



# INTERIM REPORT

AT 31<sup>ST</sup> MARCH 2024

## CONTENTS

	Page
MANAGEMENT REVIEW	3
Financial highlights	3
Corporate development news and other key events	5
Review of operations	5
Financial review	12
Business outlook	16
CONSOLIDATED FINANCIAL STATEMENTS AT 31 <sup>ST</sup> MARCH 2024 and NOTES	17
DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS	48

*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 activities of the Recordati Group, and, as such, it is not intended as a medical scientific indication or recommendation, or as advertising.*

## MANAGEMENT REVIEW

### FINANCIAL HIGHLIGHTS

#### First quarter 2024

##### NET REVENUE

€ (thousands)	First quarter 2024	%	First quarter 2023	%	Changes 2024/2023	%
<b>Total revenue</b>	<b>607,820</b>	<b>100.0</b>	<b>551,363</b>	<b>100.0</b>	<b>56,457</b>	<b>10.2</b>
Italy	91,594	15.1	82,524	15.0	9,070	11.0
International	516,226	84.9	468,839	85.0	47,387	10.1

##### KEY CONSOLIDATED P&L DATA

€ (thousands)	First quarter 2024	% of revenue	First quarter 2023	% of revenue	Changes 2024/2023	%
Net revenue	607,820	100.0	551,363	100.0	56,457	10.2
EBITDA <sup>(1)</sup>	244,041	40.2	220,779	40.0	23,262	10.5
Operating income	186,899	30.7	172,565	31.3	14,334	8.3
Adjusted operating income <sup>(2)</sup>	202,028	33.2	186,587	33.8	15,441	8.3
Net income	123,595	20.3	123,954	22.5	(359)	(0.3)
Adjusted net income <sup>(3)</sup>	163,664	26.9	155,018	28.1	8,646	5.6

<sup>(1)</sup> Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, non-recurring items and non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory according to IFRS 3.

<sup>(2)</sup> Net income before income taxes, financial income and expenses and non-recurring items, non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory according to IFRS 3.

<sup>(3)</sup> Net income excluding the amortization and write-down of intangible assets (except software) and goodwill, non-recurring items, non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory pursuant to IFRS 3, and net gains/losses from hyperinflation (IAS 29), net of tax effects.

##### KEY CONSOLIDATED BALANCE SHEET DATA

€ (thousands)	31 March 2024	31 December 2023	Changes 2024/2023	%
Net financial position <sup>(4)</sup>	(1,432,313)	(1,579,424)	147,111	(9.3)
Shareholders' equity	1,817,557	1,686,392	131,165	7.8

<sup>(4)</sup> Cash and cash equivalents, less bank debts and loans, which include the measurement at fair value of hedging derivatives.

The first quarter of 2024 continues to show strong momentum of the Group across both the SPC and RRD business units, with consolidated net revenue of € 607.8 million, increasing by 10.2% compared to the first quarter of the previous year; excluding revenue contribution from Avodart® and Combodart®/Duodart® of € 27.5 million<sup>1</sup>, growth on a like-for-like basis<sup>2</sup> and at constant exchange rates is 10.9%, with adverse currency impact in the quarter of € 31.2 million (-5.7%), primarily affecting Specialty & Primary Care, and mainly driven by the devaluation of the Turkish Lira, compensated by high price inflation.

<sup>1</sup> Trademarks are owned by or licensed to the GSK group of companies. Transition of commercialization effectively completed in most of the territories.

<sup>2</sup> Pro-forma growth calculated excluding Q1 2024 revenue of Avodart® and Combodart®/Duodart®.

Specialty & Primary Care revenue totalled € 395.5 million in the first quarter of 2024, growing 9.3% or 10.1% on a like-for-like basis<sup>3</sup> and at constant exchange rates (+2.7% excluding Türkiye), against a very robust first quarter of 2023. This reflects strong performance across all categories, particularly the Urology franchise thanks to the fast transition of sales and distribution activities of Avodart® and Combodart®/Duodart®, which contributed € 27.5 million of revenue, and also to the double-digit growth of Eligard®. The quarter also benefitted from strong start of sales in Türkiye and to international distributors, with phasing patterns similar to the first quarter of 2023. The performance of the cough and cold portfolio at start of the year was also broadly in line with strong levels seen in the first quarter of 2023, with the decrease in the quarter reflecting unfavourable exchange rates in relevant markets.

Revenue in the Rare Diseases segment for the first quarter of 2024 totalled € 197.5 million, up 13.1% or 13.9% at constant exchange rates as compared to the first quarter of 2023, driven by key growth franchises Oncology and Endocrinology. The Endocrinology franchise achieved net revenue of € 74.1 million, growing by 33.8%, reflecting the strong performance of Isturisa® and Signifor®. The Oncology franchise achieved net revenue of € 58.3 million, growing by 22.1%, mainly driven by Qarziba® with continued growth also of Sylvant®. The Metabolic franchise achieved net revenue of € 65.1 million, a decrease of 9.0% due to generic competition in the US and EMEA and to some phasing of Panhematin®.

Revenue performance led to an increase in operating results compared to the same period of last year, with EBITDA at € 244.0 million, up by 10.5% compared to the first quarter of 2023 and 40.2% of revenue (versus 40.0% for the first quarter of 2023), reflecting strong revenue and operating leverage, driven also by the fast and effective integration of Avodart® and Combodart®/Duodart®, with an expected gradual increase in life cycle management activities and related costs over the course of the year, in line with plan.

Adjusted operating income of € 202.0 million increased by 8.3% compared to the same period of the previous year, with a ratio to revenue of 33.2%, broadly in line with the previous year.

Operating income was € 186.9 million in the first quarter of 2024, up 8.3% over the first quarter of 2023, absorbing gross margin-related non-cash charges of € 14.3 million (versus € 11.2 million in Q1 2023), arising from the unwind of the fair value step up of the acquired rare oncology inventory. Non-recurring costs were € 0.8 million, reduced versus € 2.8 million in the first quarter of 2023.

Financial expenses were € 25.7 million, up by € 13.1 million compared to the previous year, including € 2.7 million in FX losses (mostly unrealized, compared to gains of 0.6 million in the first quarter of 2023) and € 3.2 million of net monetary losses from hyperinflation accounting (compared to gains of € 0.8 million in the first quarter of 2023).

Adjusted net income was € 163.7 million, at 26.9% of revenue, up by 5.6% compared to the same period of 2023, with higher operating income partially offset by the increase in interest expenses as well as of the tax rate, following statutory tax rate increase in some countries. Net income was € 123.6 million, 20.3% of net revenue, in line with prior year, due to the higher tax rate and financing costs offsetting the higher operating income, and also absorbing slightly higher non-cash charges related to the residual inventory acquired from EUSA Pharma and higher impact of hyperinflation accounting.

In line with the prior year, results reflect the application of accounting standards for economies with hyperinflation to activities in Türkiye (IAS 29 and specific arrangements of IAS 21), the effect of which is substantially neutral in terms of revenues and slightly dilutive on margins, with a reduction in EBITDA of € 3.0 million (vs € 2.6 million in Q1 2023) and of € 6.3 million at level of Net Income (vs € 2.9 million in Q1 2023).

---

<sup>3</sup> Pro-forma growth calculated excluding Q1 2024 revenue of Avodart® and Combodart®/Duodart®.

The net financial position as of 31<sup>st</sup> March 2024 recorded net debt of € 1,432.3 million, or leverage of approximately 1.75x EBITDA pro-forma<sup>4</sup>, compared to net debt of € 1,579.4 million on 31<sup>st</sup> December 2023. During the period, treasury shares were sold from exercising stock options for € 4.5 million, net of purchases.

Free cash flow, which is operating cash flow excluding financing items, milestones, dividends, and sales of treasury shares from the exercise of stock options net of purchases, was € € 147.1 million for the first quarter 2024, an increase of € 43.7 million versus the first quarter of 2023, driven by higher EBITDA and lower working capital absorption.

Shareholders' equity was € 1,817.6 million.

## CORPORATE DEVELOPMENT NEWS AND OTHER KEY EVENTS

Following positive interaction with the FDA and the recent confirmation of Orphan Drug Designation, Recordati plans to submit the supplemental New Drug Application (sNDA) for the potential label extension for osilodrostat (Isturisa®) for Cushing's syndrome in the US during the third quarter of 2024.

The New Drug Application (NDA) for Signifor® LAR in China was submitted in March 2024; priority review status was granted, and a regulatory decision is expected by mid-2025. The regulatory decision for Isturisa® in China is expected in the fourth quarter of 2024.

Recordati continues to expect top-line data for the global phase II study of REC 0559 for the treatment of neurotrophic keratitis in mid-2024. Similarly, as part of the regulatory process for the potential registration of dinutuximab beta (Qarziba®) in the US, the Group is planning to discuss the data analysis plan for the potential supplemental Biologics License Application (sBLA) with FDA end of the second quarter of 2024.

## REVIEW OF OPERATIONS

The Group's pharmaceutical business includes two segments: Specialty and Primary Care and Rare Diseases. Business is conducted through subsidiaries in Europe, Russia, Türkiye, North Africa, the United States of America, Canada, Mexico, certain South American countries, Japan, Australia, New Zealand, China and South Korea and, in the rest of the world, through licensing agreements with leading pharmaceutical companies. Sales of specialty medicines represent 97.6% of the Group's total revenues.

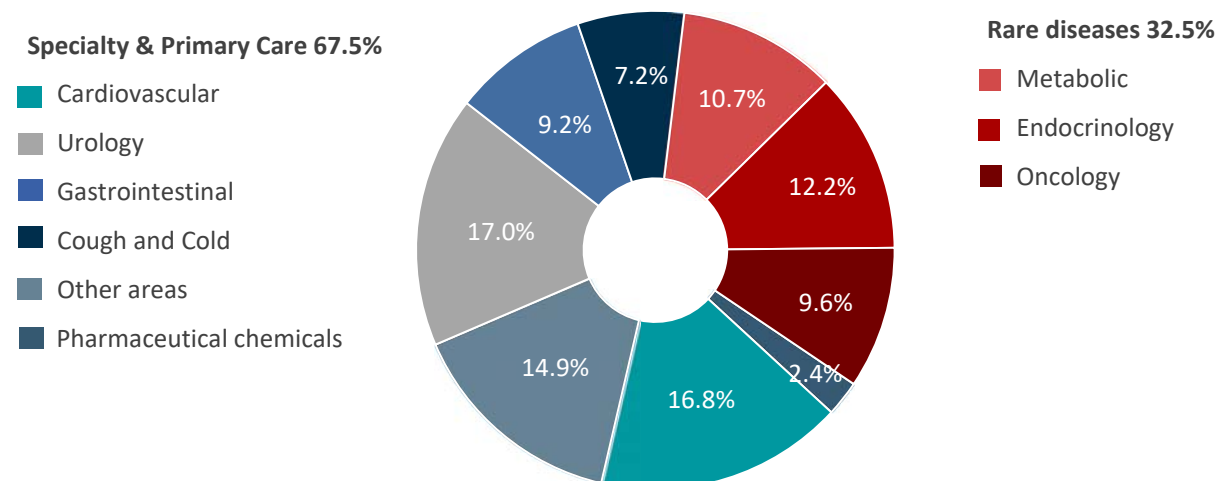
As already mentioned, total consolidated net revenue for the Group in the first quarter of 2024 was € 607.8 million, compared to € 551.4 million in the first quarter of the previous year (+10.2% or +10.9% on a like-for-like basis<sup>5</sup> and at constant exchange rates) and included net revenue from sales of Avodart® and Combodart®/Duodart® of € 27.5 million. Net revenue reflects a strong start to the year across both segments of the Group, absorbing substantial adverse impact of exchange rates of € 31.2 million (mostly from Türkiye, offset by continued high price inflation), with strong start of sales in Türkiye and to international distributors which showed phasing patterns similar to first quarter of 2023, and robust start of cough and cold season, broadly in line with strong performance in prior year but reflecting impact of adverse Fx.

