2,465	0	6,016
Disposals	(928)	(745)	(1,491)	0	(3,164)
Change to scope of consolidation	97	0	1,005	0	1,102
Other changes	(71)	(208)	(118)	0	(397)
<b>Balance at 31 March 2021</b>	<b>56,287</b>	<b>204,626</b>	<b>74,349</b>	<b>0</b>	<b>335,262</b>
<b>Net amount</b>					
31 December 2021	36,692	40,025	27,248	27,155	131,120
<b>31 March 2022</b>	<b>35,589</b>	<b>37,981</b>	<b>25,834</b>	<b>29,803</b>	<b>129,207</b>

Increases over the period amounted to € 4.4 million and mainly refer to the Parent Company (€ 2.6 million).

"Other changes" includes the conversion into euro of the property, plant and equipment recognized in different currencies, for a net decrease of € 0.5 million compared to 31 December 2021, primarily due to the devaluation of the Turkish lira.

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

€ (thousands)	Land and Buildings	Plant and machinery	Other equipment	Total
<b>Cost</b>				
Balance at 31 December 2021	20,688	1,433	19,085	41,206
Additions	532	0	545	1,077
Disposals	(928)	0	(967)	(1,895)
Other changes	(35)	0	(150)	(185)
<b>Balance at 31 March 2022</b>	<b>20,257</b>	<b>1,433</b>	<b>18,513</b>	<b>40,203</b>
<b>Accumulated amortization</b>				
Balance at 31 December 2021	8,816	417	9,189	18,422
Amortization for the period	903	71	1,328	2,302
Disposals	(928)	0	(944)	(1,872)
Other changes	(42)	0	(87)	(129)
<b>Balance at 31 March 2022</b>	<b>8,749</b>	<b>488</b>	<b>9,486</b>	<b>18,723</b>
<b>Net amount</b>				
31 December 2021	11,872	1,016	9,896	22,784
<b>31 March 2022</b>	<b>11,508</b>	<b>945</b>	<b>9,027</b>	<b>21,480</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 change in 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 2021	1,067,019	561,269	20,478	54,749	1,703,515
Additions	469	40,720	159	4,373	45,721
Disposals	0	0	0	(74)	(74)
Write-downs	0	(12)	0	0	(12)
Change to scope of consolidation	0	152,416	566	36,476	189,458
Other changes	3,248	1,139	(34)	376	4,729
<b>Balance at 31 March 2022</b>	<b>1,070,736</b>	<b>755,532</b>	<b>21,169</b>	<b>95,900</b>	<b>1,943,337</b>
<b>Accumulated amortization</b>					
Balance at 31 December 2021	305,705	240,789	18,235	0	564,729
Amortization for the period	11,920	6,574	141	0	18,635
Disposals	0	0	0	0	0
Change to scope of consolidation	0	66,140	433	0	66,573
Other changes	570	112	(29)	0	653
<b>Balance at 31 March 2022</b>	<b>318,195</b>	<b>313,615</b>	<b>18,780</b>	<b>0</b>	<b>650,590</b>
<b>Net amount</b>					
31 December 2021	761,314	320,480	2,243	54,749	1,138,786
<b>31 March 2022</b>	<b>752,541</b>	<b>441,917</b>	<b>2,389</b>	<b>95,900</b>	<b>1,292,747</b>

Increases for the period include:

- € 35.0 million, which will be paid in the second quarter of 2022, for the milestone included in 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;
- € 5.0 million for the milestone included in the license agreement with Helsinn Healthcare relating to the marketing of Ledaga®;
- € 3.0 million referring to clinical studies that comply with the criteria set by the IAS 38 accounting standard on capitalisation.

Intangible assets deriving from the acquisition of EUSA Pharma were recognized in "Change to scope of consolidation", for a net total amount of € 122.9 million.

"Other changes" includes the conversion into euro of the value of the intangible assets held and recognized in different currencies, which determined a net increase of € 3.5 million compared to 31 December 2021, mainly attributable to the revaluation of the Swiss franc for € 3.2 million and the U.S. dollar for € 1.3 million and the devaluation of the Russian rouble for € 0.9 million.

