
Interim Report

First Quarter
2019



Recordati, established in 1926,
is an international pharmaceutical group, listed on the Italian Stock Exchange
(Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271),
dedicated to the research, development,
manufacturing and marketing of pharmaceuticals
and pharmaceutical chemicals, with headquarters in Milan, Italy,
Recordati has operations throughout the whole of Europe,
including Russia, Turkey, North Africa, the United States of America,
Canada, Mexico, some South American countries, Japan and Australia.

MANAGEMENT REVIEW

HIGHLIGHTS

FIRST QUARTER 2019

REVENUE

€ (thousands)	First quarter 2019	%	First quarter 2018	%	Change 2019/2018	%
Total revenue	382,990	100.0	366,500	100.0	16,490	4.5
Italy	82,223	21.5	78,926	21.5	3,297	4.2
International	300,767	78.5	287,574	78.5	13,193	4.6

KEY CONSOLIDATED P&L DATA

€ (thousands)	First quarter 2019	%	First quarter 2018	%	Change 2019/2018	%
Revenue	382,990	100.0	366,500	100.0	16,490	4.5
EBITDA ⁽¹⁾	143,939	37.6	134,373	36.7	9,566	7.1
Operating income	126,010	32.9	120,531	32.9	5,479	4.5
Net income	92,112	24.1	86,592	23.6	5,520	6.4

(1) Operating income before depreciation, amortization and write down of both tangible and intangible assets.

KEY CONSOLIDATED B/S DATA

€ (thousands)	31 March 2019	31 December 2018	Change 2019/2018	%
Net financial position ⁽²⁾	(555,716)	(588,380)	32,664	(5.6)
Shareholders' equity	1,067,314	963,586	103,728	10.8

(2) Short-term financial investments, cash and cash equivalents, less bank overdrafts and loans which include the measurement at fair value of hedging derivatives.

The financial results obtained in the first quarter of the year confirm the continued growth of the Group. Consolidated revenue is € 383.0 million, up by 4.5% compared to the same period of the preceding year. International sales grow by 4.6%. EBITDA, at 37.6% of sales, is € 143.9 million, an increase of 7.1% over the first quarter of 2018. Operating income, at 32.9%

of sales, is € 126.0 million, an increase of 4.5% over the same period of the preceding year. Net income, at 24.1% of sales, is € 92.1 million, an increase of 6.4% over the first quarter of 2018.

Net financial position at 31 March 2019 records a net debt of € 555.7 million compared to net debt of € 588.4 million at 31 December 2018. Shareholders' equity is € 1,067.3 million.

CORPORATE DEVELOPMENT NEWS

In February, Recordati signed a license agreement with Aegerion Pharmaceuticals Inc., a subsidiary of Novilion Therapeutics Inc., for the exclusive rights to commercialize Juxtapid®, currently approved for the treatment of homozygous familial hypercholesterolemia (HoFH), in Japan. The agreement includes a right of first negotiation for product commercialization in Japan of any potential new indications that may be developed by Aegerion. Upon signing of the agreement an upfront payment of \$ 25 million is due to Aegerion, in addition to a near term milestone of \$ 5 million. Commercial milestones and royalty payments are also included as is customary. In 2018 sales of the product in Japan were of \$ 10.8 million. Juxtapid® (lomitapide)

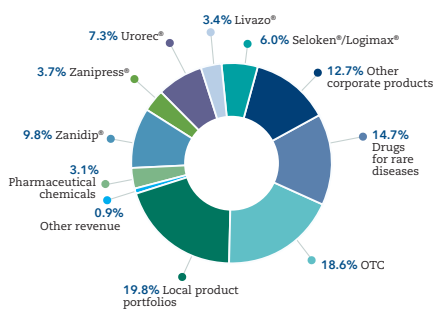
is a microsomal triglyceride transfer protein inhibitor. It was approved, and granted orphan market exclusivity, in September 2016 by Japan's Ministry of Health, Labor & Welfare (MHLW) for patients with homozygous familial hypercholesterolemia (HoFH). HoFH is a serious, rare genetic disease that impairs the function of the receptor responsible for removing LDL-C ("bad" cholesterol) from the body. A loss of LDL receptor function results in extreme elevation of blood cholesterol levels. HoFH patients often develop premature and progressive atherosclerosis, a narrowing or blocking of the arteries. The addition of Juxtapid® to our portfolio of rare disease products in Japan is very important for the development of our recently established subsidiary in this country, given its potential for significant growth.

REVIEW OF OPERATIONS

Net revenue in the first quarter of 2019 is € 383.0 million, up 4.5% over the same period of the preceding year, and includes sales generated by Natural Point S.r.l., consolidated as from 1 July 2018, of € 4.0 million, sales generated by Tonipharm S.A.S., acquired at the end of 2018 and consolidated as from 1 January 2019, of € 5.8 million and the sales of Juxtapid®, a product acquired under license in February 2019 in Japan, of € 0.7

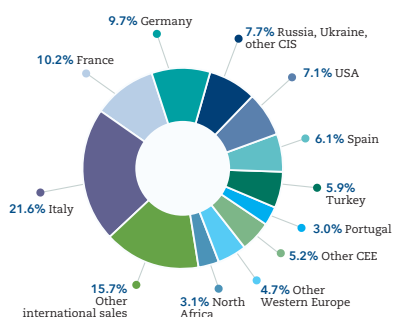
million, in addition to an estimated negative currency exchange rate effect of € 5.9 million. Excluding these items growth would have been of 3.2%. International sales grow by 4.6% to € 300.8 million, which represent 78.5% of total sales. Pharmaceutical sales are € 371.3 million, up by 4.1% while pharmaceutical chemicals sales are € 11.7 million, up by 18.6%, and represent 3.1% of total revenues.

SALES BY BUSINESS



The Group's pharmaceutical business, which represents 97.0% of total revenue, is carried out in the main European markets, including Central and Eastern Europe, in Russia, Turkey, North Africa, the United States of America, Canada, Mexico, in some South American countries, in Japan and Australia through our

PHARMACEUTICAL SALES



own subsidiaries and in the rest of the world through licensing agreements with pharmaceutical companies of high standing.

The performance of products sold directly in more than one country (corporate products) during the first quarter of 2019 is shown in the table below.

€ (thousands)	First quarter 2019	First quarter 2018	Change 2019/2018	%
Zanidip® (lercanidipine)	37,413	36,516	897	2.5
Zanipress® (lercanidipine+enalapril)	14,213	17,898	(3,685)	(20.6)
Urorec® (silodosin)	27,847	26,712	1,135	4.2
Livazo® (pitavastatin)	13,162	12,361	801	6.5
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	23,040	23,273	(233)	(1.0)
Other corporate products*	79,704	78,037	1,667	2.1
Drugs for rare diseases	56,156	54,828	1,328	2.4

* Include the OTC corporate products for an amount of € 31.1 million in 2019 and € 28.5 million in 2018 (+8.9%).