---

<sup>4</sup> Pro-forma considering the contribution of Avodart® and Combodart®/Duodart® for the last twelve months.

<sup>5</sup> Pro-forma growth calculated excluding Q1 2024 revenue of Avodart® and Combodart®/Duodart®.

### Revenue by therapeutic area



The table below shows revenue for the Specialty & Primary Care segment in the first quarter of 2024, broken down by treatment area, with the change compared to the previous year.

#### SPECIALTY & PRIMARY CARE

€ (thousands)	First quarter 2024	First quarter 2023	Changes 2024/2023	%
Urology	103,077	67,700	35,377	52.3
Cardiovascular	101,960	101,310	650	0.6
Gastrointestinal	56,303	56,058	245	0.4
Cough and Cold	43,564	47,342	(3,778)	(8.0)
Other treatment areas	90,553	89,348	1,205	1.3
<b>Total (excluding Pharmaceutical chemicals)</b>	<b>395,457</b>	<b>361,758</b>	<b>33,699</b>	<b>9.3</b>
Pharmaceutical chemicals	14,824	14,885	(61)	(0.4)
<b>Total</b>	<b>410,281</b>	<b>376,643</b>	<b>33,638</b>	<b>8.9</b>

The positive performance in Specialty and Primary Care in the first quarter reflects solid volume growth ahead of relevant markets across most territories and the addition of sales of Avodart® and Combodart®/Duodart®.

Urology sales increased +52.3% compared to the first quarter of 2023 thanks to the ongoing strong performance of Eligard®, which has continued to gain share across most markets, to the steady growth of Urorec® (silodosin), which grew by 4.6% mainly in Russia and Türkiye (despite the FX headwind), and the sales of Avodart® and Combodart®/Duodart® of € 27.5 million, following the new sales distribution agreement with GSK signed in July 2023, with market transitions now mostly completed.

Cardiovascular revenue was in line with the first quarter 2023, with continued strong uptake of Reselip® in France and good growth of Livazo® (pitavastatin), Seloken® (metoprolol) and Cardicor® in Italy, partly offset by a slight decline in Zanipress® mainly reflecting the exit of low margin tenders in Germany.

Gastrointestinal revenue was in line as compared to the same period of last year, with steady growth of Procto-Glyvenol® and Reuflor® partly offset by a decrease in some local products.

Sales of seasonal flu products declined compared to the first quarter of 2023, entirely driven by RUB and TRY FX headwinds. Results reflect good performance in Italy of prescription seasonal flu medicines (mainly driven by Aircort®), partially offset by softer sales in France against a very strong comparable in the first quarter of 2023.

Sales of pharmaceutical chemicals, which comprise active substances produced in the Campoverde plant in Italy for the international pharmaceutical industry, were € 14.8 million, in line with the same period of the previous year.

The performance of products sold directly in more than one market (corporate products) for the Specialty & Primary Care segment is shown in the table below, where the growth of sales of other corporate products is mainly driven by Polydexa® (neomycin), Reagila® (cariprazine) and Lomexin® (fenticonazole) and, in OTC products, certain gastroenterological products like Procto-Glyvenol® (tribenoside), Casenlax® and Fleet® Enema.

€ (thousands)	First quarter 2024	First quarter 2023	Changes 2024/2023	%
Zanidip® (lercanidipine) and Zanipress® (lercanidipine+enalapril)	54,582	56,824	(2,242)	(3.9)
Eligard® (leuprorelin acetate)	33,543	28,465	5,078	17.8
Avodart® (dutasteride) and Combodart®/Duodart® (dutasteride/tamsulosin)	27,452	-	27,452	n.s.
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol + felodipine)	26,324	24,352	1,972	8.1
Urorec® (silodosin)	19,640	18,783	857	4.6
Livazo® (pitavastatin)	14,410	12,782	1,628	12.7
Other corporate products*	98,136	92,489	5,647	6.1

\* Include corporate OTC products for a total of € 37.5 million in 2024 and € 34.7 million in 2023 (+8.0%).

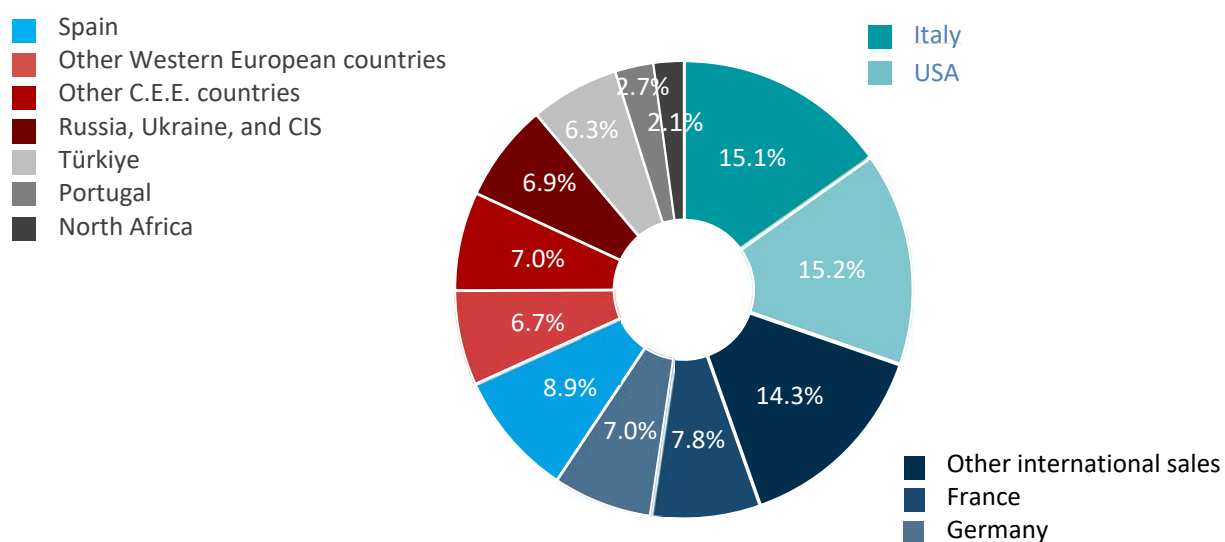
As shown in the table below, in the first quarter of 2024 sales of medicines for the treatment of rare diseases, marketed directly in Europe, the Middle East, the US, Canada, Mexico and some countries in South America, Japan, Australia and through partners in other territories, totalled € 197.5 million, up by 13.1%. This was mainly driven by the strong growth of the endocrinology products, increasing by 33.8%, thanks to continued patients' uptake of both Isturisa® and Signifor® and positive year-on-year pricing in the US. Oncology products grew by +22.1%, driven by Qarziba® volume expansion and growth of Sylvant®, with Metabolic down by -9.0% mainly due to price erosion due to continued generic pressure.

## RARE DISEASES

€ (thousands)	First quarter 2024	First quarter 2023	Changes 2024/2023	%
Endocrinology*	74,062	55,334	18,728	33.8
Metabolic and other areas	65,173	71,641	(6,468)	(9.0)
Oncology	58,304	47,745	10,559	22.1
<b>Total</b>	<b>197,539</b>	<b>174,720</b>	<b>22,819</b>	<b>13.1</b>

\* Signifor® € 28.1 million and Isturisa® € 46.0 million in the first quarter 2024, versus € 25.6 million and € 29.8 million respectively in the first quarter 2023.

## Revenue by geographic area\*



\* Excluding sales of pharmaceutical chemicals, which were at € 14.8 million representing 2.4% of total revenue.



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

€ (thousands)	First quarter 2024	First quarter 2023	Changes 2024/2023	%
U.S.A.	89,955	77,304	12,651	16.4
Italy	89,791	80,481	9,310	11.6
Spain	52,642	36,017	16,625	46.2
France	45,990	49,110	(3,120)	(6.4)
Germany	41,504	41,941	(437)	(1.0)
Russia, other C.I.S. countries and Ukraine	41,158	43,253	(2,095)	(4.8)
Türkiye	37,316	33,052	4,264	12.9
Portugal	16,058	15,634	424	2.7
Other C.E.E. countries	41,396	36,117	5,279	14.6
Other Western European countries	39,772	37,542	2,230	5.9
North Africa	12,702	10,360	2,342	22.6
Other international sales	84,712	75,667	9,045	12.0
<b>Total pharmaceutical revenue*</b>	<b>592,996</b>	<b>536,478</b>	<b>56,518</b>	<b>10.5</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 2024	First quarter 2023	Changes 2024/2023	%
United States of America (USD)	97,672	82,948	14,724	17.8
Russia (RUB)	2,489,839	2,313,617	176,221	7.6
Türkiye (TRY)	1,249,926	675,188	574,738	85.1

Net revenue in Russia excludes sales of rare disease products which are sold via international and local distributors.

The Group's pharmaceutical business in the US is dedicated to marketing products for the treatment of rare diseases. Sales were € 90.0 million in the first quarter of 2024, up by 16.4% (in local currency +17.8%) driven by the endocrinology products, including growth of both Isturisa® and Signifor® from increased volume and improved pricing, and by the oncology portfolio, driven by Sylvant®. Sales of metabolic products declined mainly due to price erosion from generic entrants' impact on Carbaglu® and some phasing of Panhematin®.

Sales of pharmaceutical specialties in Italy were € 89.8 million, increasing by 11.6% compared to the same period of the previous year, growing in both the Specialty and Primary Care and the Rare Diseases segments. Sales of Specialty and Primary Care account for € 81.4 million with an increase of 9.6% compared to the first quarter of 2023, thanks to the good performance in prescription seasonal flu medicines (mainly driven by Aircort®) as well as the contribution of the new products distributed under the agreement with GSK (Avodart® and Combodart®/Duodart®) and the continued growth in OTC products, particularly Magnesio Supremo® and Proctolyn®. Sales in products for the treatment of rare diseases amounted to € 8.4 million, up by 24.0% driven by both Isturisa® (whose reimbursement was approved in January 2023) and Qarziba®.

Sales in Spain accounted for € 52.6 million, up by 46.2% compared to the same period of previous year, increasing across both Specialty and Primary Care and Rare Diseases. The increase in the Specialty and Primary Care products includes the strong contribution from sales of Avodart® and Duodart®, which contributed € 15.1 million of sales

in the first quarter of 2024, and continued growth of key promoted products like Eligard®, Casenlax® and Reagila®, together with the positive contribution of the recently launched Rizmoic® and Muvagyn Vaginal Probiotic®. Sales of rare disease products were € 7.5 million, up by 9.1% due to the significant growth of the oncology products (particularly Qarziba®).

Sales in France, at € 46.0 million, were down by 6.4%. Sales in the Specialty and Primary Care segment were € 37.2 million, with a decrease of 4.8% mainly driven by softer performance of cough & cold products against an exceptionally strong first quarter of 2023, partly offset by the continued strong performance of Reselip® and Eligard® on top of the addition of Avodart® and Combodart®. Sales of products for the treatment of rare diseases amounted to € 8.8 million, down by 8.0% due to a decrease in sales of Carbaglu® due to generics competition partially offset by growth of endocrinology products.

Sales in Germany were € 41.5 million, slightly below the same period of the previous year, due to a decrease in the Specialty and Primary Care segment mainly related to reference price impact for Ortoton®, Claversal® and Zanipress® and consequently, the decision to no longer participate in exclusive tenders for these products. Sales of products for the treatment of rare diseases amounted to € 11.4 million (+3.1%) mainly reflecting strong performance of the oncology products (driven by Qarziba®) partly offset by a decrease in the sales of Carbaglu®.