## 9. GOODWILL

Goodwill at 31 March 2022 and 31 December 2021 amounted to € 1,125.1 million and € 553.2 million respectively and changed as follows:

€ (thousands)	
Balance at 31 December 2021	553,209
Change to scope of consolidation for EUSA Pharma	573,765
Exchange rate adjustments	(1,858)
<b>Balance at 31 March 2022</b>	<b>1,125,116</b>

The acquisition of EUSA Pharma led to an increase of € 573.8 million due to the recognition of the entire difference between the amount paid and carrying amount for the assets and liabilities acquired under Goodwill. The process of matching the assets and liabilities to the relative fair value at the acquisition date has not yet been completed, considering the short amount of time that has passed since it was completed and the need to obtain additional information. The allocation is consequently deemed provisional, as permitted by accounting standard IFRS 3.

The exchange rate adjustments are related to the goodwill associated with the acquisitions made in companies with currencies other than the euro. Goodwill calculated in local currency is translated into euro for the preparation of the consolidated financial statements using the year-end exchange rates. Compared to 31 December 2021, this determined a total net decrease of € 1.9 million attributable to the acquisitions made in Turkey (decrease of € 1.1 million), Russia (decrease of € 0.9 million), Poland (decrease of € 0.2 million), Tunisia (decrease of € 0.1 million), Switzerland (increase of € 0.1 million) and the Czech Republic (increase of € 0.3 million).

Net goodwill at 31 March 2022, amounting to € 1,125.1 million, is divided among the following operational areas, which represent the same number of cash-generating units:

- France for € 74.2 million;
- Russia for € 24.0 million;
- Germany for € 48.8 million;
- Portugal for € 32.8 million;
- Business dedicated to medication for the treatment of rare diseases: € 684.3 million;
- Turkey for € 15.3 million;
- Czech Republic for € 14.5 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 € 9.0 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, also in light of robust sales performance in Russia and the not significant devaluation of the rouble, no events or circumstances arose to indicate possible value loss related to the aforementioned goodwill.

## 10. OTHER EQUITY INVESTMENTS AND SECURITIES

At 31 March 2022, these amounted to € 23.3 million, down by € 10.8 million compared to 31 December 2021.

The main investment refers to the U.K. company PureTech Health plc, specializing 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 2022, the total fair value of the 9,554,140 shares held was € 22.6 million. The value of the investment was consequently adjusted to the stock exchange value and fell by € 10.6 million, compared to 31 December 2021, 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 € 0.7 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 company shares in May 2013. The value of the investment was adjusted to the stock exchange value and decreased by € 0.2 million, compared to 31 December 2021, 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 € 34.0 million at 31 March 2022, increasing by € 1.0 million compared to 31 December 2021, referring mainly to the recognition of assets made to the subsidiary Recordati AG in the scope of the contract agreements with Novartis AG to acquire the rights on Signifor® and Signifor® LAR. The effect of the EUSA Pharma consolidation was € 1.0 million.

## 12. DEFERRED TAX ASSETS

At 31 March 2022, deferred tax assets amounted to € 77.0 million, down by a net € 1.0 million compared to 31 December 2021. The effect of the EUSA Pharma consolidation was € 0.7 million. 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 € 256.5 million, up by € 27.8 million compared to 31 December 2021, of which € 23.9 million is attributable to the consolidation of EUSA Pharma.

Trade receivables amounted to € 367.0 million at 31 March 2022, up by € 59.2 million compared to 31 December 2021. The balance is less the provision for doubtful accounts for € 17.1 million, up by € 2.9 million over 31 December 2021, recognized under selling expenses, which reflects the collection risk connected with certain customers and geographic areas. The net effect of EUSA Pharma on the first consolidation date was € 37.2 million. Average days sales outstanding are 65.

Other receivables at € 40.7 million, decreased by € 4.2 million compared to 31 December 2021, mainly due to the Parent's lower tax credits. The effect of the first EUSA Pharma consolidation was € 7.2 million.

Other current assets were at € 24.2 million, of which € 7.3 million for the EUSA Pharma consolidation, and refer mainly to prepaid expenses.

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

At 31 March 2022, the value of derivative instruments included under this item amounted to € 11.9 million.

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 € 10.0 million asset at 31 March 2022. 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, with a residual debt of US\$45 million at 31 March 2022, provided by Mediobanca, was positive for € 6.5 million, and that hedging the US\$25 million tranche of the loan, provided by UniCredit, yielded a € 3.5 million positive change.

The measurement at market (fair) value at 31 March 2022 of the interest rate swap hedging the loan with Intesa Sanpaolo gave rise to an asset of € 0.1 million, which represents the opportunity to, in the future, pay the interest rates agreed on rather than the variable rates currently expected for the term of the loan.