Zanidip® is a specialty containing lercanidipine, Recordati's original calcium channel blocker for the treatment of hypertension. Our lercanidipine based products are sold directly to the market by our own marketing organizations in

Europe, including Central and Eastern Europe, in Russia, in Turkey and in North Africa. In the other markets they are sold by licensees, and in some of the above co-marketing agreements are in place.

€ (thousands)	First quarter 2019	First quarter 2018	Change 2019/2018	%
Direct sales	18,693	18,128	565	3.1
Sales to licensees	18,720	18,388	332	1.8
Total lercanidipine sales	37,413	36,516	897	2.5

Lercanidipine direct sales are up by 3.1% mainly due to the increase of sales in Germany, Poland and Russia as well as to the direct sales by our organizations now operational in the Nordic countries and in Benelux, areas where previously sales were realized by our licensees. Sales to licensees, which represent 50.0% of total lercanidipine sales, are up by 1.8%.

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

€ (thousands)	First quarter 2019	First quarter 2018	Change 2019/2018	%
Direct sales	12,122	13,692	(1,570)	(11.5)
Sales to licensees	2,091	4,206	(2,115)	(50.3)
Total lercanidipine+enalapril sales	14,213	17,898	(3,685)	(20.6)

Direct sales of Zanipress® in the first quarter of 2019 are down by 11.5% due to competition from generic versions of the product mainly in France and Germany. Sales to licensees represent 14.7% of total Zanipress® sales and are down by 50.3% mainly due to lower sales to licensees in France.

Urorec® (silodosin) is a specialty indicated for the treatment of symptoms associated with benign prostatic hyperplasia (BPH). Currently the product has been successfully launched in 40 countries with sales of € 27.8 million in the first quarter of 2019, up 4.2% due to the good performance of the product in all main markets.

Sales of Livazo® (pitavastatin), a statin indicated for the reduction of elevated total and LDL cholesterol, in Spain, Portugal, Ukraine, Greece, Switzerland, Russia, other C.I.S. countries and Turkey, are € 13.2 million in the first quarter of 2019, up by 6.5% due mainly to the performance of the product in Turkey.

Sales of Seloken®/Seloken® ZOK (metoprolol) and associated Logimax® fixed dose combination (metoprolol and felodipine), metoprolol based products belonging to the beta-blocker class

of drugs widely used in the treatment of various cardiovascular disorders, are of € 23.0 million in the first quarter of 2019, substantially unchanged compared to the same period of the preceding year.

In the first quarter of 2019 sales of other corporate products totaled € 79.7 million, up by 2.1% compared to the same period of the preceding year. Other corporate products comprise both prescription and OTC products and are: Reagila® (cariprazine), Lomexin® (fenticonazole), Urispas® (flavoxate), Kentera® (oxybutynin transdermal patch), TransAct® LAT (flurbiprofen transdermal patch), Rupafin®/Wystamm® (rupatadine), Lopresor® (metoprolol), Procto-Glyvenol® (tribenoside), Tergynan® (fixed association of anti-infectives) as well as CitraFleet®, Casenlax®, Fleet enema, Phosphosoda®, Reuflor®/Reuteri® (lactobacillus Reuteri) and Lacdigest® (tilactase), gastroenterological products, Polydexa®, Isofra® and Otofa®, ENT anti-infective products, the Hexa line of products indicated for seasonal disorders of the upper respiratory tract, Abufene® and Muvagyn® for gynecological use, Virirec® (alprostadil) and Fortacin® (lidocaine+prilocaine) for male sexual disorders.

In the first quarter of 2019, our specialties indicated for the treatment of rare diseases, marketed directly throughout Europe, in the Middle East, in the U.S.A., Canada, Mexico, in some South American countries, in Japan and Australia, and through partners in other parts of the world, generated sales of € 56.2 million,

up by 2.4%, despite competition from a generic version of Cosmegen® in the United States of America.

The pharmaceutical sales of the Recordati subsidiaries, which include the abovementioned product sales, are shown in the following table.

€ (thousands)	First quarter 2019	First quarter 2018	Change 2019/2018	%
Italy	80,155	76,454	3,701	4.8
France	37,907	34,148	3,759	11.0
Germany	36,101	33,407	2,694	8.1
Russia, other C.I.S. countries and Ukraine	28,344	32,141	(3,797)	(11.8)
U.S.A.	26,336	25,571	765	3.0
Spain	22,792	21,220	1,572	7.4
Turkey	22,009	22,824	(815)	(3.6)
Portugal	11,011	10,221	790	7.7
Other C.E.E. countries	19,482	16,402	3,080	18.8
Other Western European countries	17,270	13,916	3,354	24.1
North Africa	11,404	10,289	1,115	10.8
Other international sales	58,446	60,016	(1,570)	(2.6)
Total pharmaceutical revenue	371,257	356,609	14,648	4.1

Both years include sales as well as other income.

Sales in countries affected by currency exchange oscillations are shown hereunder in their relative local currencies.

Local currency (thousands)	First quarter 2019	First quarter 2018	Change 2019/2018	%
Russia (RUB)	1,695,049	1,802,703	(107,654)	(6.0)
Turkey (TRY)	128,499	100,083	28,416	28.4
U.S.A. (USD)	31,339	32,394	(1,055)	(3.3)

Net revenues in Russia and in Turkey exclude sales of products for rare diseases. Sales in the U.S.A. include the sales in Canada.

Sales of pharmaceuticals in Italy are up by 4.8% compared to those of the same period of the preceding year. Worth mentioning is the good performance of Urorec®, Cardicor® (bisoprolol) and Aircort® (budesonide), as well as the sales of Natural Point S.r.l., the Italian company acquired in June 2018 and consolidated as from July.

Pharmaceutical sales in France are up by 11.0%. Worth mentioning is the good performance of Transipeg® and Colopeg®, the gastrointestinal products acquired from Bayer in December 2017, as well as the addition to the product portfolio of Ginkor® and Alodont®, the main products belonging to Tonipharm S.A.S., the French company acquired in December 2018 and consolidated as from 1 January 2019.

In Germany sales are up by 8.1% mainly thanks to the sales generated by Reagila® (cariprazine), a new drug for the treatment of schizophrenia launched in 2018, and the growth of Orto-ton® (methocarbamol).