Sales generated in Russia, Ukraine and in the countries within the Commonwealth of Independent States (C.I.S.) were € 41.2 million, down by 4.8% compared to the same period of the previous year and reflecting an estimated negative exchange rate effect of € 6.7 million, mainly related to RUB. Sales in the Specialty and Primary Care in Russia were RUB 2,489.8 million in local currency, up by 7.6% over the same period of the previous year. The increase in sales in Russia is mainly driven by Polidexa® in the Cough & Cold products, Eligard® in Urology products and by Procto-Glyvenol® in the Gastrointestinal products. Sales of products for the treatment of rare diseases in this area amounted to € 7.1 million, in line with the same period of the previous year.

Sales in Türkiye were at € 37.3 million, up by 12.9% compared to the same period of previous year, driven by volume growth, with significant adverse currency exchange effect of € 24.1 million fully offset by continued high price inflation. The effect of applying IAS 29 “Financial Reporting in Hyperinflationary Economies” to activities in Türkiye caused a positive effect on net revenue of € 1.8 million, while the specific provisions of IAS 21 resulted in a negative effect of € 1.4 million (difference between translation at average FX vs end of period FX). Growth of the Specialty and Primary Care segment in Türkiye was mainly driven by Mictonorm®, Alipza®, Cabral®, Urorec® and by the contribution from Eligard®. Sales of products for the treatment of rare diseases amounted to € 1.6 million, more than doubling the same period of the previous year, driven by Qarziba® and Cystagon®.

Sales in Portugal were € 16.1 million, up by 2.7% compared to the same period of the previous year, increasing in both the Specialty and Primary Care and the Rare Diseases segments. In Specialty and Primary Care, growth was driven mainly by the OTC products (gastrointestinal products and Magnesio Supremo®) and certain prescription medications (mainly Enerzair® and Reagila®). Sales of products for the treatment of rare diseases amounted to € 1.6 million, growing by 7.8% compared the to the first quarter of 2023 mainly due to the metabolic portfolio.

Sales in other Central and Eastern European countries, at € 41.4 million, include the sales from Recordati subsidiaries in Poland, the Czech Republic and Slovakia, Romania, Bulgaria, Hungary and the Baltic countries, in addition to sales of rare disease treatments in this area. In the first quarter of 2024, overall sales increased by 14.6%, mainly thanks to growth in metoprolol, in Eligard® and the contribution of Avodart® and Duodart®. Sales of products for the treatment of rare diseases in this area, amounting to € 8.2 million, increased by 18.4% compared to the first quarter of 2023, mainly driven by the growth in endocrinology products.

Sales in other countries in Western Europe accounted for € 39.8 million (up 5.9% compared to the same period of previous year) and include sales of products for Specialty & Primary Care and Rare Diseases products in the

United Kingdom, Ireland, Greece, Switzerland, Nordic countries (Finland, Sweden, Denmark, Norway and Iceland) and in BeNelux. Sales in the Specialty & Primary Care segment were € 23.7 million, up 3.8% driven by addition of Avodart® and Duodart® sales. Sales of products for the treatment of rare diseases in this area amounted to € 16.1 million, up by 5.3%, mainly thanks to the contribution of the oncology products.

Sales in North Africa were at € 12.7 million, up by 22.6% compared to the same period of the previous year and include 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, as well as sales of products for the treatment of rare diseases. Pharmaceutical sales in Tunisia in the first quarter of 2024 were up by 15.1%, driven by Urorec® and by local products.

Other international sales, at € 84.7 million, were up by 12.0% compared to the same period of previous year and comprise sales and other revenue from licensees for 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. Sales in Specialty and Primary Care increases by 5.2% mainly driven by volume, with Polydexa®, Eligard®, Tergynan®, Exomuc® being the main contributors. Sales in the Rare Diseases segment up by 16.2%, compared to the same period of previous year mainly driven by Qarziba® (China, Taiwan, Middle East) Carbaglu® (Argentina, Brasil) and Isturisa® (Colombia).

## 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 2023:

€ (thousands)	First quarter 2024	% of revenue	First quarter 2023	% of revenue	Change 2024/2023	%
<b>Net revenue</b>	<b>607,820</b>	<b>100.0</b>	<b>551,363</b>	<b>100.0</b>	<b>56,457</b>	<b>10.2</b>
Cost of sales	(192,260)	(31.6)	(163,654)	(29.7)	(28,606)	17.5
<b>Gross profit</b>	<b>415,560</b>	<b>68.4</b>	<b>387,709</b>	<b>70.3</b>	<b>27,851</b>	<b>7.2</b>
Selling expenses	(120,959)	(19.9)	(119,992)	(21.8)	(967)	0.8
Research and development expenses	(67,318)	(11.1)	(60,458)	(11.0)	(6,860)	11.3
General and administrative expenses	(35,506)	(5.8)	(30,437)	(5.5)	(5,069)	16.7
Other income/(expenses), net	(4,878)	(0.8)	(4,257)	(0.8)	(621)	14.6
<b>Operating income</b>	<b>186,899</b>	<b>30.7</b>	<b>172,565</b>	<b>31.3</b>	<b>14,334</b>	<b>8.3</b>
Financial income/(expenses), net	(25,750)	(4.2)	(12,624)	(2.3)	(13,126)	n.s.
<b>Pre-tax income</b>	<b>161,149</b>	<b>26.5</b>	<b>159,941</b>	<b>29.0</b>	<b>1,208</b>	<b>0.8</b>
Income taxes	(37,554)	(6.2)	(35,987)	(6.5)	(1,567)	4.4
<b>Net income</b>	<b>123,595</b>	<b>20.3</b>	<b>123,954</b>	<b>22.5</b>	<b>(359)</b>	<b>(0.3)</b>
<b>Adjusted gross profit <sup>(1)</sup></b>	<b>429,855</b>	<b>70.7</b>	<b>398,946</b>	<b>72.4</b>	<b>30,909</b>	<b>7.7</b>
<b>Adjusted operating income <sup>(2)</sup></b>	<b>202,028</b>	<b>33.2</b>	<b>186,587</b>	<b>33.8</b>	<b>15,441</b>	<b>8.3</b>
<b>Adjusted net income <sup>(3)</sup></b>	<b>163,664</b>	<b>26.9</b>	<b>155,018</b>	<b>28.1</b>	<b>8,646</b>	<b>5.6</b>
<b>EBITDA<sup>(4)</sup></b>	<b>244,041</b>	<b>40.2</b>	<b>220,779</b>	<b>40.0</b>	<b>23,262</b>	<b>10.5</b>

<sup>(1)</sup> Gross profit adjusted by the impact of non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory according to IFRS 3.

<sup>(2)</sup> Net income before income taxes, financial income and expenses and non-recurring items, non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory according to IFRS 3.

<sup>(3)</sup> Net income excluding the amortization and write-down of intangible assets (except software) and goodwill, non-recurring items, non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory pursuant to IFRS 3, and net gains/losses from hyperinflation (IAS 29), net of tax effects.

<sup>(4)</sup> Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, non-recurring items and non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory according to IFRS 3.

Net revenue amounted to € 607.8 million, up by € 56.5 million compared to the first quarter of 2023. For a detailed analysis, please refer to the previous chapter "Review of Operations".

Gross profit was € 415.6 million, 68.4% of revenue, increasing by 7.2% compared to the first quarter of 2023. Net of the impact of the € 14.3 million arising from the application of IFRS 3 on sales of residual inventory acquired with EUSA Pharma, adjusted gross profit was € 429.9 million, up by 7.7%, with margin on sales lower than previous year mainly due to consolidation of Avodart® and Combodart®/Duodart®, which results in lower gross profit margin but is accretive at the EBITDA level due to high synergies with the legacy urology business.

Selling expenses are almost flat compared to the same period of the previous year, with a 19.9% ratio to revenue, improved as compared to 21.8% in the first quarter 2023 thanks to the positive revenue performance and the above-mentioned contribution from Avodart® and Combodart/Duodart®.

Research and development expenses were € 67.3 million, an increase of 11.3% compared to those in the first quarter of the previous year and include € 4.1 million of amortization of intangible fixed assets for the products acquired from GSK in the third quarter 2023.

General and administrative expenses increased by 16.7% owing to the strengthening of the general coordination structure to support the growth of the business and due to increased investment in systems.

Other income and expenses amounted to € 4.9 million (compared to € 4.4 million in the first quarter of 2023) and include a write down of € 2.0 million on intangible asset related to Ledaga® distribution licence, following an amendment of the distribution and licensing agreement for the return of the rights of the Japanese market.

Adjusted operating income (net income before income taxes, financial income and expenses, non-recurring items and non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory according to IFRS 3) was € 202.0 million, up by 8.3% compared to the first quarter of 2023, accounting for 33.2% of sales. Operating income was € 186.9 million, up by 8.3% compared to the same period the previous year.

Total amortisation amounted to € 40.0 million, of which € 32.5 million related to intangible assets, up by € 5.3 million over the first quarter of the previous year, attributable mostly to the acquisition of distribution rights of Avodart® (dutasteride) and Combodart®/Duodart® (dutasteride/tamsulosin) from GSK, and € 7.5 million relating to property, plant and equipment, up by € 0.5 million over the same period the previous year.

EBITDA\* at € 244.0 million, was up 10.5% compared to the first quarter of 2023, accounting for 40.2% of revenue.

The reconciliation of net income and EBITDA is reported below.

€ (thousands)	First quarter 2024	First quarter 2023
Net income	123,595	123,954
Income taxes	37,554	35,987
Financial income/(expenses), net	25,750	12,624
Non-recurring operating expenses	834	2,785
Non-cash charges arising from EUSA Pharma PPA	14,295	11,237
<b>Adjusted operating income</b>	<b>202,028</b>	<b>186,587</b>
Depreciation, amortization and write-downs	42,013	34,192
<b>EBITDA*</b>	<b>244,041</b>	<b>220,779</b>

\* Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, non-recurring items and non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory according to IFRS 3.

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

€ (thousands)	First quarter 2024	First quarter 2023	Changes 2024/2023	%
Specialty & Primary Care segment	159,148	139,865	19,283	13.8
Rare diseases segment	84,893	80,914	3,979	4.9
<b>Total EBITDA*</b>	<b>244,041</b>	<b>220,779</b>	<b>23,262</b>	<b>10.5</b>

\* Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, non-recurring items and non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory according to IFRS 3.

The Specialty & Primary Care segment was 38.8% of EBITDA and the Rare Disease segment was 43.0%, with SPC margin improvement reflecting mostly benefit of consolidation of new Avodart® and Combodart®/Duodart® business.

Net financial expenses amounted to € 25.7 million, up by € 13.1 million compared to the same period the previous year, mainly due to the effect of the new loans taken out during 2023 and the global rise in interest rates. Net exchange losses over the period amounted to € 2.7 million (mainly unrealized and driven by the revaluation of the US dollar), against net gains of € 0.6 million in the first quarter of 2023, and the impact of hyperinflation were negative € 3.2 million versus € 0.8 million gains in the first quarter of 2023.

The effective tax rate was 23.3%, which was slightly higher than the same period of the previous year, following statutory tax rate increase in some countries. In continuing with the approach adopted in previous years, this result includes the tax benefit pertaining to the first quarter of 2023 relating to the Patent Box in Italy, which reduces tax for an estimated amount of € 2.5 million.

Net income was € 123.6 million, at 20.3% of revenue, flat versus the same period prior year as the higher operating profit is offset by the increase in interest expenses and tax rate, but also by the higher impact from the unwinding of the fair value revaluation of the inventory acquired from EUSA Pharma (due to higher sales value of Oncology products versus the first quarter of 2023) and the higher FX losses and negative hyperinflation impact in Türkiye.

Adjusted net income was € 163.7 million, up by 5.6%, and excludes amortization and write-downs of intangible assets (except software) and goodwill for a total amount of € 34.0 million, charges from non-recurring items of € 0.8 million, non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory of € 14.3 million, and net loss from hyperinflation of € 3.2 million (IAS 29), net of tax effects.