At 31 March 2022, other hedging transactions were in place on foreign currency positions, the measurement of which was positive for € 1.8 million against € 0.1 million at 31 December 2021, with the difference 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 IFRS 13 accounting standard. The fair value is equal to the current 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 2022, the balance of this item amounted to € 261.4 million, increasing by € 16.9 million on 31 December 2021, and are mainly denominated in euro, US dollars, pounds sterling and comprise current account deposits and short-term time deposits. The cash and cash equivalents amount resulting from the first consolidation of EUSA Pharma was € 53.2 million.

#### 16. SHAREHOLDERS' EQUITY

Shareholders' Equity at 31 March 2022 was € 1,449.4 million, an increase of € 67.8 million compared to that at 31 December 2021 for the following reasons:

- increase of € 96.7 million from net income;
- increase of € 1.6 million from cost of stock option plans set-off directly in equity;
- decrease of € 19.0 million from the purchase of 364,502 treasury shares;
- increase of € 0.6 million from the disposal of 41,000 treasury shares to service the stock option plans;
- decrease of € 0.1 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;

- decrease of € 10.7 million from the application of IFRS 9, almost entirely attributable 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;
- decrease of € 1.6 million for foreign currency translation adjustments;
- increase of € 0.3 million from other changes.

At 31 March 2022, the Company has three stock option plans benefiting certain Group employees: the 2014-2018 plan with the grants of 29 July 2014 and 13 April 2016, the 2018-2022 plan, with the grant of 3 August 2018, and the 2021-2023 plan with the grants of 6 May 2021, 1 December 2021 and 24 February 2022. 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 2022 are detailed in the following table:

	Strike price (€)	Quantity 1/1/2022	Granted 2022	Exercised in 2022	Cancelled and expired	Quantity 31/3/2022
<b>Grant date</b>						
29 July 2014	12.29	476,500	-	(25,000)	-	451,500
13 April 2016	21.93	934,000	-	(16,000)	-	918,000
3 August 2018	30.73	2,896,000	-	-	(6,000)	2,890,000
6 May 2021	45.97	2,925,500	-	-	(162,000)	2,763,500
1 December 2021	56.01	130,000	-	-	-	130,000
24 February 2022	47.52	-	3,553,000	-	-	3,553,000
<b>Total</b>		<b>7,362,000</b>	<b>3,553,000</b>	<b>(41,000)</b>	<b>(168,000)</b>	<b>10,706,000</b>

At 31 March 2021, 3,537,802 treasury shares were held in the portfolio, an increase of 323,502 shares compared to 31 December 2021. The change was due to the disposal of 41,000 shares for an amount of € 0.7 million to enable the options attributed to employees as part of the stock option plans to be exercised and to the purchase of 364,502 shares for an amount of € 19.0 million. The total cost to purchase the treasury shares in the portfolio was € 144.4 million, with an average unit price of € 40.81.

Starting in 2019, some Group employees were designated as beneficiaries of an incentive plan with a 5-year vesting period, granted and entirely funded by 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 term if they have met a number of performance conditions. The measurement according to the accounting standard IFRS 2 led to an expense in the 2021 income statement of € 0.3 million, which also includes the incentive plan granted by Rossini Luxembourg S.à r.l. to the Chief Executive Officer of the Recordati Group.

## 17. LOANS

At 31 March 2022, loans amounted to € 1,655.9 million, increasing by a net € 672.3 million compared to 31 December 2021.

This item includes the liabilities deriving from the application of the IFRS 16 accounting standard, representing the obligation to make the payments provided for in the existing leases for a total amount of € 21.8 million, a net decrease of € 1.4 million compared to 31 December 2021.

During the first quarter of 2022, loans increased by € 763.6 million: € 684.3 million from opening new bank loans, € 78.2 million from the consolidation of EUSA Pharma and € 1.1 million relating to new lease contracts. € 92.7 million of total repayments were made in the period, of which € 78.2 million for the repayment of debt undertaken to acquire EUSA Pharma, € 12.2 million for repayment of a loan and € 2.3 million relating to lease liabilities.

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 2021.