Revenue generated in Russia, Ukraine and in the countries within the Commonwealth of Independent States (C.I.S.) is € 28.3 million, down by 11.8% compared to the same period of the preceding year and includes estimated currency exchange losses of € 1.3 million. Sales in Russia, in local currency, are RUB 1,695.0 million, down by 6.0% compared to the same period of the preceding year due mainly to the procurement policies of the main wholesalers. Worth mentioning is the significant growth of the corporate products Procto-Glyvenol®, Urorec®, Livazo®, Zanidip® and Lomexin®. Sales generated in Ukraine and in the C.I.S. countries, mainly Belarus, Georgia and Armenia are growing and have reached € 5.4 million.

The Group's pharmaceutical business in the U.S.A. is dedicated to the marketing of products for the treatment of rare diseases. The main products are Panhematin® (haemin for injection) for the amelioration of recurrent attacks of acute intermittent porphyria, Carbaglu® (carglumic acid), indicated for the treatment of acute hyperammonaemia associated with NAGS deficiency, Cystadane® (betaine anhydrous) indicated in the treatment of homocystinuria and Cosmegen® (dactinomycin for injection) used in the treatment of three rare cancers. Sales in the first quarter of 2019 are € 26.3 million, up by 3.0%. In local currency sales are down by 3.3% due to competition from a generic version of Cosmegen®. Worth mentioning is the significant growth of Carbaglu®.

In Spain sales are € 22.8 million, up by 7.4% mainly due to the performance of Livazo®, Urorec®, Bi-OralSuero® and Casenlax®. Sales of the treatments for rare diseases are also growing significantly.

Sales in Turkey are down by 3.6% and include a negative currency exchange effect estimated to be of € 6.4 million. In local currency sales of our Turkish subsidiary grow by 28.4% thanks to the good performance of all the corporate products, in particular Urorec®, Zanipress®, Lercadip®, Livazo® and Procto-Glyvenol®, as well as the local products, Kreal® (butamirate citrate), Miconorm® (propiverine), Aknetrent® (isotretinoin) and Cabral® (phenylamidol).

Sales in Portugal are up by 7.7% thanks mainly to the good performance of TransAct® LAT and Livazo®.

Sales in other Central and Eastern European countries include the sales of Recordati subsidiaries in Poland, the Czech Republic, Slovakia, Romania, Bulgaria and the Baltic countries, in addition to sales of rare disease treatments in this area as well as in Hungary. In the first quarter of 2019 overall sales are up by 18.8% thanks mainly to the growth of sales in Poland and the Czech Republic. Sales of the treatments for rare diseases in these countries are up by 29.7%.

Sales in other countries in Western Europe, up by 24.1%, comprise sales of products for the treatment of rare diseases in these countries (+20.1%) and sales of specialty and primary care products generated by the Recordati subsidiaries in the United Kingdom, Ireland, Greece, Switzerland, in the Nordic countries (Finland, Sweden, Denmark, Norway and Iceland) and in BeNeLux. The increase in sales is to be attributed mainly to the direct commercialization by Recordati organizations in the Nordic countries and in BeNeLux where sales were previously made through licensees.

Sales in North Africa are € 11.4 million, up by 10.8%, and comprise both the export sales generated by Laboratoires Bouchara Recordati in these territories, in particular in Algeria, and sales generated by Opalia Pharma, the Group's Tunisian subsidiary. Sales in Tunisia in the first quarter of 2019, in local currency, are up by 38.1%.

Other international sales are down by 2.6% as compared to the same period of the preceding year and comprise the sales to, and other revenues from, our licensees for our corporate products, Laboratoires Bouchara Recordati's and Casen Recordati's export sales, as well as the sales of products for the treatment of rare diseases in the rest of the world. The reduction is to be attributed mainly to the integration in local portfolios of products previously sold through licensing agreements and to lower sales of Zanipress® to licensees following the entry of generic versions of the product.

FINANCIAL REVIEW

INCOME STATEMENT

The following table shows the profit and loss accounts, including their expression as a percent of sales and change versus the first quarter of 2018:

€ (thousands)	First quarter 2019	% of revenue	First quarter 2018	% of revenue	Change 2019/2018	%
Revenue	382,990	100.0	366,500	100.0	16,490	4.5
Cost of sales	(116,466)	(30.4)	(109,288)	(29.8)	(7,178)	6.6
Gross profit	266,524	69.6	257,212	70.2	9,312	3.6
Selling expenses	(94,563)	(24.7)	(91,687)	(25.0)	(2,876)	3.1
R&D expenses	(29,152)	(7.6)	(27,664)	(7.5)	(1,488)	5.4
G&A expenses	(17,254)	(4.5)	(16,372)	(4.5)	(882)	5.4
Other income (expense), net	455	0.1	(958)	(0.3)	1,413	n.s.
Operating income	126,010	32.9	120,531	32.9	5,479	4.5
Financial income (expense), net	(3,991)	(1.0)	(4,856)	(1.3)	865	(17.8)
Pretax income	122,019	31.9	115,675	31.6	6,344	5.5
Provision for income taxes	(29,907)	(7.8)	(29,083)	(7.9)	(824)	2.8
Net income	92,112	24.1	86,592	23.6	5,520	6.4
Attributable to:						
Equity holders of the parent	92,100	24.0	86,580	23.6	5,520	6.4
Non-controlling interests	12	0.0	12	0.0	0	0.0

Revenue for the period is € 383,0 million, an increase of € 16.5 million compared to the first quarter of 2018. For a detailed analysis please refer to the preceding "Review of Operations".

Gross profit is € 266.5 million with a margin of 69.6% on sales, a slight decrease compared to that of the same period of the preceding year due mainly to price and currency effects.

Selling expenses increase less than sales and are therefore down as a percent of revenue compared to the same period of the preceding year thanks to the increased efficiency of the group's commercial organizations.

R&D expenses are € 29.2 million, up by 5.4% compared to those recorded in the first quarter of 2018 due to the advancement of new development programs and the amortization of the amounts

allocated to intangible assets following the acquisition of Natural Point S.r.l. and of Tonipharm S.A.S. during 2018.

G&A expenses are up by 5.4% but remain unchanged as percent of sales.

Net financial charges are € 4.0 million, a reduction of € 0.9 million compared to the same period of the preceding year due to the realization of net currency exchange gains as opposed to net currency exchange losses incurred in the first quarter 2018.

The effective tax rate during the period is 24.5%, lower than that of the same period of the preceding year.

Net income at 24.1% of sales is € 92.1 million, an increase of 6.4% over the same period of the preceding year and benefited from the reduction of financial charges the effective tax rate.