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

€ (thousands)	First quarter 2024	First quarter 2023
Net income	123,595	123,954
Amortization and write-downs of intangible assets (except software)	33,996	26,443
Tax effect	(7,728)	(5,621)
Non-recurring operating expenses	834	2,785
Tax effect	(209)	(755)
Non-cash charges arising from EUSA Pharma PPA	14,295	11,237
Tax effect	(3,574)	(2,815)
Monetary net (gains)/losses from hyperinflation	3,230	(848)
Tax effect	(775)	638
<b>Adjusted net income*</b>	<b>163,664</b>	<b>155,018</b>

\* Net income excluding the amortization and write-downs of intangible assets (except software) and goodwill, non-recurring items, non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory pursuant to IFRS 3, and net gains/losses from hyperinflation (IAS 29), net of tax effects.

## NET FINANCIAL POSITION

The net financial position as of 31<sup>st</sup> March 2024 recorded net debt of € 1,432.3 million, or leverage of approximately 1.75x EBITDA pro-forma<sup>6</sup>, compared to net debt of € 1,579.4 million on 31<sup>st</sup> December 2023, as detailed in the following table:

€ (thousands)	31 March 2024	31 December 2023	Change 2024/2023	%
Cash and cash equivalents	294,651	221,812	72,839	32.8
Short-term debts to banks and other lenders	(34,071)	(99,932)	65,861	(65.9)
Loans - due within one year <sup>(1)</sup>	(358,843)	(343,448)	(15,395)	4.5
Leasing liabilities - due within one year	(10,243)	(10,249)	6	(0.1)
Short-term financial position	(108,506)	(231,817)	123,311	(53.2)
Loans - due after one year <sup>(1)</sup>	(1,296,609)	(1,319,970)	23,361	(1.8)
Leasing liabilities - due after one year	(27,198)	(27,637)	439	(1.6)
<b>Net financial position</b>	<b>(1,432,313)</b>	<b>(1,579,424)</b>	<b>147,111</b>	<b>(9.3)</b>

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

During the period, treasury shares were sold from exercising stock options for € 4.5 million, net of purchases. Free cash flow, which is operating cash flow excluding financing items, milestones, dividends, and sales of treasury shares from the exercise of stock options net of purchases, was € 147.1 million for the first quarter 2024, an increase of € 43.7 million versus first quarter 2023, driven by higher EBITDA and lower working capital absorption.

<sup>6</sup> Pro-forma considering the contribution of Avodart® and Combodart®/Duodart® for the last twelve months.

In March, the parent company finalized a loan with HSBC Continental Europe for € 70.0 million. The terms of the loan provide for a variable interest rate at the six-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 five-year term with semi-annual repayment of the principal starting 31<sup>st</sup> August 2025, with the final instalment on 29<sup>th</sup> February 2029.

In February the subsidiary Recordati AG finalized a loan with UBS Switzerland AG for 72.0 million Swiss francs, not disbursed yet at 31<sup>st</sup> March 2024. The terms of the loan provide for a fixed interest rate and semi-annual repayment of principal starting December 2024 through April 2029.

## RELATED-PARTY TRANSACTIONS

As of 31<sup>st</sup> March 2024, 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

Thanks to the strong momentum across the business, the Group is on track to deliver on the financial targets already announced for 2024 and 2025.

As announced on 22<sup>nd</sup> February, financial targets for 2024 are:

- Net revenue between € 2,260 and 2,320 million
- EBITDA<sup>(1)</sup> between € 830 and 860 million; margin of +/- 37%
- Adjusted net income<sup>(2)</sup> between € 550 and 570 million; margin of +/- 24.5%

The Group also remains on track to deliver with the current portfolio revenue in excess of € 2.4 billion in FY 2025, sustaining an EBITDA<sup>(1)</sup> margin of +/-37%. Key elements of the Group strategy, capital allocation and dividend policy remain unchanged.

Milan, 9<sup>th</sup> May 2024

for the Board of Directors  
Chief Executive Officer  
Robert Koremans

<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, non-recurring items and non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory according to IFRS 3.

<sup>(2)</sup> Net income excluding the amortization and write-downs of intangible assets (except software) and goodwill, non-recurring items, non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory pursuant to IFRS 3, and net gains/losses from hyperinflation (IAS 29), net of tax effects.



# CONSOLIDATED FINANCIAL STATEMENTS AT 31<sup>ST</sup> MARCH 2024 AND NOTES

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

€ (thousands) <sup>(1)</sup>	Note	First quarter 2024	First quarter 2023
<b>Net revenue</b>	3	<b>607,820</b>	<b>551,363</b>
Cost of sales	4	(192,260)	(163,654)
<b>Gross profit</b>		<b>415,560</b>	<b>387,709</b>
Selling expenses	4	(120,959)	(119,992)
Research and development expenses	4	(67,318)	(60,458)
General and administrative expenses	4	(35,506)	(30,437)
Other income/(expenses), net	4	(4,878)	(4,257)
<b>Operating income</b>		<b>186,899</b>	<b>172,565</b>
Financial income/(expenses), net	5	(25,750)	(12,624)
<b>Pre-tax income</b>		<b>161,149</b>	<b>159,941</b>
Income taxes	6	(37,554)	(35,987)
<b>Net income</b>		<b>123,595</b>	<b>123,954</b>
Attributable to:			
Equity holders of the Parent		123,595	123,954
Non-controlling interests		0	0
<b>Earnings per share (euro)</b>			
Basic		0.599	0.603
Diluted		0.591	0.593

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

Earnings per share (EPS) are based on average shares outstanding during the respective period, 206,213,410 in 2024 and 205,447,036 in 2023. These amounts are calculated deducting treasury shares in the portfolio, the average of which was 2,911,746 for 2024 and 3,678,120 for 2023.

Diluted earnings per share is calculated by taking into account rights 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 2024	31 December 2023
<b>Non-current assets</b>			
Property, plant and equipment	7	178,783	178,657
Intangible assets	8	1,878,984	1,938,197
Goodwill	9	782,992	778,350
Other equity investments and securities	10	24,996	21,555
Other non-current assets	11	13,019	12,458
Deferred tax assets	12	78,248	76,674
<b>Total non-current assets</b>		<b>2,957,022</b>	<b>3,005,891</b>
<b>Current assets</b>			
Inventories	13	398,069	404,831
Trade receivables	13	504,578	445,193
Other receivables	13	76,574	99,401
Other current assets	13	37,701	19,924
Derivative instruments measured at fair value	14	12,746	11,079
Cash and cash equivalents	15	294,651	221,812
<b>Total current assets</b>		<b>1,324,319</b>	<b>1,202,240</b>
<b>Total assets</b>		<b>4,281,341</b>	<b>4,208,131</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 2024	31 December 2023
<b>Shareholders' equity</b>			
Share capital		26,141	26,141
Share premium reserve		83,719	83,719
Treasury shares		(115,580)	(127,970)
Reserve for derivative instruments		1,782	(286)
Translation reserve		(288,331)	(264,700)
Other reserves		65,584	61,219
Profits carried forward		2,038,043	1,636,451
Net income		123,595	389,214
Interim dividend		(117,396)	(117,396)
<b>Shareholders' equity attributable to equity holders of the Parent</b>		<b>1,817,557</b>	<b>1,686,392</b>
Shareholders' equity attributable to non-controlling interests		0	0
<b>Total shareholders' equity</b>	16	<b>1,817,557</b>	<b>1,686,392</b>
<b>Non-current liabilities</b>			
Loans - due after one year	17	1,328,754	1,353,216
Provisions for employee benefits	18	21,956	21,239
Deferred tax liabilities	19	139,903	144,208
<b>Total non-current liabilities</b>		<b>1,490,613</b>	<b>1,518,663</b>
<b>Current liabilities</b>			
Trade payables	20	288,385	263,979
Other payables	20	172,636	174,407
Tax liabilities	20	77,017	67,110
Other current liabilities	20	4,611	5,307
Provisions for risks and charges	20	15,172	16,596
Derivative instruments measured at fair value	21	9,964	19,993
Loans - due within one year	17	371,315	355,752
Short-term debts to banks and other lenders	22	34,071	99,932
<b>Total current liabilities</b>		<b>973,171</b>	<b>1,003,076</b>
<b>Total shareholders' equity and liabilities</b>		<b>4,281,341</b>	<b>4,208,131</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 2024	First quarter 2023
Net income	<b>123,595</b>	<b>123,954</b>
Gains/(losses) on cash flow hedges, net of tax effects	2,068	(189)
Gains/(losses) on translation of foreign financial statements	(23,631)	(23,037)
Gains/(losses) on equity-accounted investees, net of tax effects	3,416	(4,399)
Other changes, net of tax effects	(20)	(73)
<b>Income and expenses recognized in shareholders' equity</b>	<b>(18,167)</b>	<b>(27,698)</b>
<b>Comprehensive income</b>	<b>105,428</b>	<b>96,256</b>
Attributable to:		
Equity holders of the Parent	105,428	96,256
Non-controlling interests	0	0
Per-share data (euro)		
Basic	0.511	0.469
Diluted	0.504	0.460

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

Earnings per share (EPS) are based on average shares outstanding during the respective period, 206,213,410 in 2024 and 205,447,036 in 2023. These amounts are calculated deducting treasury shares in the portfolio, the average of which was 2,911,746 for 2024 and 3,678,120 for 2023.

Diluted earnings per share is calculated by taking into account rights 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 2022</b>	<b>26,141</b>	<b>83,719</b>	<b>(149,559)</b>	<b>5,249</b>	<b>(205,018)</b>	<b>62,260</b>	<b>1,524,099</b>	<b>312,336</b>	<b>(112,979)</b>	<b>0</b>	<b>1,546,248</b>
Allocation of 2022 net income							312,336	(312,336)			0
Change in share-based payments						1,705	261				1,966
Purchase of treasury shares			(6,483)								(6,483)
Sale of treasury shares			3,347				(939)				2,408
Other changes							14,075				14,075
Comprehensive income				(189)	(23,037)	(4,472)		123,954			96,256
<b>Balance at 31 March 2023</b>	<b>26,141</b>	<b>83,719</b>	<b>(152,695)</b>	<b>5,060</b>	<b>(228,055)</b>	<b>59,493</b>	<b>1,849,832</b>	<b>123,954</b>	<b>(112,979)</b>	<b>0</b>	<b>1,654,470</b>
<b>Balance at 31 December 2023</b>	<b>26,141</b>	<b>83,719</b>	<b>(127,970)</b>	<b>(286)</b>	<b>(264,700)</b>	<b>61,219</b>	<b>1,636,451</b>	<b>389,214</b>	<b>(117,396)</b>	<b>0</b>	<b>1,686,392</b>
Allocation of 2023 net income							389,214	(389,214)			0
Change in share-based payments						969	1,797				2,766
Purchase of treasury shares			(11,964)								(11,964)
Sale of treasury shares			24,354				(7,828)				16,526
Other changes							18,409				18,409
Comprehensive income				2,068	(23,631)	3,396		123,595			105,428
<b>Balance at 31 March 2024</b>	<b>26,141</b>	<b>83,719</b>	<b>(115,580)</b>	<b>1,782</b>	<b>(288,331)</b>	<b>65,584</b>	<b>2,038,043</b>	<b>123,595</b>	<b>(117,396)</b>	<b>0</b>	<b>1,817,557</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 2024	First quarter 2023
<b>OPERATING ACTIVITIES</b>		
Net income	123,595	123,954
Income taxes	37,554	35,988
Net interest	19,185	13,167
Depreciation of property, plant and equipment	7,471	7,004
Amortization of intangible assets	32,518	27,188
Write-downs	2,024	0
Equity-settled share-based payment transactions	2,766	1,966
Other non-monetary components	20,539	15,606
Change in other assets and other liabilities	(14,879)	(10,296)
<b>Cash flow generated/(used) by operating activities before change in working capital</b>	<b>230,773</b>	<b>214,577</b>
Change in:		
- inventories	(12,006)	(18,601)
- trade receivables	(59,871)	(82,225)
- trade payables	25,900	22,926
<b>Change in working capital</b>	<b>(45,977)</b>	<b>(77,900)</b>
Interest received	1,420	1,394
Interest paid	(20,848)	(17,818)
Income taxes paid	(14,323)	(12,330)
<b>Cash flow generated/(used) by operating activities</b>	<b>151,045</b>	<b>107,923</b>
<b>INVESTMENT ACTIVITIES</b>		
Investments in property, plant and equipment	(4,824)	(4,606)
Disposals of property, plant and equipment	893	87
Investments in intangible assets	(4,158)	(12,951)
Disposals of intangible assets	11	464
Sale of non-current assets held for sale	0	3,000
<b>Cash flow generated/(used) by investment activities</b>	<b>(8,078)</b>	<b>(14,006)</b>
<b>FINANCING ACTIVITIES</b>		
Opening of loans	69,723	0
Repayment of loans	(76,873)	(74,221)
Payment of lease liabilities	(3,565)	(3,232)
Change in short-term debts to banks and other lenders	(65,024)	(56,895)
Dividends paid	(686)	(6,139)
Purchase of treasury shares	(11,964)	(6,483)
Sale of treasury shares	16,526	2,408
<b>Cash flow generated/(used) by financing activities</b>	<b>(71,863)</b>	<b>(144,562)</b>
<b>Change in cash and cash equivalents</b>	<b>71,104</b>	<b>(50,645)</b>
Opening cash and cash equivalents	221,812	284,734
Currency translation effect	1,735	(2,795)
<b>Closing cash and cash equivalents</b>	<b>294,651</b>	<b>231,294</b>