The main loans outstanding are:

- a) A bridge facility loan for € 450.0 million taken out by the Parent Company on 3 February 2022, to fund the acquisition of EUSA Pharma (UK) Limited. The financial institutions are Mediobanca, which also serves as the agent, and JP Morgan with a portion of € 157.5 million, UniCredit for € 67.5 million, Banca Nazionale del Lavoro for € 54.0 million, and BNP Paribas for € 13.5 million. The maximum term of the loan is 12 months and may be extended at Company's discretion for 6 more months to allow for final financial instruments to be negotiated in the meantime. The terms include a variable interest rate at the Euribor rate at the time of use (with floor to zero) plus a variable spread. The disbursement, net of fees, took place on 15 March 2022.

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 income to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- b) A loan for € 200.0 million taken out by the Parent Company on 3 February 2022, which also served to fund the acquisition of EUSA Pharma (UK) Limited. The loan was provided by a consortium of Italian and international financial institutions, comprising Mediobanca, JP Morgan, UniCredit and Banca Nazionale del Lavoro. 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 5-year term with semi-annual repayment of the principal starting 31 March 2023, with the final instalment on 3 February 2027. Disbursement, net of structuring and up-front fees, took place on 15 March 2022.

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 income 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 Swiss francs taken out on 16 March 2022 by the subsidiary Recordati AG with UBS Switzerland AG, at a fixed interest rate, with quarterly interest payments and semi-annual repayment of principal starting September 2022 through March 2025.

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 income to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

d) € 180.0 million loan negotiated by the Parent Company in May 2021, provided by a consortium of national and international lenders led by Mediobanca. The main terms include a variable interest rate at the 6-month Euribor (with a zero floor) plus a fixed spread, and a 5-year term with a single instalment repayment on maturity. Disbursement, net of structuring and up-front fees, took place on 21 May 2021. 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 income 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 € 40.0 million taken out by the Parent Company on 30 March 2021 with Allied Irish Bank with a variable interest rate at 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 semi-annual interest payments and principal repayment, again on a semi-annual basis, starting from March 2022 until March 2026. The outstanding debt recognized at 31 March 2022 amounted to a total of € 38.9 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 income 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 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 to March 2025. The value in euro of the outstanding loan at 31 March 2022 was € 43.8 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 income 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 € 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 5-year term 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 outstanding debt recognized at 31 March 2022 amounted to a total of € 282.7 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 income to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- h) 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 5-year term with semi-annual repayments of principal starting November 2020 through to November 2023. The outstanding debt at 31 March 2022 amounted to € 85.5 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 2022, 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 income 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 € 15.0 million taken out by the Parent Company in November 2017 with Banca Passadore. The main conditions provide for a variable interest rate at the 3-month Euribor plus a fixed spread, quarterly payments of interest and a 5-year term with annual repayments of principal from November 2020 through to November 2022. The outstanding debt at 31 March 2022 amounted to a total of € 5.0 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 income 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 € 75.0 million taken out by the Parent Company in October 2017 with Intesa Sanpaolo. The main conditions provide for a variable interest rate at the 6-month Euribor plus a fixed spread, semi-annual interest payments and an 8-year term with semi-annual repayments of principal from June 2019 through to October 2025. The outstanding debt at 31 March 2022 amounted to € 42.8 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 2022, the fair value of the derivative was measured at positive € 0.1 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 14).

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 income 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 (now Intesa Sanpaolo). The main conditions provide for a variable interest rate at the 6-month Euribor plus a fixed spread, semi-annual interest payments and repayment of the principal in a lump sum on 7 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 2022, the fair value of the derivative was measured at negative € 0.1 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 income 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 at the 6-month Euribor plus a fixed spread and a 7-year term with annual repayments of principal from July 2018 through to July 2024. The outstanding debt at 31 March 2022 amounted to € 33.0 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 2022, 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 income 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 Company 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 bonded loan 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 income 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 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 at the 3-month TRLibor plus a fixed spread and an 8-year term with quarterly repayments of principal from November 2016 through to August 2022. The counter-value of the outstanding debt at 31 March 2022 amounted to € 0.3 million, down by € 0.2 million compared to 31 December 2021, mainly from the repayment of instalments falling due.

The loan provided by IFC World Bank 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 1.00;
- 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 income to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than 3.

These parameters are being observed.

- o) 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. During the period, US\$5 million of the first tranche was repaid, and the outstanding debt at 31 March 2022 amounted to a total of US\$70 million, equalling a counter-value of € 62.9 million.