NET FINANCIAL POSITION

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

€ (thousands)	31 March 2019	31 December 2018	Change 2019/2018	%
Cash and short-term financial investments	184,677	198,036	(13,359)	(6.7)
Bank overdrafts and short-term loans	(23,777)	(16,905)	(6,872)	40.7
Loans and leases – due within one year	(77,902)	(135,278)	57,376	(42.4)
Net liquid assets	82,998	45,853	37,145	81.0
Loans and leases – due after one year ⁽¹⁾	(638,714)	(634,233)	(4,481)	0.7
Net financial position	(555,716)	(588,380)	32,664	(5.6)

(1) Includes change in fair value of the relative currency risk hedging instruments (cash flow hedge).

At 31 March 2019 the net financial position shows a net debt of € 555.7 million compared to net debt of € 588.4 million at 31 December 2018. During the period an amount of \$ 25.0 million were paid up-front at the signing of the license agreement with Aegerion Pharmaceuticals Inc. covering the exclusive rights to Juxtapid® (lomitapide) in Japan and a € 20,0 million milestone was paid to Helsinn as per the license agreement for Ledaga®

(chlormethine). Furthermore, the first time application of IFRS 16 gave rise to medium/long term debt of € 25.0 million.

During the period the privately placed notes issued by Recordati Rare Diseases on 13 June 2013 for a total of \$ 70 million were fully repaid. The euro equivalent amount paid was of € 61.3 million.

BUSINESS OUTLOOK

The growth of Group's business continued during April. For the 2019-2021 three-year period expectations are as follows:

For 2019, as already announced on 21 December 2018, our targets are to achieve sales ranging from € 1,430 million to € 1,450 million, an EBITDA of between € 520 and € 530 million, EBIT of between € 460 and € 470 million and net income of between € 330 and € 335 million.

For 2021, including the contribution of further acquisitions which may be completed within the period under analysis, we expect to achieve sales of around € 1,700 million, EBITDA of around € 650 million, operating income of around € 560 million and net income of around € 400 million.

Milan, 8 May 2019

on behalf of the Board of Directors
the Chief Executive Officer
Andrea Recordati

CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AT 31 MARCH 2019

The consolidated condensed financial statements of the Recordati group for the period ended 31 March 2019 have been prepared by Recordati Industria Chimica e Farmaceutica S.p.A., Via Matteo Civitali 1, Milan, Italy, in condensed form in accordance with the IAS 34 requirements for interim reporting. Details regarding the accounting principles adopted by the Group are set out in Note 2.

The publication of these consolidated condensed financial statements was authorized by the Board of Directors on 8 May 2019 and is available at the company's headquarters.

RECORDATI S.P.A. AND SUBSIDIARIES CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2019

INCOME STATEMENT

€ (thousands)	First quarter 2019	First quarter 2018
Revenue	382,990	366,500
Cost of sales	(116,466)	(109,288)
Gross profit	266,524	257,212
Selling expenses	(94,563)	(91,687)
R&D expenses	(29,152)	(27,664)
G&A expenses	(17,254)	(16,372)
Other income (expense), net	455	(958)
Operating income	126,010	120,531
Financial income (expense), net	(3,991)	(4,856)
Pretax income	122,019	115,675
Provision for income taxes	(29,907)	(29,083)
Net income	92,112	86,592
Attributable to:		
Equity holders of the parent	92,100	86,580
Non-controlling interests	12	12
Earnings per share		
Basic	€ 0.451	€ 0.417
Diluted	€ 0.440	€ 0.414

Earnings per share (EPS) are based on average shares outstanding during each year, 204,019,974 in 2019 and 207,417,146 in 2018, net of average treasury stock which amounted to 5,105,182 shares in 2019 and to 1,708,010 shares in 2018.

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

RECORDATI S.P.A. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEET AT 31 MARCH 2019

ASSETS

€ (thousands)	31 March 2019	31 December 2018
Non-current assets		
Property, plant and equipment	125,946	103,582
Intangible assets	688,866	672,462
Goodwill	579,241	579,557
Other investments	21,491	20,773
Other non-current assets	5,991	5,860
Deferred tax assets	79,404	81,267
Total non-current assets	1,500,939	1,463,501
Current assets		
Inventories	202,987	206,084
Trade receivables	286,743	245,742
Other receivables	29,141	38,462
Other current assets	9,394	5,193
Fair value of hedging derivatives (<i>cash flow hedge</i>)	7,965	6,414
Short-term financial investments, cash and cash equivalents	184,677	198,036
Total current assets	720,907	699,931
Total assets	2,221,846	2,163,432

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 31 MARCH 2019

EQUITY AND LIABILITIES

€ (thousands)	31 March 2019	31 December 2018
Shareholders' equity		
Share capital	26,141	26,141
Additional paid-in capital	83,719	83,719
Treasury stock	(134,151)	(145,608)
Hedging reserve (<i>cash flow hedge</i>)	(8,749)	(8,399)
Translation reserve	(149,322)	(154,146)
Other reserves	45,006	43,081
Retained earnings	1,204,126	897,990
Net income for the year	92,100	312,376
Interim dividend	(91,761)	(91,761)
Group shareholders' equity	1,067,109	963,393
Non-controlling interests	205	193
Shareholders' equity	1,067,314	963,586
Non-current liabilities		
Loans - due after one year	646,679	640,647
Staff leaving indemnities	19,433	19,547
Deferred tax liabilities	45,800	45,653
Other non-current liabilities	3,257	3,257
Total non-current liabilities	715,169	709,104
Current liabilities		
Trade payables	139,234	165,020
Other payables	88,355	85,534
Tax liabilities	61,815	42,149
Other current liabilities	17,995	19,359
Provisions	20,949	21,446
Fair value of hedging derivatives (<i>cash flow hedge</i>)	9,336	9,746
Loans - due within one year	77,902	130,583
Bank overdrafts and short-term loans	23,777	16,905
Total current liabilities	439,363	490,742
Total equity and liabilities	2,221,846	2,163,432

RECORDATI S.P.A. AND SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2019

€ (thousands)	First quarter 2019	First quarter 2018
Net income for the year	92,112	86,592
Gains/(losses) on cash flow hedges, net of tax	(350)	(1,410)
Gains/(losses) on translation of foreign financial statements	4,824	(11,389)
Gains/(losses) on investments booked to equity, net of tax	600	243
Income and expense for the year recognized directly in equity	5,074	(12,556)
Comprehensive income for the year	97,186	74,036
Attributable to:		
Equity holders of the parent	97,174	74,024
Minority interests	12	12
Per share data		
Basic	€ 0.476	€ 0.357
Diluted	€ 0.465	€ 0.354