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<sup>st</sup> MARCH 2024**1. GENERAL INFORMATION**

The Interim Report for the Recordati Group for the period ended 31<sup>st</sup> March 2024 was prepared by Recordati Industria Chimica e Farmaceutica S.p.A. (the “Company” or the “Parent Company”), with headquarters at Via Matteo Civitali no. 1, 20148 Milan, Italy, and was approved by the Board of Directors on 9<sup>th</sup> May 2024, which authorized distribution to the public.

The Interim Financial Statements at 31<sup>st</sup> March 2024 include the economic-equity position of the Parent Company and all its subsidiaries.

The scope of consolidation increased in the first quarter of 2024 to include the establishment of Recordati Rare Diseases MENA RHQ in Saudi Arabia.

The companies included in the scope of consolidation, their percentage of ownership and a description of their activity are set out in Note 27.

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<sup>st</sup> December 2023, prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union pursuant of regulation no. 1606/2002.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements. If in the future, these estimates and assumptions, which are based on management’s best judgement, should deviate from the actual circumstances, these will be modified in relation to the circumstances. In making the estimates and assumptions related to the preparation of these interim financial statements, the impacts, even potential ones, deriving from the Russia-Ukraine crisis were taken into account. The Group operates on the Russian market, in compliance with current regulations, with revenue in the first quarter of 2024 totalling 5.3% of the Group's total revenue, as well as on the Ukrainian market, with revenue in the first quarter of 2024 accounting for 0.8% of the total. The Group continues to monitor the conflict, as well as any geopolitical developments and related consequences on corporate strategies, to adopt mechanisms to protect its competitive position, investments, corporate performance, and resources. In light of these interim accounts, also in consideration of the achievement of the expected results and the relevant sector, no effects were currently identified that could have a significant impact on figures in the financial statements. 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, including amendments to IAS 12 introduced in response to the OECD's BEPS Pillar Two rules.

The Pillar Two legislation has been substantially adopted in some of the jurisdictions in which the Group operates. The rules entered into force for the financial year that began on 1 January 2024. As the Group is within the scope of application for Pillar Two, an evaluation is underway to assess the potential future impact resulting from the new rules, bearing in mind the changes introduced by IAS 12 "Income taxes", in this area. This evaluation is based on the last available information, including the tax returns, the country reports and latest financial information for 2023 and the rules currently in place in the various countries in which the Group has a presence.

The early evaluations and best interpretation of the OECD guideline documents show that almost all the Group countries exceed the "transitional safe harbours" apart from Italy, Ireland, Switzerland and the United Arab Emirates. For them, although the analysis is nearing completion, the preliminary effects have been recognized, which in any case are not material.

## 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, with the exception of those in the cough and cold therapeutic area, where performance was essentially in line with the previous year, net of the exchange rate effect.

During the first quarter of 2024, net revenue amounted to € 607.8 million, up compared to the € 551.4 million in the same period during 2023. It included € 27.5 million for sales of Avodart® and Combodart®/Duodart®, where the sales and distribution rights were acquired from GSK during the third quarter of 2023.

Net revenue can be broken down as follows:

€ (thousands)	First quarter 2024	First quarter 2023	Changes 2024/2023
Net sales	604,105	547,757	56,348
Royalties	2,058	2,300	(242)
Upfront payments	294	486	(192)
Various revenue	1,363	820	543
<b>Total net revenue</b>	<b>607,820</b>	<b>551,363</b>	<b>56,457</b>

The effect of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" to activities in



Türkiye, taking account of the provisions of IAS 21 “Effects of Changes in Foreign Exchange Rates”, essentially had a neutral effect on sales revenue.

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 € 0.3 million recognised in the first quarter of 2024 referred mainly to the marketing agreements for lercanidipine and the combination lercanidipine and enalapril. 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 20) and amounted to € 2.6 million (€ 2.9 million as of 31<sup>st</sup> December 2023).

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.

#### Therapeutic area

€ (thousands)	<i>Specialty &amp; Primary Care</i> 2024	<i>Specialty &amp; Primary Care</i> 2023	<i>Rare diseases</i> 2024	<i>Rare diseases</i> 2023	<i>Total</i> 2024	<i>Total</i> 2023
Urology	103,077	67,700	-	-	103,077	67,700
Cardiovascular	101,960	101,310	-	-	101,960	101,310
Gastrointestinal	56,303	56,058	-	-	56,303	56,058
Cough and Cold	43,564	47,342	-	-	43,564	47,342
Other treatment areas	90,553	89,348	-	-	90,553	89,348
Pharmaceutical chemicals	14,824	14,885	-	-	14,824	14,885
Endocrinology	-	-	74,062	55,334	74,062	55,334
Metabolic and other areas	-	-	65,173	71,641	65,173	71,641
Oncology	-	-	58,304	47,745	58,304	47,745
<b>Total net revenue</b>	<b>410,281</b>	<b>376,643</b>	<b>197,539</b>	<b>174,720</b>	<b>607,820</b>	<b>551,363</b>

## Geographic area by country

€ (thousands)	<i>Specialty &amp; Primary Care</i> 2024	<i>Specialty &amp; Primary Care</i> 2023	Rare diseases 2024	Rare diseases 2023	Total 2024	Total 2023
<b>Pharmaceutical revenue</b>						
Italy	81,438	73,747	8,353	6,734	89,791	80,481
Spain	45,166	29,167	7,476	6,850	52,642	36,017
France	37,169	39,523	8,821	9,587	45,990	49,110
Germany	30,099	30,876	11,405	11,065	41,504	41,941
Russia, Ukraine, other CIS	34,064	36,072	7,094	7,181	41,158	43,253
Türkiye	35,712	32,324	1,604	728	37,316	33,052
Portugal	14,466	14,157	1,592	1,477	16,058	15,634
Other Eastern European countries	33,154	29,154	8,242	6,963	41,396	36,117
Other Western European countries	23,677	22,255	16,095	15,287	39,772	37,542
North Africa	12,208	10,146	494	214	12,702	10,360
Other international sales	48,304	44,337	36,408	31,330	84,712	75,667
U.S.A.	-	-	89,955	77,304	89,955	77,304
<b>Total pharmaceutical revenue</b>	<b>395,457</b>	<b>361,758</b>	<b>197,539</b>	<b>174,720</b>	<b>592,996</b>	<b>536,478</b>
<b>Pharmaceutical chemicals revenue</b>						
Italy	820	1,159	-	-	820	1,159
Other European countries	5,072	4,602	-	-	5,072	4,602
Australasia	6,265	5,024	-	-	6,265	5,024
U.S.A.	1,435	2,450	-	-	1,435	2,450
America (U.S.A. excluded)	1,195	1,277	-	-	1,195	1,277
Africa	37	373	-	-	37	373
<b>Total chemical pharmaceuticals revenue</b>	<b>14,824</b>	<b>14,885</b>	<b>0</b>	<b>0</b>	<b>14,824</b>	<b>14,885</b>
<b>Total net revenue</b>	<b>410,281</b>	<b>376,643</b>	<b>197,539</b>	<b>174,720</b>	<b>607,820</b>	<b>551,363</b>

## 4. OPERATING EXPENSES

Total operating expenses for the first quarter of 2024 amounted to € 420.9 million, up compared to the € 378.8 million for the corresponding period the previous year, and are classified by function as follows:

€ (thousands)	First quarter 2024	First quarter 2023	Changes 2024/2023
Cost of sales	192,260	163,654	28,606
Selling expenses	120,959	119,992	967
Research and development expenses	67,318	60,458	6,860
General and administrative expenses	35,506	30,437	5,069
Other (income)/expenses, net	4,878	4,257	621
<b>Total operating expenses</b>	<b>420,921</b>	<b>378,798</b>	<b>42,123</b>

The cost of sales totalled € 192.3 million, up compared to the first three months in 2023 and representing 31.6% of revenue, higher than the 29.7% in the first quarter of 2023. This is attributable to the higher cost to sell products acquired from GSK and also the revaluation, in accordance with accounting standard IFRS 3 for the EUSA Pharma inventories acquired. This impacted negatively on the income statement, calculated on the basis of the units sold in the period, amounting to € 14.3 million, compared to € 11.2 million in the first

quarter of 2023. The effect of the application of IAS 29 “Financial Reporting in Hyperinflationary Economies” and several provisions of IAS 21 “Effects of Changes in Foreign Exchange Rates” to activities in Türkiye was € 3.8 million compared to € 2.9 million in the first three months of 2023.

Selling expenses were essentially stable in relation to the same period the previous year, at 19.9% of revenue, improving on the 21.8% in the first quarter of 2023 thanks to the positive revenue performance (including the contribution from the new products) and the operations implemented during recent years to make the sales structure in Specialty & Primary Care business more efficient.

Research and development expenses were at € 67.3 million, up by 11.3% compared to the first quarter of last year and include € 4.1 million from the amortisation of the intangible assets acquired from GSK in the third quarter of 2023.

General and administrative expenses increased by 16.7% owing to the strengthening of the general coordination structure to support an increasingly complex portfolio.

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

€ (thousands)	First quarter 2024	First quarter 2023	Changes 2024/2023
Non-recurring costs:			
- EUSA Pharma acquisition	831	159	672
- restructuring	3	2,334	(2,331)
- emergency in Ukraine and earthquake in Türkiye and Syria	0	292	(292)
<b>Total non-recurring costs</b>	<b>834</b>	<b>2,785</b>	<b>(1,951)</b>
Write-downs of intangible assets	2,024	0	2,024
Other	2,020	1,472	548
<b>Other (income)/expenses, net</b>	<b>4,878</b>	<b>4,257</b>	<b>621</b>

The impairment of intangible assets refers to the product Ledaga® following the return of distribution rights for Japan.

Total operating expenses are broken down by nature as follows:

€ (thousands)	First quarter 2024	First quarter 2023	Changes 2024/2023
Material consumption	139,721	115,724	23,997
Payroll costs	99,931	87,504	12,427
Other employee costs	15,183	13,708	1,475
Variable sales expenses	25,787	30,558	(4,771)
Depreciation, amortization and write-downs	42,013	34,192	7,821
Utilities and consumables	13,725	15,379	(1,654)
Other expenses	84,561	81,733	2,828
<b>Total operating expenses</b>	<b>420,921</b>	<b>378,798</b>	<b>42,123</b>

The proportion of raw material consumption to net revenue was 23.0%, up compared to the 21.0% during the same period in 2023, mainly as a result of the integration of Avodart® and Combodart®/Duodart®.