The loan was hedged at the same time with two cross-currency swaps which provide for the conversion of the original debt into a total of € 56.0 million (€ 52.3 million at 31 March 2022), of which € 37.3 million (€ 33.6 at the date of this Annual Report) at a lower fixed rate for the tranche with maturity at 12 years and € 18.7 million again at a lower fixed rate for the one maturing at 15 years. At 31 March 2022, hedging instruments measured at fair value were positive for a total of € 10.0 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 bonded loan 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 income 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 2022 amounted to € 21.0 million and reflects the Group's liability towards its employees determined in accordance with IAS 19.

## 19. DEFERRED TAX LIABILITIES

At 31 March 2022, deferred tax liabilities amounted to € 26.9 million, which was basically unchanged in respect of 31 December 2021.

## 20. OTHER NON-CURRENT LIABILITIES

At 31 March 2022, other non-current liabilities amounted to € 17.0 million and referred entirely to future

payments for the newly acquired company EUSA Pharma (UK) Limited in the scope of the agreements to obtain the rights on their pharmaceutical products.

## 21. CURRENT LIABILITIES

Trade payables at € 195.0 million, included the accrual for invoices to be received. The consolidation of EUSA Pharma contributed € 13.8 million.

Other liabilities amounted to € 181.5 million, increasing by € 36.3 million compared to 31 December 2021, and mainly include:

- € 53.9 million due to employees and social security institutions;
- € 35.0 million payable by Recordati S.p.A. to Tolmar International Ltd, to acquire the license to market Eligard® (leuprorelin acetate);
- € 27.0 million for Recordati AG in respect of Novartis AG, on the occurrence of contract conditions in the scope of acquiring the rights for Isturisa®;
- € 13.2 million which Recordati Rare Diseases Inc. must pay to U.S. health care insurance schemes;
- € 3.4 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;
- € 2.4 million to be paid to the "Krankenkassen" (German health insurance schemes) by Recordati Pharma GmbH;
- € 2.4 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;
- € 10.2 resulting from the acquisition of EUSA Pharma.

Tax liabilities amounted to € 40.9 million, increasing by € 11.3 million compared to 31 December 2021, of which € 1.0 million related to EUSA Pharma.

Other current liabilities amounted to € 6.6 million, substantially in line with December 2021.

An amount of € 5.3 million is attributable to the adoption of the IFRS 15 accounting principle, 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, whereas € 0.2 million referred to EUSA Pharma.

The provisions for risks and charges amounted to € 21.5 million, in line with 31 December 2021. The first consolidation of EUSA Pharma contributed € 0.3 million.

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

The measurement at market (fair) value at 31 March 2022 of the interest rate swaps hedging a number of loans gave rise to a total € 0.6 million liability, which represents the unrealized opportunity of paying in the future, for the term 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 (€ 0.5 million) and Intesa Sanpaolo (€ 0.1 million).

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 measurement of the derivative at 31 March 2022 on the outstanding loan of 162.7 million Swiss francs was a negative for € 10.4 million compared to the € 9.3 million at 31 December 2021, with the difference recognized in the income statement, offsetting the exchange gains determined by the valuation of the underlying loan at current exchange rates.

At 31 March 2022, other hedging transactions were in place on foreign currency positions, the measurement of which was negative for € 1.3 million compared to the € 2.8 million at 31 December 2021, with the difference 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 (see note 2). The fair value is equal to the current 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

Short-term debts to banks and other lenders at 31 March 2022 were € 15.0 million and comprise temporary use of short-term credit lines, overdrafts of a number of foreign associates and interest due on existing loans.

On 1 March 2022, the Parent Company took out a revolving credit line with UniCredit, with a maximum term of 12 months and for a maximum amount of € 50 million. This credit line, which had not been used at 31 March 2022, is a short-term financing instrument providing financial flexibility, combining irrevocability with variability of use based on specific financial requirements. The agreement signed requires compliance with financial and income conditions similar to those for other existing loans.

## 24. ACQUISITION OF SUBSIDIARIES

The table below summarizes the amounts referring to the first consolidation of EUSA Pharma, a company in which the Group acquired 100% of its shares on 16 March 2022.