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€ (thousands)	Share capital	Additional paid-in capital	Treasury stock	Hedging reserve	Translation reserve	Other reserves	Retained earnings	Net income for the period	Interim dividend	Non-controlling interests	Total
Balance at 31.12.2017	26,141	83,719	(17,029)	(5,867)	(124,004)	40,684	822,154	288,762	(87,470)	147	1,027,237
Allocation of 2017 net income:											
- Retained earnings							288,762	(288,762)			0
Change in the reserve for share based payments						608	72				680
Purchase of own shares			(169,769)								(169,769)
Disposal of own shares			1,931				(1,042)				889
Other changes							3				3
Comprehensive income for the year				(1,410)	(11,389)	243		86,580		12	74,036
Balance at 31.3.2018	26,141	83,719	(184,867)	(7,277)	(135,393)	41,535	1,109,949	86,580	(87,470)	159	933,076
Balance at 31.12.2018	26,141	83,719	(145,608)	(8,399)	(154,146)	43,081	897,990	312,376	(91,761)	193	963,586
Allocation of 2018 net income:											
- Retained earnings							312,376	(312,376)			0
Change in the reserve for share based payments						1,325	438				1,763
Disposal of own shares			11,457				(6,679)				4,778
Other changes							1				1
Comprehensive income for the year				(350)	4,824	600		92,100		12	97,186
Balance at 31.3.2019	26,141	83,719	(134,151)	(8,749)	(149,322)	45,006	1,204,126	92,100	(91,761)	205	1,067,314

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2019

€ (thousands)	First quarter 2019	First quarter 2018
Operating activities		
Cash flow		
Net Income	92,112	86,592
Depreciation of property, plant and equipment	5,870	3,402
Amortization of intangible assets	12,059	10,440
Total cash flow	110,041	100,434
(Increase)/decrease in deferred tax assets	2,065	(2,120)
Increase/(decrease) in staff leaving indemnities	(114)	(117)
Increase/(decrease) in other non-current liabilities	(63)	244
	111,929	98,441
Changes in working capital		
Trade receivables	(41,001)	(35,190)
Inventories	3,097	(2,216)
Other receivables and other current assets	5,120	11,934
Trade payables	(25,786)	78
Tax liabilities	19,666	12,926
Other payables and other current liabilities	1,457	5,965
Provisions	(497)	(4,575)
Changes in working capital	(37,944)	(11,078)
Net cash from operating activities	73,985	87,363
Investing activities		
Net (investments)/disposals in property, plant and equipment	(4,090)	(3,444)
Net (investments)/disposals in intangible assets	(25,720)	(13,984)
Net (increase)/decrease in other non-current receivables	(131)	292
Net cash used in investing activities	(29,941)	(17,136)
Financing activities		
Medium/long term loans granted	659	74
Re-payment of loans	(73,849)	(11,837)
Purchase of treasury stock	0	(169,769)
Sale of treasury stock	4,778	889
Effect on shareholders' equity of application of IAS/IFRS	1,763	680
Other changes in shareholders' equity	1	3
Net cash from/(used in) financing activities	(66,648)	(179,960)
Changes in short-term financial position		
Short-term financial position at beginning of year *	181,131	285,500
Change in translation reserve	2,373	(3,549)
Short-term financial position at end of period *	160,900	172,218

* Includes cash and cash equivalents net of bank overdrafts and short-term loans.

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

1. GENERAL

The consolidated condensed financial statements at 31 March 2019 comprise Recordati S.p.A. (the Company) and subsidiaries controlled by the Company. The companies included in the consolidated accounts, the consolidation method applied, their percentage of ownership and a description of their activity are set out in attachment 1.

During the first quarter 2019 the consolidation perimeter

changed consequent to the establishment of the company Recordati Bulgaria Ltd. The recognition in the accounts of the acquisition in 2018 of Natural Point S.r.l. and of Tonipharm S.a.s. are not yet definite as allowed by IFRS 3.

These financial statements are presented in euro (€) and all amounts are rounded to the nearest thousand euro unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The first quarter consolidated condensed financial statements were prepared in accordance with the IAS 34 requirements for interim reporting. The statements do not include the full information required for the annual financial statements and must therefore be read together with the annual report for the full year ended 31 December 2018, prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

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 such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. 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 is an indication that an asset has suffered an impairment loss which would require an immediate estimate of the loss.

Disclosure of the net financial position and of events subsequent to the end of the period are included under the preceding management review.

Application of new accounting principles

As from 1 January 2019 the Group has applied the new accounting principle IFRS 16 "Leases" which substitutes the accounting principle IAS 17 and its relative interpretations and eliminates the classification of leases as operating or financial in the financial statements of the lessees. In substance, for all leases unless the lease term is 12 months or less or the underlying asset has a low value, the lessee is required to recognize a right-of-use asset and a lease liability representing the obligation of making the payments stipulated in the contract, as well as the effects on profit and loss of the amortization of the asset and the financial expense connected with the financial liability.

The Group applied the new principle at the date of first time application using the modified retrospective approach which provides for the cumulative effect of the adoption of IFRS 16 to be recognized as an adjustment to retained earnings at 1 January 2019 without restating the comparative information. Consequently, right-of-use assets and a lease liabilities were recognized at 1 January 2019 for an amount of € 25.0 million.

During the first quarter 2019 further right-of-use assets and the corresponding lease liabilities were recognized for an amount of € 0.7 million, while payments were booked for € 2.1 million. In the profit and loss statement the new treatment of lease contracts determined a substantially unchanged operating income with a positive effect on EBITDA of € 2.3 million and an increase in financial charges of € 0.2 million.

Property financial leases at 31 December 2018 were already recognized as prescribed by IFRS 16 in accordance with IAS 17 requirements for financial leases.

3. REVENUE

Net revenue for the first quarter of 2019 is € 383.0 million (€ 366.5 million in the same period of the preceding year) and can be broken down as follows:

€ (thousands)	First quarter 2019	First quarter 2018	Change 2019/2018
Net sales	377,352	362,767	14,585
Royalties	1,534	1,780	(246)
Up-front payments	1,676	35	1,641
Miscellaneous items	2,428	1,918	510
Total revenue	382,990	366,500	16,490

Revenue from up-front payments refers to the licensing out and distribution of products in the Group's portfolio. In the first quarter 2019 it refers mainly to agreements for the commercialization of the lercanidipine-enalapril fixed combination (€ 0.4 million),

lercanidipine (€ 0.3 million), pitavastatin (€ 0.3 million), silodosin (€ 0.3 million) and Cystadrops® (cysteamine hydrochloride) (€ 0.2 million).