The item “Payroll costs” includes € 1.3 million in charges for stock option plans, down by € 2.0 million compared to the same period of the previous year. In 2023, the Parent Company adopted a new long-term incentive plan called “2023-2025 Performance Shares Plan” benefiting certain Group employees (see Note 16). The cost pertaining the period, determined based on IFRS 2, amounted to € 1.5 million.

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 2024 income statement of € 0.4 million, which also includes the incentive plan granted by Rossini Luxembourg S.à r.l. to the Chief Executive Officer of the Recordati Group.

Amortisations amounted to € 40.0 million, of which € 32.5 million related to intangible assets, up by € 5.3 million over the first quarter of the previous year, attributable mostly to the acquisition of distribution rights for Avodart® (dutasteride) and Combodart®/Duodart® (dutasteride/tamsulosin) from GSK (€ 4.1 million), and € 7.5 million relating to property, plant and equipment, up by € 0.5 million over the same period the previous year.

“Other expenses” include non-cash charges for € 14.3 million in the first quarter 2024, arising from the release of the purchase price allocation of EUSA Pharma to the gross margin of acquired inventories pursuant to IFRS 3, an increase of € 3.1 million in respect to the same period of the previous year.

## 5. NET FINANCIAL INCOME AND EXPENSES

In the first quarter of 2024 and same period in 2023, the balance of financial components was negative for € 25.7 million and € 12.6 million, respectively.

The main balance items are summarized in the table below.

€ (thousands)	First quarter 2024	First quarter 2023	Changes 2024/2023
Interest expense on loans	20,230	14,032	6,198
Net exchange rate (gains)/losses	2,670	(556)	3,226
Net (income)/expense on short-term positions	(960)	(515)	(445)
Expenses on leases	492	419	73
Expenses for defined benefit plans	88	92	(4)
Turkish hyperinflation effects (IAS 29)	3,230	(848)	4,078
<b>Total net financial (income)/expenses</b>	<b>25,750</b>	<b>12,624</b>	<b>13,126</b>

The increase in the interest expense on loans for € 6.2 million was mainly due to new debt undertaken in the second quarter of 2023 for a total of € 450 million, of which € 350 million already disbursed and mainly linked to the agreement with GSK, as well as the progressive overall increase in interest rates. Note number 17 contains the details of the loan contracts.

Net exchange losses, mostly unrealized, amounted to € 2.7 million and were mainly attributable to the performance of the US dollar, whereas during the first quarter of 2023, net exchange gains were recorded for € 0.6 million.

Hyperinflation had a negative impact for € 3.2 million, whereas this had been positive for € 0.8 million in the first quarter of 2023.

## 6. INCOME TAXES

Income taxes amounted to € 37.6 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 (co-called "Patent box") for the 2015 to 2019 tax years. As in the previous year, again in tax year 2024, Recordati S.p.A. took part in the reverse charge regime with reference to the same assets as in 2015-2019 (with the exception of expired patents and brands excluded in the meantime from the objective scope of subsidy). The Company, operating in line with the previous years, determined the tax benefit pertaining to the first quarter of 2024, recognized to reduce the tax amounts, as € 2.5 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 2023	123,647	269,201	111,821	48,149	552,818
Additions	2,292	446	2,381	3,303	8,422
Disposals	(3,897)	(53)	(2,184)	(4)	(6,138)
Hyperinflation Türkiye	3,167	1,647	1,032	72	5,918
Other changes	(1,292)	8,580	(4,203)	(6,381)	(3,296)
<b>Balance at 31 March 2024</b>	<b>123,917</b>	<b>279,821</b>	<b>108,847</b>	<b>45,139</b>	<b>557,724</b>
<b>Accumulated amortization</b>					
Balance at 31 December 2023	66,692	227,909	79,560	0	374,161
Amortization for the period	2,093	2,558	2,820	0	7,471
Disposals	(2,023)	(53)	(2,146)	0	(4,222)
Hyperinflation Türkiye	1,325	993	613	0	2,931
Other changes	(222)	81	(1,259)	0	(1,400)
<b>Balance at 31 March 2024</b>	<b>67,865</b>	<b>231,488</b>	<b>79,588</b>	<b>0</b>	<b>378,941</b>
<b>Net amount</b>					
31 December 2023	56,955	41,292	32,261	48,149	178,657
<b>31 March 2024</b>	<b>56,052</b>	<b>48,333</b>	<b>29,259</b>	<b>45,139</b>	<b>178,783</b>

Increases over the period amounted to € 8.4 million and mainly refer to the Parent Company (€ 3.1 million, especially regarding the Campoverde and Milan plants), and the subsidiaries Recordati Rare Diseases Japan (€ 1.0 million) and Recordati Polska (€ 1.0 million) for building rentals based on the rules of accounting standard IFRS 16.

"Other changes" includes the conversion into euro of the property, plant and equipment recognized in different currencies, for a net decrease of € 1.9 million compared to 31<sup>st</sup> December 2023, 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 2023	40,539	1,323	21,118	62,980
Additions	2,076	0	1,670	3,746
Disposals	(3,279)	0	(753)	(4,032)
Hyperinflation Türkiye	229	0	608	837
Other changes	(604)	0	(315)	(919)
<b>Balance at 31 March 2024</b>	<b>38,961</b>	<b>1,323</b>	<b>22,328</b>	<b>62,612</b>
<b>Accumulated amortization</b>				
Balance at 31 December 2023	14,842	859	9,053	24,754
Amortization for the period	1,483	65	1,548	3,096
Disposals	(1,550)	0	(705)	(2,255)
Hyperinflation Türkiye	124	0	274	398
Other changes	(157)	0	(116)	(273)
<b>Balance at 31 March 2024</b>	<b>14,742</b>	<b>924</b>	<b>10,054</b>	<b>25,720</b>
<b>Net amount</b>				
31 December 2023	25,697	464	12,065	38,226
<b>31 March 2024</b>	<b>24,219</b>	<b>399</b>	<b>12,274</b>	<b>36,892</b>

Rights of use of leased assets referred mainly to the offices and plants 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 2023	1,141,119	1,520,306	23,103	43,587	2,728,115
Additions	1	526	129	2,500	3,156
Disposals	(13)	(1)	0	(10)	(24)
Write-downs	0	(2,024)	0	0	(2,024)
Hyperinflation Türkiye	1,350	(813)	280	0	817
Other changes	(32,192)	1,200	403	(3,596)	(34,185)
<b>Balance at 31 March 2024</b>	<b>1,110,265</b>	<b>1,519,194</b>	<b>23,915</b>	<b>42,481</b>	<b>2,695,855</b>
<b>Accumulated amortization</b>					
Balance at 31 December 2023	417,829	351,512	20,577	0	789,918
Amortization for the period	12,974	19,363	181	0	32,518
Disposals	(13)	0	0	0	(13)
Hyperinflation Türkiye	810	(658)	214	0	366
Other changes	(12,564)	6,216	430	0	(5,918)
<b>Balance at 31 March 2024</b>	<b>419,036</b>	<b>376,433</b>	<b>21,402</b>	<b>0</b>	<b>816,871</b>
<b>Net amount</b>					
31 December 2023	723,290	1,168,794	2,526	43,587	1,938,197
<b>31 March 2024</b>	<b>691,229</b>	<b>1,142,761</b>	<b>2,513</b>	<b>42,481</b>	<b>1,878,984</b>

Increases for the period mainly included:

- € 1.1 million for investments in software;
- € 0.8 million referring to clinical studies that comply with the criteria set by the IAS 38 accounting standard on capitalisation;
- € 0.5 million for the milestone payment relating to the distribution of Ledaga® in Spain.

The impairment refers to the product Ledaga® following the return of the product's distribution rights in Japan.

"Other changes" includes the conversion into euro of the intangible assets held and recognised in different currencies, for a net decrease of € 28.3 million compared to 31<sup>st</sup> December 2023, primarily due to the devaluation of the Swiss franc.

## 9. GOODWILL

Goodwill at 31<sup>st</sup> March 2024 and 31<sup>st</sup> December 2023 amounted to € 783.0 million and € 778.3 million respectively and underwent changes following the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" and the effect of the change in foreign exchange rates in terms of IAS 21 "Effects of Changes in Foreign Exchange Rates":

€ (thousands)	
Balance at 31 December 2023	778,350
Hyperinflation adjustments	10,030
Exchange rate adjustments	(5,388)
<b>Balance at 31 March 2024</b>	<b>782,992</b>

Following the overall changes in operations in the Specialty and Primary Care segment and introduction of the new business model and organisational structure, based on management's new strategies, pursuant to the IAS 36 accounting standard which defines *Cash Generating Units* (CGU) as the smallest group of assets that generates cash inflows that are largely independent from other assets or groups of assets, the Group's assets were subdivided into two CGUs with effect from the year closed the 31<sup>st</sup> December 2023. Net goodwill at 31<sup>st</sup> March 2024, amounting to € 783.0 million, was divided into the two CGUs as follows:

- for € 518.6 million to the Specialty and Primary Care sector (or SPC);
- for € 264.4 million to the CGU referring to medicines for Rare Disease treatments.

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

## 10. OTHER EQUITY INVESTMENTS AND SECURITIES

At 31<sup>st</sup> March 2024, these amounted to € 25.0 million, up by € 3.4 million compared to 31<sup>st</sup> December 2023.

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<sup>th</sup> June 2015, the shares of the Company were admitted for trading on the London Stock Exchange. At 31<sup>st</sup> March 2024, the total fair value of the 9,554,140 shares held was € 24.9 million. The value of the investment was consequently adjusted to the stock exchange value and increased by € 3.5 million, compared to 31<sup>st</sup> December 2023, 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 € 0.1 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. In June 2023, the company announced the merger with Pherecydes Pharma S.A., changing its name to Phaxiam Therapeutics S.A. The new shares were admitted for listing on the regulated French market starting from 29<sup>th</sup> June 2023. The value of the investment, currently represented by 43,103 shares, was adjusted to the stock exchange value and decreased by € 0.1 million compared to 31<sup>st</sup> December 2023, with a counter-item accounted for, net of the related tax effect, in the statement of gains and losses recognized in equity.

## 11. OTHER NON-CURRENT ASSETS

At 31<sup>st</sup> March 2024, this item amounted to € 13.0 million, increasing by € 0.6 million compared to 31<sup>st</sup> December 2023, and includes the discounted receivable for € 3.7 million in respect of ARS Pharmaceuticals following the signing of the agreement in February 2023 for the return of the rights on ARS-1, previously recognised under intangible assets.



## 12. DEFERRED TAX ASSETS

At 31<sup>st</sup> March 2024, deferred tax liabilities amounted to € 78.2 million, slightly up on the figure at 31<sup>st</sup> December 2023. The tax effect of comprehensive income statement components is € 1.3 million, as well as at 31<sup>st</sup> December 2023.

## 13. CURRENT ASSETS

Inventories amounted to € 398.1 million, down by € 6.8 million compared to 31<sup>st</sup> December 2023 which also took into account the decrease of € 14.3 million, arising from the allocation of the purchase price for EUSA Pharma to the gross margin of acquired inventories.

Trade receivables amounted to € 504.6 million at 31<sup>st</sup> March 2024, down by € 59.4 million compared to 31<sup>st</sup> December 2023, due to higher revenue. The balance is net of the provision for impairments for € 17.1 million, increasing by € 1.4 million compared to 31<sup>st</sup> December 2023, but in line with the performance of gross receivables. This item is therefore considered consistent with positions which, for the particular nature of the customers or the destination markets, may be difficult to collect. The average number of collection days was 66, compared to 67 at the end of March 2023.