€ (thousands)	Carrying amount	Fair value adjustments (determination pending)	Fair value acquired business
<b>Non-current assets</b>			
Property, plant and equipment	450	0	450
Intangible assets	122,885	0	122,885
Other non-current assets	961	0	961
Deferred tax assets	715	0	715
<b>Current assets</b>			
Inventories	23,921	0	23,921
Trade receivables	37,157	0	37,157
Other receivables	7,255	0	7,255
Other current assets	7,300	0	7,300
Cash and cash equivalents	53,235	0	53,235
<b>Non-current liabilities</b>			
Other non-current liabilities	(17,020)	0	(17,020)
<b>Current liabilities</b>			
Trade payables	(13,790)	0	(13,790)
Other payables	(10,172)	0	(10,172)
Tax liabilities	(966)	0	(966)
Other current liabilities	(182)	0	(182)
Provisions for risks and charges	(275)	0	(275)
Loans - due within one year	(78,245)	0	(78,245)
	<b>133,229</b>	<b>0</b>	<b>133,229</b>
Goodwill			573,765
<b>Cost of the acquisition</b>			<b>706,994</b>

The entire difference between the cost of the acquisition and the carrying amount for the acquired assets and liabilities was recognized under "Goodwill". The process of matching the assets and liabilities to the relative fair value at the acquisition date has not yet been completed considering the short amount of time that has passed since it was completed and the need to obtain additional information. The allocation is consequently deemed provisional, as permitted by accounting standard IFRS 3.

## 25. 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 at 31 March 2022 and include comparative data.

€ (thousands)	Specialty and Primary Care segment	Rare diseases segment	Values not allocated	Consolidated financial statements
<b>First quarter 2022</b>				
Revenue	313,292	106,089	-	419,381
Expenses	(218,520)	(69,590)	-	(288,110)
<b>Operating income</b>	<b>94,772</b>	<b>36,499</b>	<b>-</b>	<b>131,271</b>
<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>

€ (thousands)	Specialty and Primary Care segment*	Rare diseases segment	Not allocated**	Consolidated financial statements
<b>31 March 2022</b>				
Non-current assets	1,188,781	1,469,211	23,340	2,681,332
Inventories	186,749	69,740		256,489
Trade receivables	242,738	124,274		367,012
Other receivables and other current assets	37,171	27,649	11,870	76,690
Cash and cash equivalents			261,430	261,430
<b>Total assets</b>	<b>1,655,439</b>	<b>1,690,874</b>	<b>296,640</b>	<b>3,642,953</b>
Non-current liabilities	41,294	23,630	1,403,577	1,468,501
Current liabilities	286,658	158,795	279,566	725,019
<b>Total liabilities</b>	<b>327,952</b>	<b>182,425</b>	<b>1,683,143</b>	<b>2,193,520</b>
<b>Net capital employed</b>	<b>1,327,487</b>	<b>1,508,449</b>		
<b>31 December 2021</b>				
Non-current assets	1,162,131	769,843	34,124	1,966,098
Inventories	182,344	46,388		228,732
Trade receivables	228,591	79,187		307,778
Other receivables and other current assets	45,712	12,152	11,149	69,013
Cash and cash equivalents			244,578	244,578
<b>Total assets</b>	<b>1,618,778</b>	<b>907,570</b>	<b>289,851</b>	<b>2,816,199</b>
Non-current liabilities	41,440	6,245	760,473	808,158
Current liabilities	249,046	131,496	245,874	626,416
<b>Total liabilities</b>	<b>290,486</b>	<b>137,741</b>	<b>1,006,347</b>	<b>1,434,574</b>
<b>Net capital employed</b>	<b>1,328,292</b>	<b>769,829</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.



## 26. 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—whose fulfillment is as yet uncertain—occur, with the consequence that the contractually required payments, estimated at around € 128 million, are merely potential at the moment.

## 27. RELATED-PARTY TRANSACTIONS

At 31 March 2022, the Group's immediate parent is Rossini S.à r.l., with headquarters in Luxembourg, which is owned by a consortium of investment funds controlled by CVC Capital Partners VII Limited.

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.