4. OPERATING EXPENSES

Overall operating expenses in the first quarter 2019 are € 257.0 million, an increase as compared to the € 246.0 million in the same period of the preceding year and are analyzed by function as follows:

€ (thousands)	First quarter 2019	First quarter 2018	Change 2019/2018
Cost of sales	116,466	109,288	7,178
Selling expenses	94,563	91,687	2,876
Research and development expenses	29,152	27,664	1,488
General and administration expenses	17,254	16,372	882
Other income (expense), net	(455)	958	(1,413)
Total operating expenses	256,980	245,969	11,011

Research and development expenses include the amortization of intangible assets, classified as licenses, brands and patents, referable to acquired products for an overall amount of € 11.9 million.

Other income (expense) comprises non-recurring events, operations and matters which are not often repeated in the ordinary course of business.

Total operating expenses are analyzed by nature as follows:

€ (thousands)	First quarter 2019	First quarter 2018	Change 2019/2018
Raw material consumption	91,776	85,114	6,662
Payroll cost	63,270	59,212	4,058
Other employee costs	9,320	10,683	(1,363)
Variable sales expenses	19,741	17,570	2,171
Depreciation and amortization	17,929	13,842	4,087
Utilities and consumables	8,232	7,303	929
Other expenses	46,712	52,245	(5,533)
Total operating expenses	256,980	245,969	11,011

Personnel remuneration includes a cost for stock options of € 1.8 million in the first quarter of 2019 and € 0.7 million in the same period of the preceding year.

Depreciation charges are € 5.9 million, up by € 2.5 million

compared to the first quarter of 2018, due almost entirely to the application of the new accounting principle IFRS 16 (see Note 2). Amortization charges are € 12.0 million, an increase of € 1.6 million over the same period of the preceding year.

5. FINANCIAL INCOME AND EXPENSE

In the first quarter of 2019 and in the same period of 2018 financial items record a net expense of € 4.0 million and € 4.9 million respectively and are comprised as follows:

€ (thousands)	First quarter 2019	First quarter 2018	Change 2019/2018
Currency exchange (gains) losses	(373)	743	(1,116)
Interest expense on loans	3,224	3,255	(31)
Net interest (income) expense on short-term financial position	870	803	67
Interest cost on leases (see Note 2)	221	-	221
Interest cost in respect of defined benefit plans	49	55	(6)
Total financial income (expense), net	3,991	4,856	(865)

6. PROPERTY, PLANT AND EQUIPMENT

The composition and variation of property, plant and equipment and the effect of the first time application of the new accounting principle IFRS 16 (see Note 2) are shown in the following table:

€ (thousands)	Land & buildings	Plant & machinery	Other equipment	Advances/ construction in progress	Total
Cost					
Balance at 31 December 2018	77,204	227,870	68,033	14,751	387,858
First time application IFRS 16	14,214	420	10,383	0	25,017
Balance at 31 January 2019	91,418	228,290	78,416	14,751	412,875
Additions	80	331	1,765	2,383	4,559
Disposals	0	(1)	(500)	(473)	(974)
Other changes	(975)	1,211	1,429	(2,587)	(922)
Balance at 31 March 2019	90,523	229,831	81,110	14,074	415,538
Accumulated depreciation					
Balance at 31 December 2018	43,767	186,365	54,144	0	284,276
Depreciation for the period	1,434	1,966	2,470	0	5,870
Disposals	0	(1)	(504)	0	(505)
Other changes	(249)	(96)	296	0	(49)
Balance at 31 March 2019	44,952	188,234	56,406	0	289,592
Carrying amount at					
31 March 2019	45,571	41,597	24,704	14,074	125,946
31 December 2018	33,437	41,505	13,889	14,751	103,582

The additions during the period are € 4.6 million and refer to investments in the Italian plants and in the headquarters building for an amount of € 2.6 million.

The conversion into euros of the tangible assets booked in different currencies gives rise to a net decrease of € 0.9 million as compared to 31 December 2018, almost entirely attributable to the devaluation of the Turkish lira.

7. INTANGIBLE ASSETS

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

€ (thousands)	Patent rights and marketing authorizations	Distribution, license, trademark and similar rights	Other	Advance payments	Total
Cost					
Balance at 31 December 2018	582,461	413,510	18,948	30,567	1,045,486
Additions	0	22,600	2,308	812	25,720
Disposals	0	(265)	0	0	(265)
Other changes	3,782	(1,964)	2,800	(410)	4,208
Balance at 31 March 2019	586,243	433,881	24,056	30,969	1,075,149
Accumulated amortization					
Balance at 31 December 2018	187,418	168,918	16,688	0	373,024
Amortization for the period	6,629	5,316	114	0	12,059
Disposals	0	(265)	0	0	(265)
Other changes	1,292	(2,442)	2,615	0	1,465
Balance at 31 March 2019	195,339	171,527	19,417	0	386,283
Carrying amount at					
31 March 2019	390,904	262,354	4,639	30,969	688,866
31 December 2018	395,043	244,592	2,260	30,567	672,462

Increases during the period refer mainly to the up-front payment of \$ 25 million to Aegerion Pharmaceuticals Inc. as per the license agreement for the exclusive commercialization rights in Japan for Juxtapid®, a product indicated for patients with homozygous familial hypercholesterolemia.

The conversion into euros of the intangible assets booked in different currencies gives rise to a net increase of € 2.7 million as compared to 31 December 2018, mainly attributable to the revaluation of the Russian ruble (increase of € 1.7 million) and the U.S. dollar (increase of € 1.3 million).

8. GOODWILL

Net goodwill at 31 March 2019 amounts to € 579.2 million, a decrease of € 0.3 million as compared to that at 31 December 2018, and is attributed to the operational areas, which represent the same number of cash generating units:

- France: € 45.8 million;
- Russia: € 27.0 million;
- Germany: € 48.8 million;
- Portugal: € 32.8 million;
- Treatments for rare diseases business: € 110.6 million;
- Turkey: € 39.2 million;
- Czech Republic: € 13.7 million;
- Romania: € 0.2 million;
- Poland: € 15.3 million;
- Spain: € 58.1 million;
- Tunisia: € 16.0 million;

- Italy: € 133.2 million;
- Switzerland: € 8.3 million.

Goodwill related to acquisitions made in countries outside the European Monetary Union is calculated in local currency and converted into euros at the period-end exchange rate. Conversion at 31 March 2019 resulted in an overall net decrease of € 0.3 million, compared to that at 31 December 2018, to be attributed to the acquisitions in Turkey (decrease of € 1.8 million), Czech Republic (decrease of € 0.1 million), Russia (increase of € 1.3 million), Tunisia (decrease of € 0.2 million), and Switzerland (increase of € 0.1 million).

In compliance with IFRS 3 goodwill is not systematically amortized. Instead, it is tested for impairment on an annual basis or more frequently if specific events or circumstances indicate a possible loss of value. During the first quarter of 2019 no events or circumstances arose to indicate possible value loss related to any of the abovementioned items.