Other receivables at € 76.6 million, decreased by € 22.8 million compared to 31<sup>st</sup> December 2023, mainly due to the Parent's lower tax credits. This item includes € 7.0 million relating to the short-term discounted receivable in respect of ARS Pharmaceuticals, following the signing of the agreement in February 2023 for the return of the rights on ARS-1, previously recognised under intangible assets.

Other current assets were at € 37.7 million and refer mainly to prepaid expenses.

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

At 31<sup>st</sup> March 2024, the value of derivative instruments included under this item amounted to € 12.7 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<sup>th</sup> September 2014 gave rise to a € 7.2 million asset at 31<sup>st</sup> March 2024. This amount represents the potential benefit of a lower value in euro of the future dollar denominated principal and interest flows, in view of the revaluation of the foreign currency with respect to the moment in which the loan and hedging instruments were negotiated. In particular, the change in fair value of the derivative hedging the US\$ 50 million tranche of the loan, provided by Mediobanca, was positive for € 4.2 million, and that hedging the US\$ 25 million tranche of the loan, provided by UniCredit, yielded a € 3.0 million positive change.

The measurement at market (fair) value of the interest rate swaps hedging a number of loans gave rise to total assets of € 4.0 million, representing the opportunity of paying in the future, for the term of the loans, the agreed interest rates rather than the variable rates currently expected. The amount relates to the interest rate swaps entered into by the Parent Company to hedge the interest rates on loans with lender consortia in 2023 (€ 0.7 million) and in 2022 (€ 3.3 million).

At 31<sup>st</sup> March 2024, other hedging transactions were in place on foreign currency positions, the measurement of which was positive for € 1.5 million against an essentially nil balance at 31<sup>st</sup> December 2023, 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<sup>st</sup> March 2024, the balance of this item amounted to € 294.7 million, increasing by € 72.8 million on 31<sup>st</sup> December 2023, and are mainly denominated in euro, US dollars, pounds sterling and comprise current account deposits and short-term time deposits.

## 16. SHAREHOLDERS' EQUITY

Shareholders' Equity at 31<sup>st</sup> March 2024 was € 1,817.6 million, an increase of € 131.2 million compared to that at 31<sup>st</sup> December 2023 for the following reasons:

- increase of € 123.6 million from net income;
- increase of € 2.8 million from cost of stock option and performance shares plans set-off directly in equity;
- decrease of € 12.0 million from the purchase of 235,019 treasury shares;
- increase of € 16.5 million from the disposal of 590,250 treasury shares to service the stock option plans;
- increase of € 2.1 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;
- increase of € 3.4 million from the application of IFRS 9, almost entirely due to the change in fair value of the equity investment in PureTech Health plc and in Phaxiam Therapeutics S.A., net of the relative tax effect;
- decrease of € 23.6 million for foreign currency translation adjustments;
- increase of € 18.4 million from other changes, of which € 18.2 million attributable to the effects of application of IAS 29 in Türkiye.

At 31<sup>st</sup> March 2024, the Company has three stock option plans benefiting certain Group employees: the 2014-2018 plan with the grant on 13<sup>th</sup> April 2016, the 2018-2022 plan, with the grant of 3<sup>rd</sup> August 2018, and the 2021-2023 plan with the grants of 6<sup>th</sup> May 2021, 1<sup>st</sup> December 2021 and 24<sup>th</sup> 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, over four tranches starting from the second year, in the case of the less recent grants and three years for the 2021 and 2022 grants, payable in a single tranche. They expire if they are not exercised within the eighth year after the grant date. Options cannot be exercised if the employee leaves the Company before they are vested. Over the course of the first six months of 2023, the 2021-2023 plan was revoked, limited to the allocation of options envisaged for 2023 pursuant to said plan, without prejudice, therefore, to the validity and effectiveness of the plan for the allocation of options carried out in 2021 and 2022.

Stock options outstanding at 31<sup>st</sup> March 2024 are detailed in the following table:

	Strike price (€)	Quantity 1.1.2024	Granted 2024	Exercised in 2024	Cancelled and expired	Quantity 31.3.2024
<b>Grant date</b>						
13 April 2016	21.93	512,250	-	(183,250)	-	329,000
3 August 2018	30.73	1,893,000	-	(407,000)	(4,500)	1,481,500
06 May 2021	45.97	2,391,500	-	-	-	2,391,500
1 December 2021	56.01	130,000	-	-	-	130,000
24 February 2022	47.52	3,093,000	-	-	(14,000)	3,079,000
<b>Total</b>		<b>8,019,750</b>	<b>-</b>	<b>(590,250)</b>	<b>(18,500)</b>	<b>7,411,000</b>

At 31<sup>st</sup> March 2024, 2,763,813 treasury shares were held in the portfolio, a decrease of 355,231 shares compared to 31<sup>st</sup> December 2023. The change was due to the disposal of 590,250 shares for an amount of € 16.5 million to enable the options attributed to employees as part of the stock option plans to be exercised and to the purchase of 235,019 shares for an amount of € 12.0 million. The total cost to purchase the treasury shares in the portfolio was € 115.6 million, with an average unit price of € 41.82.

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 2024 income statement of € 0.4 million, which also includes the incentive plan granted by Rossini Luxembourg S.à r.l. to the Chief Executive Officer of the Recordati Group.

In the first half of 2023, the Parent Company adopted a new long-term incentive plan called “2023-2025 Performance Shares Plan”, benefiting certain Group employees. The plan provides for three grants of rights to receive Company shares free of charge, one for each year covered by the plan. On 27<sup>th</sup> June 2023, the grant envisaged for the first year was carried out for a total of 440,485 rights, which, following a vesting period of three years, will allow recipients to receive shares of the Parent Company up to an amount of 175% of the amount originally granted, based on the trend of certain performance indicators. However, these rights will expire if the employee leaves the Company before they are vested. The cost pertaining the period, determined based on IFRS 2, amounted to € 1.5 million.

## 17. LOANS

At 31<sup>st</sup> March 2024, loans amounted to € 1,701.0 million, increasing by a net € 8.9 million compared to 31<sup>st</sup> December 2023.

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 € 37.4 million, a net decrease of € 0.4 million compared to 31<sup>st</sup> December 2023.

During the first quarter of 2024, loan liabilities increased by € 73.4 million: € 69.7 million from opening new bank loans and € 3.7 million relating to new lease contracts. Repayments over the year totalled € 80.4 million, of which € 76.8 were for bank loan repayments and € 3.6 million for 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 decrease of € 1.9 million compared to 31<sup>st</sup> December 2023.

The main loans outstanding are:

- a) Loan for € 70.0 million taken out by the Parent Company on 1<sup>st</sup> March 2024 with HSBC Continental Europe at a variable interest rate at the six-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 five-year term with semi-annual repayment of the principal starting 31<sup>st</sup> March 2025, and final instalment on 29<sup>th</sup> February 2029.

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

These parameters are being observed.

- b) Loan for 72.0 million Swiss francs taken out on 26<sup>th</sup> February 2024 by the subsidiary Recordati AG with UBS Switzerland AG (but not yet disbursed at 31<sup>st</sup> March 2024), at a fixed interest rate, with quarterly interest payments and semi-annual repayment of principal starting December 2024 through to April 2029. 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 three;
- the ratio of consolidated operating income to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than three.

These parameters are being observed.

- c) Loan for a total of € 400.0 million taken out on 16<sup>th</sup> May 2023 by Recordati S.p.A. with a consortium of eight national and international lenders including Mediobanca as the coordinating institution, for an individual portion of € 50.0 million. The loan is formed of two independent loans for € 300.0 million and € 100.0 million respectively, both at a variable interest rate equal to the six-month Euribor (with a zero floor) plus a variable spread based on a step-up/step-down mechanism on changes in the Leverage Ratio, with an interest payment every six months and a five-year term. The loan for a higher amount, disbursed on 14<sup>th</sup> June 2023, will be repaid in semi-annual instalments of increasing value starting from April 2024 and with settlement in May 2028. It was partially hedged with interest rate swaps, qualifying as cash flow hedge, effectively converting the hedged portion to a fixed interest rate. At 31<sup>st</sup> March 2024, the fair value of the derivatives was measured as a positive € 0.7 million, which was recognized directly as an increase in equity and as an increase in the asset item "Derivative instruments measured at fair value" (see Note 14); in other cases, this was measured as a negative for a total amount of € 0.7 million, recognized directly as a decrease in equity and as an increase in the liability item "Derivative instruments measured at fair value" (see Note 21). The loan for € 100.0 million consists of a Capex Line that can be used to fund specific investments, guaranteed for 18 months and yet to be used, with semi-annual repayments on a straight-line basis starting from October 2025 for the principal half and May 2028 for the remaining half.

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

These parameters are being observed.

The loan includes ESG-linked parameters as from 2024, which if complied with, will reduce the interest rate applied, or an increase if these are not achieved.

- d) Loan for € 50.0 million negotiated by the Parent Company in April 2023 with Cassa Depositi e Prestiti. The terms of the loan provide for a variable interest rate equal to the six-month Euribor (with a zero floor) plus a variable spread, an interest payment every 6 months and a ten-year term with semi-annual repayments on a straight-line basis starting from October 2025 for 70% of the principal and repayment in April 2033 for the remaining 30%. The disbursement took place on 18<sup>th</sup> May 2023.

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

These parameters are being observed.

- e) Bond issued by the parent company on 12<sup>th</sup> September 2022 for € 75.0 million, placed privately and fully with companies in the Prudential group. The main terms provide for a fixed rate with interest payments every six months and a term of twelve years, with repayment of the principal in five annual instalments starting in September 2030 and expiring on 12<sup>th</sup> September 2034. The transaction, aimed at continuing to raise medium- to long-term funds to further support the Group's growth, has facilitated access to favourable market conditions. It has standard market characteristics typical of the US private placement market and is substantially in line with the bond issued by the Parent Company in 2017.

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

The financial covenants, measured quarterly, are the following:

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

These parameters are being observed.

- f) Loan for a total of € 800.0 million negotiated by Recordati S.p.A. in two different stages during 2022, disbursed by a consortium of national and international lenders.

The terms of the loan provide for a variable interest rate at the six-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 five-year term with semi-annual repayment of the principal starting 31<sup>st</sup> March 2023, with the final instalment on 3<sup>rd</sup> February 2027. The outstanding debt at 31<sup>st</sup> March 2024 amounted to € 636.5 million. From July 2022, the loan was partially and progressively hedged with an interest rate swap, qualifying as a cash flow hedge, effectively converting the hedged portion to a fixed interest rate. At 31<sup>st</sup> March 2024, the fair value of the derivatives was measured as a positive € 3.3 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); in other cases, this was measured as a negative for a total amount of € 0.2 million, recognized directly as a decrease in equity and as an increase in the liability item "Derivative instruments measured at fair value" (see Note 21).

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

These parameters are being observed.

- g) Loan for 40.0 million Swiss francs taken out on 16<sup>th</sup> 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 value in euro of the outstanding loan at 31<sup>st</sup> March 2024 was € 13.3 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 three;
- the ratio of consolidated operating income to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than three.

These parameters are being observed.

- h) € 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 of the six-month Euribor (with a zero floor) plus a fixed spread and a five-year term and single installment repayment on maturity. Disbursement, net of structuring and up-front fees, took place on 21<sup>st</sup> 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 three;
- the ratio of consolidated operating income to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than three.

These parameters are being observed.

- i) Loan for € 40.0 million taken out by the Parent Company on 30<sup>th</sup> March 2021 with Allied Irish Bank with a variable interest rate at the six-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<sup>st</sup> March 2024 amounted to a total of € 30.9 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 three;
- the ratio of consolidated operating income to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than three.

These parameters are being observed.

- j) Loan for 75.0 million Swiss francs taken out on 17<sup>th</sup> April 2020 by the subsidiary Recordati AG with UBS Switzerland AG, at a variable interest rate of the three-months Libor on the Swiss currency (with a zero floor) plus a fixed spread, with quarterly interest payments and semi-annual repayment of principal starting September 2020 through March 2025. The value in euro of the outstanding loan at 31<sup>st</sup> March 2024 was € 15.4 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 three;
- the ratio of consolidated operating income to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than three.