## 28. 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.

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

## 29. SUBSIDIARIES INCLUDED IN THE CONSOLIDATED ACCOUNTS AT 31 MARCH 2022

Consolidated companies	Head office	Share capital	Currency	Consolidation method
RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA 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>Development, promotion, and sales of pharmaceutical products</i>	Turkey	8,000,000.00	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
RECORDATI AUSTRIA 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	90,000,000.00	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
RECORDATI (BEIJING) PHARMACEUTICAL CO., Ltd <sup>(1)</sup> <i>Marketing of pharmaceuticals</i>	People's Republic of China	1,000,000.00	EUR	Line-by-line
RECORDATI RARE DISEASES FZCO <sup>(2)</sup> <i>Marketing of pharmaceuticals</i>	United Arab Emirates	1,000.00	AED	Line-by-line
EUSA Pharma (UK) Limited <sup>(3)</sup> <i>Research and marketing of pharmaceuticals</i>	United Kingdom	10.00	EUR	Line-by-line
EUSA Pharma (Italy) S.r.l. <sup>(3)</sup> <i>Marketing of pharmaceuticals</i>	Italy	99,000.00	EUR	Line-by-line
EUSA Pharma (France) S.A.S. <sup>(3)</sup> <i>Marketing of pharmaceuticals</i>	France	476,522.00	EUR	Line-by-line
EUSA Pharma Iberia S.L. <sup>(3)</sup> <i>Marketing of pharmaceuticals</i>	Spain	70,000.00	EUR	Line-by-line

Consolidated companies	Head office	Share capital	Currency	Consolidation method
EUSA Pharma (Germany) GmbH <sup>(3)</sup> <i>Marketing of pharmaceuticals</i>	Germany	25,000.00	EUR	Line-by-line
EUSA Pharma (Netherlands) B.V. <sup>(3)</sup> <i>Marketing of pharmaceuticals</i>	Netherlands	1.00	EUR	Line-by-line
EUSA Pharma (Denmark) ApS <sup>(3)</sup> <i>Marketing of pharmaceuticals</i>	Denmark	50,000.00	DKK	Line-by-line
EUSA Pharma (US) LLC <sup>(3)</sup> <i>Marketing of pharmaceuticals</i>	U.S.A.	1.00	USD	Line-by-line
EUSA Pharma (Australia) Pty Ltd <sup>(3)</sup> <i>Non-operational</i>	Australia	1.00	AUD	Line-by-line
EUSA Pharma (CH) GmbH <sup>(3)</sup> <i>Marketing of pharmaceuticals</i>	Switzerland	20,000.00	CHF	Line-by-line
EUSA Pharma Korea Ltd <sup>(3)</sup> <i>Marketing of pharmaceuticals</i>	South Korea	100,000,000.00	KRW	Line-by-line
EUSA Pharma Brasil - Marketing e Promoções LTDA <sup>(3)</sup> <i>Non-operational</i>	Brazil	5,000.00	BRL	Line-by-line

<sup>(1)</sup> Set up in 2021

<sup>(2)</sup> Set up in 2022

<sup>(3)</sup> Acquired in 2022

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 Ilaç A.Ş.	Opalia Pharma S.A.	Recordati AG	EUSA Pharma (UK)	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.						100.00						100.00
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											
	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	EUSA Pharma (UK)	Total
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
RECORDATI AUSTRIA 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 (BEIJING) PHARMACEUTICAL CO., Ltd <sup>(1)</sup>	100.00											100.00
RECORDATI RARE DISEASES FZCO <sup>(2)</sup>						100.00						100.00
EUSA Pharma (UK) Limited <sup>(3)</sup>	100.00											100.00
EUSA Pharma (Italy) S.r.l. <sup>(3)</sup>											100.00	100.00
EUSA Pharma (France) S.A.S. <sup>(3)</sup>											100.00	100.00

Consolidated companies	PERCENTAGE OF OWNERSHIP											Total
	Recordati S.p.A. Parent Company	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	EUSA Pharma (UK)	
EUSA Pharma Iberia S.L. <sup>(3)</sup>											100.00	100.00
EUSA Pharma (Germany) GmbH <sup>(3)</sup>											100.00	100.00
EUSA Pharma (Netherlands) B.V. <sup>(3)</sup>											100.00	100.00
EUSA Pharma (Denmark) ApS <sup>(3)</sup>											100.00	100.00
EUSA Pharma (US) LLC <sup>(3)</sup>											100.00	100.00
EUSA Pharma (Australia) Pty Ltd <sup>(3)</sup>											100.00	100.00
EUSA Pharma (CH) GmbH <sup>(3)</sup>											100.00	100.00
EUSA Pharma Korea Ltd <sup>(3)</sup>											100.00	100.00
EUSA Pharma Brasil - Marketing e Promoções LTDA <sup>(3)</sup>											100.00	100.00

<sup>(1)</sup> Set up in 2021

<sup>(2)</sup> Set up in 2022

<sup>(3)</sup> Acquired in 2022

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, 10 May 2022

Luigi La Corte

*Financial Reporting  
Manager*