9. OTHER INVESTMENTS

At 31 March 2019 other investments amount to € 21.5 million, an increase of € 0.7 million compared to those at 31 December 2018.

The main investment is that made in the U.K. company PureTech Health plc, specialized in investment in start-up companies dedicated to innovative therapies, medical devices and new research technologies. Starting 19 June 2015 the shares of the company were admitted to trading on the London Stock Exchange. At 31 March 2019 the overall fair value of the 9.554.140 shares held is of € 18.3 million. The € 0.3 million increase in value compared to that at 31 December 2018 is recognized directly in

equity, net of the relative tax effect, and shown on the statement of comprehensive income.

This account also comprises € 3.1 million regarding an investment made during 2012 in Erytech Pharma S.A., a late development stage French biopharmaceutical company focused on orphan oncology and rare diseases. The investment, originally structured as a non-interest bearing loan, was converted into 431,034 shares of the company in May 2013. As compared to 31 December 2018 the value of the investment was increased by € 0.4 million to bring it in line with its fair value. This amount, net of its tax effect, is recognized directly in equity and shown on the statement of comprehensive income.

10. DEFERRED TAX ASSETS AND LIABILITIES

At 31 March 2019 deferred tax assets are € 79.4 million, a net decrease of € 1.9 million compared to those at 31 December 2018. Deferred tax liabilities are € 45.8 million, substantially unchanged compared to those at 31 December 2018.

11. SHAREHOLDERS' EQUITY

Shareholders' Equity at 31 March 2019 is € 1,067.3 million, an increase of € 103.7 million compared to that at 31 December 2018 for the following reasons:

- net income for the period (increase of € 92.1 million);
- cost of stock option plans set-off directly in equity (increase of € 1.8 million);
- disposal of 405,500 own shares in treasury stock to service the stock option plans (increase of € 4.8 million);
- change in the value of cross currency swaps, the underlying loans and interest rate swaps set-off directly in equity, net of the relative tax effect (decrease of € 0.4 million);
- application of IAS/IFRS (increase of € 0.6 million), almost entirely due to the change in fair value of the holdings in PureTech Health plc and in Erytech Pharma S.A., net of the tax effect;
- translation adjustments (increase of € 4.8 million);

The Italian subsidiary of Orphan Europe is 99% owned giving rise to a minority interest of € 205.0 thousand.

As at 31 March 2019 the Company has three stock option plans in favor of certain group employees in place, the 2010-2013 plan, under which options were granted on 9 February 2011, on 8 May 2012, on 17 April 2013 and on 30 October 2013, the 2014-2018, plan under which options were granted on 29 July 2014 and on 13 April 2016 and the 2018-2022 plan, under which options were granted on 3 August 2018. The strike price of the options is the average of the parent company's listed share price during the 30 days prior to the grant date. Stock options are vested over a period of five years and those not exercised within the eighth year of the date of grant expire. Options cannot be exercised if the employee leaves the company before they are vested. Stock options outstanding at 31 March 2019 are analyzed in the following table.

Date of grant	Strike price (€)	Options outstanding at 1.1.2019	Options granted during 2019	Options exercised during 2019	Options cancelled or expired	Options outstanding at 31.3.2019
9 February 2011	6.7505	73,500	-	(27,500)	-	46,000
8 May 2012	5.3070	427,500	-	(105,000)	-	322,500
17 April 2013	7.1600	25,000	-	-	-	25,000
30 October 2013	8.9300	15,000	-	-	-	15,000
29 July 2014	12.2900	2,171,000	-	(202,500)	-	1,968,500
13 April 2016	21.9300	2,961,500	-	(70,500)	(67,500)	2,823,500
3 August 2018	30.7300	4,818,000	-	-	-	4,818,000
Total		10,491,500	-	(405,500)	(67,500)	10,018,500

At 31 March 2019, 4,748,071 own shares are held as treasury stock, a reduction of 405,500 shares as compared to those at 31 December 2018. The change is to be attributed to the disposal of 405,500 shares for an overall value of € 4.8 million to service

the exercise of stock options issued under the stock option plans. The overall purchase cost of the shares held in treasury stock is € 134.1 million with an average unit price of € 28.25.

12. LOANS

At 31 March 2019 medium and long-term loans are € 724.6 million, a net decrease of € 46.6 million compared to those at 31 December 2018.

Loans include the liability, determined by the application of the new accounting principle IFRS 16, that represents the obligation of making the payments provided for in the existing lease contracts (see Note 2). The value of this liability at the date of first time application of the principle is of € 25.0 million, while new contracts entered into during the period account for an additional liability of € 0.7 million.

Reimbursements during the first quarter 2019 amount to € 73.8 million, of which € 61.3 million are due to the early repayment of the privately placed notes issued by Recordati Rare Diseases on 13 June 2013 for a total of \$ 70 million, following the acquisition of FIMEI S.p.A. (shareholder of the Parent) by a Consortium of investment funds controlled by CVC Capital Partners.

The conversion of loans in foreign currency gave rise to an increase of € 1.5 million compared to those at 31 December 2018.

The main long-term loans outstanding are:

a) A loan agreement stipulated with Mediobanca by the Parent in November 2018 for an amount of € 150.0 million. The main terms and conditions provide for variable interest rate fixed at the six months' Euribor plus a spread of 130 basis points with semi-annual repayments of capital from 23 November 2020 through 22 November 2023. The loan is entirely covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges from variable to a fixed rate of 1.619%. The measurement at fair value at 31 March 2019 of the swap generated a liability of € 2.3 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled during the period.

b) A loan of € 4.3 million granted to the Parent in July 2018 by the Banca del Mezzogiorno-Mediocredito Centrale to fund investments in research and development, of which € 3.9 million at a reduced fixed interest rate of 0.50% to be repaid in six semi-annual installments starting 30 June 2019 through 31 December 2021, and € 0.4 million at a variable interest rate equal to the 6 months' Euribor plus a spread of 220 basis points, to be repaid in two installments on 30 June and 31 December 2021.

c) A loan agreement with Banca Passadore undersigned by the Parent in November 2017 for an amount of € 15.0 million, disbursed net of up-front commissions of 0.05%. The main terms and conditions provide for variable interest rate fixed at the three months' Euribor plus a spread of 65 basis points with quarterly payments of interest and a duration of 5 years with annual repayments of capital from November 2020 through November 2022. The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled during the period.