These parameters are being observed.



- k) 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 six-month Euribor (with a zero floor) plus a variable spread based on a step up/step down mechanism on changes in the Leverage Ratio, and a duration of five years with semi-annual repayment of the principal starting 30<sup>th</sup> June 2020 through June 2024. The disbursement, net of upfront commissions, took place on 30<sup>th</sup> July 2019. The outstanding debt recognized at 31<sup>st</sup> March 2024 amounted to a total of € 127.8 million.

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

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

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

These parameters are being observed.

- l) 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<sup>st</sup> May 2025 through 31<sup>st</sup> 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 three;
- the ratio of consolidated operating income to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than three.

These parameters are being observed.

- m) Guaranteed senior notes issued by the Parent Company on 30<sup>th</sup> September 2014 for a total of US\$ 75 million, divided into two tranches: US\$ 50 million at fixed rate, repayable semi-annually starting 30<sup>th</sup> March 2022 and with maturity 30<sup>th</sup> September 2026, and US\$ 25 million again at fixed rate, repayable semi-annually starting 30<sup>th</sup> March 2023 and with maturity 30<sup>th</sup> September 2029. During the period, US\$ 5.0 million of the first tranche and \$ 1.8 million of the second tranche were repaid, and the outstanding debt at 31<sup>st</sup> March 2024 amounted to a total of US\$ 44.6 million, with a counter-value of € 41.3 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 (€ 33.3 million at 31<sup>st</sup> March 2024), of which € 37.3 million (€ 18.6 at the date of this report) at a lower fixed rate for the tranche with maturity at 12 years and € 18.7 million (€ 14.7 million at the date of this report) again at a lower fixed rate than the one maturing at 15 years. At 31<sup>st</sup> March 2024, hedging instruments measured at fair value were positive for a total of € 7.2 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 three;
- the ratio of consolidated operating income to consolidated net financial expenses (determined for a period of twelve consecutive months) must be more than three.

These parameters are being observed.

## 18. PROVISIONS FOR EMPLOYEE BENEFITS

The balance at 31<sup>st</sup> December 2024 amounted to € 22.0 million, slightly up on 31<sup>st</sup> December 2023, and reflects the Group's liability towards its employees determined in accordance with IAS 19.

## 19. DEFERRED TAX LIABILITIES

At 31<sup>st</sup> March 2024, deferred tax liabilities amounted to € 139.9 million, down by € 4.3 million compared to 31<sup>st</sup> December 2023. The tax effect of comprehensive income statement components is € 1.1 million (€ 0.5 million at 31<sup>st</sup> December 2023).

## 20. CURRENT LIABILITIES

Trade payables at € 288.4 million, included the accrual for invoices to be received.

Other liabilities amounted to € 172.6 million, decreasing by € 1.8 million compared to 31<sup>st</sup> December 2023, and mainly include:

- € 75.3 million due to employees and social security institutions;
- the liability for € 73.2 million, which Group companies must pay in total to national medical insurance schemes, including:
  - € 35.5 million payable by Recordati Rare Diseases Inc.;
  - € 14.8 million payable by Recordati Pharma GmbH to the "Krankenkassen" (German medical insurance schemes);
  - € 22.9 million payable in total by Italian companies and subsidiaries in Greece, France, Switzerland, Canada and Ireland.
- € 3.7 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.

Tax liabilities amounted to € 77.0 million, increasing by € 9.9 million compared to 31<sup>st</sup> December 2023.

Other current liabilities amounted to € 4.6 million, down by € 0.7 million compared to 31<sup>st</sup> December 2023. An amount of € 2.6 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.

The provisions for risks and charges amounted to € 15.2 million, down by € 1.4 million compared to 31<sup>st</sup> December 2023.

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

At 31<sup>st</sup> March 2024, the value of derivative instruments included under this item amounted to € 10.0 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<sup>st</sup> March 2024 on the outstanding loan of 73.3 million Swiss francs was a negative for € 8.7 million compared to the € 12.9 million at 31<sup>st</sup> December 2023, with the difference recognized in the income statement, offsetting the exchange losses determined by the valuation of the underlying loan at current exchange rates.



The measurement at market (fair) value at 31<sup>st</sup> March 2024 of the interest rate swaps hedging a number of loans gave rise to a total € 0.9 million liability, which represents the unrealized need of paying in the future, for the term of the loans, the variable rates currently expected instead of the rates agreed. The amount relates to the interest rate swaps entered into by the Parent Company to hedge the interest rates on loans with lender consortia in 2023 (€ 0.7 million) and in 2022 (€ 0.2 million).

At 31<sup>st</sup> March 2024, other hedging transactions were in place on foreign currency positions, the measurement of which was negative for € 0.4 million compared to the € 3.9 million at 31<sup>st</sup> December 2023, 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.

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

Short-term debts to banks and other lenders at 31<sup>st</sup> March 2024 were € 34.1 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<sup>st</sup> March 2024, the Parent Company renewed the revolving credit line with UniCredit, with a maximum term of 12 months and for a maximum amount of € 24 million. This credit line, which had not been used at 31<sup>st</sup> March 2024, 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.

## 23. 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<sup>st</sup> March 2024 and include comparative data.

€ (thousands)	Specialty & Primary Care segment	Rare diseases segment	Values not allocated	Consolidated financial statements
<b>First quarter 2024</b>				
Revenue	410,281	197,539	-	607,820
Expenses	(273,371)	(147,550)	-	(420,921)
<b>Operating income</b>	<b>136,910</b>	<b>49,989</b>	-	<b>186,899</b>
<b>First quarter 2023</b>				
Revenue	376,643	174,720	-	551,363
Expenses	(256,597)	(122,201)	-	(378,798)
<b>Operating income</b>	<b>120,046</b>	<b>52,519</b>	-	<b>172,565</b>

€ (thousands)	Specialty & Primary Care segment*	Rare diseases segment	Not allocated**	Consolidated financial statements
<b>31 March 2024</b>				
Non-current assets	1,528,950	1,403,075	24,997	2,957,022
Inventories	257,432	140,637	-	398,069
Trade receivables	338,167	166,411	-	504,578
Other receivables and other current assets	64,105	50,170	12,746	127,021
Cash and cash equivalents	-	-	294,651	294,651
<b>Total assets</b>	<b>2,188,654</b>	<b>1,760,293</b>	<b>332,394</b>	<b>4,281,341</b>
Non-current liabilities	38,222	123,637	1,328,754	1,490,613
Current liabilities	311,331	246,490	415,350	973,171
<b>Total liabilities</b>	<b>349,553</b>	<b>370,127</b>	<b>1,744,104</b>	<b>2,463,784</b>
<b>Net capital employed</b>	<b>1,839,101</b>	<b>1,390,166</b>		
<b>31 December 2023</b>				
Non-current assets	1,537,393	1,446,943	21,555	3,005,891
Inventories	260,945	143,886	-	404,831
Trade receivables	285,246	159,947	-	445,193
Other receivables and other current assets	74,802	44,523	11,079	130,404
Cash and cash equivalents	-	-	221,812	221,812
<b>Total assets</b>	<b>2,158,386</b>	<b>1,795,299</b>	<b>254,446</b>	<b>4,208,131</b>
Non-current liabilities	38,454	126,994	1,353,215	1,518,663
Current liabilities	308,550	218,849	475,677	1,003,076
<b>Total liabilities</b>	<b>347,004</b>	<b>345,843</b>	<b>1,828,892</b>	<b>2,521,739</b>
<b>Net capital employed</b>	<b>1,811,382</b>	<b>1,449,456</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 & 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.

## 24. 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 fulfilment is yet uncertain - occur, with the consequence that the contractually required payments, estimated at around € 41 million, are merely potential at the moment.

## 25. RELATED-PARTY TRANSACTIONS

At 31<sup>st</sup> March 2024, 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.

## 26. 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.

## 27. SUBSIDIARIES INCLUDED IN THE CONSOLIDATED ACCOUNTS AT 31<sup>st</sup> MARCH 2024

Consolidated companies	Head office	Share capital	Currency	Consolidation method
RECORDATI S.p.A. <i>Development, production, marketing and sales of pharmaceuticals and pharmaceutical chemicals</i>	Italy	26,140,644.50	EUR	Line-by-line
INNOVA PHARMA S.p.A. <i>Marketing of pharmaceuticals</i>	Italy	1,920,000.00	EUR	Line-by-line
CASEN RECORDATI S.L. <i>Development, production, and sales of pharmaceuticals</i>	Spain	238,966,000.00	EUR	Line-by-line
BOUCHARA RECORDATI S.A.S. <i>Development, production, and sales of pharmaceuticals</i>	France	4,600,000.00	EUR	Line-by-line
RECORDATI RARE DISEASES COMERCIO DE MEDICAMENTOS LTDA <i>Marketing of pharmaceuticals</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 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	419,804.00	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

Consolidated companies	Head office	Share capital	Currency	Consolidation method
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
RUSFIC LLC <i>Development, promotion, and sales of pharmaceutical products</i>	Russian Federation	3,560,000.00	RUB	Line-by-line
RECOFARMA İLAÇ Ve Hammaddeleri Sanayi Ve Ticaret L.Ş. <i>Promotion of pharmaceuticals</i>	Türkiye	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>	Türkiye	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

<b>Consolidated companies</b>	<b>Head office</b>	<b>Share capital</b>	<b>Currency</b>	<b>Consolidation method</b>
RECORDATI (BEIJING) PHARMACEUTICAL CO., Ltd <i>Promotion of pharmaceuticals</i>	People's Republic of China	1,000,000.00	EUR	Line-by-line
RECORDATI RARE DISEASES FZCO <i>Marketing of pharmaceuticals</i>	United Arab Emirates	1,000.00	AED	Line-by-line
EUSA Pharma (UK) Limited <i>Research and marketing of pharmaceuticals</i>	United Kingdom	10.00	EUR	Line-by-line
RECORDATI Netherlands B.V. <i>Marketing of pharmaceuticals</i>	Netherlands	1.00	EUR	Line-by-line
EUSA Pharma (Denmark) ApS <i>Marketing of pharmaceuticals</i>	Denmark	50,000.00	EUR	Line-by-line
EUSA Pharma (CH) GmbH <i>Marketing of pharmaceuticals</i>	Switzerland	20,000.00	CHF	Line-by-line
RECORDATI KOREA, Co. Ltd <i>Marketing of pharmaceuticals</i>	South Korea	100,000,000.00	KRW	Line-by-line
RECORDATI RARE DISEASES MENA RHQ <sup>(1)</sup> <i>Promotion of pharmaceuticals</i>	Saudi Arabia	500,000.00	SAR	Line-by-line

<sup>(1)</sup> Set up in 2024

## PERCENTAGE OF OWNERSHIP

Consolidated companies	Recordati S.p.A. Parent Company	Recordati Pharma GmbH	Bouchara Recordati S.a.s.	Casen Recordati S.L.	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) Ltd.	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 RARE DISEASES MIDDLE EAST FZ LLC					100.00						100.00
RECORDATI AB					100.00						100.00
RECORDATI RARE DISEASES S.à r.l.	84.00	16.00									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					100.00						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
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	100.00										100.00
RECORDATI RARE DISEASES FZCO					100.00						100.00
EUSA Pharma (UK) Limited	100.00										100.00
RECORDATI Netherlands B.V.										100.00	100.00
EUSA Pharma (Denmark) ApS										100.00	100.00
EUSA Pharma (CH) GmbH										100.00	100.00
RECORDATI KOREA, Co. Ltd										100.00	100.00
RECORDATI RARE DISEASES MENA RHQ <sup>(1)</sup>					100.00						100.00

<sup>(1)</sup> Set up in 2024

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, 9<sup>th</sup> May 2024

Luigi La Corte  
*Financial Reporting  
Manager*