d) A loan agreement with Intesa Sanpaolo undersigned by the Parent in October 2017 for an amount of € 75.0 million, disbursed net of up-front commissions of 0.30%. The main terms and conditions provide for variable interest rate fixed at the six months' Euribor plus a spread of 95 basis points, semi-annual payments of interest and a duration of 8 years with semi-annual repayments of capital from June 2019 through October 2025. The loan is entirely covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges from variable to a fixed rate of 1.305%. The measurement at fair value at 31 March 2019 of the swap generated a liability of € 1.1 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled during the period.

e) A loan agreement with UniCredit undersigned by the Parent in September 2017 for an amount of € 50.0 million, disbursed net of up-front commissions of 0.15%. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 55 basis points with semi-annual payments of interest and the repayment of capital on 29 September 2021. The loan is entirely covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges from variable to a fixed rate of 0.698%. The measurement at fair value at 31 March 2019 of the swap generated a liability of € 0.4 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled during the period.

f) A loan agreement with UBI Banca undersigned by the Parent in September 2017 for an amount of € 50.0 million, disbursed net of up-front commissions of 0.10%. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 50 basis points with semi-annual payments of interest and the repayment of capital on 7 September 2022. The loan is entirely covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges from variable to a fixed rate of 0.714%. The measurement at fair value at 31 March 2019 of the swap generated a liability of € 0.6 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled during the period.

g) A loan agreement with Mediobanca undersigned by the Parent in July 2017 for an amount of € 75.0 million. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 95 basis points and a duration of 7 years with annual repayments of capital from July 2018 through July 2024. The debt outstanding at 31 December 2018 is of € 64.5 million. The loan is entirely covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges from variable to a fixed rate of 1.29%. The measurement at fair value at 31 March 2019 of the swap generated a liability of € 0.8 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled during the period.

h) Privately placed guaranteed senior notes by the Parent in May 2017 for an overall amount of € 125.0 million at 2.07% fixed interest rate with repayment in annual instalments starting on 31 May 2025 through 31 May 2032. The note purchase agreement covering the notes includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled during the period.

- i) A loan agreement with Banca Nazionale del Lavoro undersigned by the Parent company in December 2016 for an amount of € 25.0 million, disbursed net of expenses and commissions of € 0.1 million. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 40 basis points and a duration of 4 years with semi-annual repayments of capital from March 2019 through September 2020. The debt outstanding at 31 March 2019 is of € 18.7 million. The loan is entirely covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges from variable to a fixed rate of 0.41%. The measurement at fair value at 31 March 2019 of the swap generated a slight liability which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:
- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
 - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.
- The above conditions are amply fulfilled.
- j) A loan agreement with Intesa Sanpaolo undersigned by the Parent company in December 2016 for an amount of € 25.0 million, disbursed net of expenses and commissions of € 0.1 million. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 60 basis points and a duration of 5 years with semi-annual repayments of capital from June 2019 through December 2021. The loan is entirely covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges from variable to a fixed rate of 0.68%. The measurement at fair value at 31 March 2019 of the swap generated a liability of € 0.1 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are:
- the ratio of consolidated net debt to EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
 - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.
- The above conditions are amply fulfilled.
- k) A loan agreement with UniCredit undersigned by the Parent company in May 2015 for an amount of € 50.0 million. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 80 basis points and a duration of 5 years with semi-annual repayments of capital from November 2015 through May 2020. The debt outstanding at 31 March 2019 is of € 14.9 million. The loan is partly covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges on a portion of the debt from variable to a fixed rate of 1.734%. The measurement at fair value at 31 March 2019 of the swap covering € 8.3 million generated a liability of € 0.1 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are:
- the ratio of consolidated net debt to EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
 - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.
- The above conditions are amply fulfilled.
- l) A loan agreement with ING Bank for an amount of € 30.0 million, originally undersigned by the Parent company on 8 January 2014, was re-negotiated on 12 June 2015 with only the interest rate being changed. Main terms are: variable interest rate equivalent to the six months' Euribor plus a spread of 85 basis points (as opposed to the 190 basis points in the previous agreement), and reimbursement of principal at the end of every six months starting July 2016 through January 2020. The debt outstanding at 31 March 2019 is of € 7.5 million. The loan was simultaneously covered with an interest rate swap qualifying as a cash flow hedge transforming the interest payable on the entire debt to a fixed interest rate of 1.913% following the above mentioned re-negotiation. The fair value measurement of the swap at 31 March 2019 generated a liability of € 0.1 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The ING Bank loan agreement contains covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:
- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
 - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.
- The above conditions are amply fulfilled.

m) A loan agreement with IFC-World Bank undersigned by the subsidiary Recordati Ilaç on 16 October 2014 for an amount of 71.6 million Turkish lira to finance the construction of a new production plant. Main terms are: variable interest rate equivalent to the three months' trlibor plus a spread of 162 basis points, 8-year duration and reimbursement of principal at the end of every three months starting November 2016 through August 2022. The value in euros of the outstanding loan at 31 March 2019 is of € 6.4 million, resulting in a reduction of the liability by € 0.8 million as compared to that at 31 December 2018, of which € 0.3 million was due to the devaluation of the Turkish lira at the date of consolidation. The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are:

- the ratio of consolidated net debt to consolidated shareholders' equity must be less than 0.75;
- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled.

n) Privately placed guaranteed senior notes by the Parent company on 30 September 2014 for an amount of \$ 75 million in two tranches: \$ 50 million at a fixed interest rate of 4,28% to be reimbursed bi-annually as from 30 March 2022 through 30 September 2026, and \$ 25 million at a fixed interest rate of 4.51% to be reimbursed bi-annually as from 30 March 2023 through 30 September 2029. The conversion of the loan into euros at 31 March 2019 resulted in an increase of the liability by € 1.3 million as compared to that at 31 December 2018 due to the revaluation of the U.S. dollar. The loan was simultaneously covered with two currency rate swaps transforming the overall debt to € 56.0 million, of which € 37.3 million at a fixed interest rate of 2.895% on the 12-year tranche and € 18.7 million at a fixed interest rate of 3.15% on the 15-year tranche. At 31 March 2019 the measurement at fair value of the hedging instruments generated an overall positive amount of € 8.0 million recognized directly to equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current assets (see Note 17).

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

- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled during the period.

o) A loan agreement with Centrobanca undersigned by the Parent company on 30 November 2010 to fund a three-year research and investment program. The loan, for which Centrobanca received funding from the European Investment Bank, amounts to € 75.0 million of which € 30.0 million were cashed in during 2010 and € 45.0 million in the first quarter of 2011, net of the € 0.3 million expenses. The main terms and conditions provide for a variable interest rate and a duration of 12 years with semi-annual repayments of capital from June 2012 through December 2022. At 31 March 2019 the outstanding amount of the loan is € 27.2 million. During the month of June 2012 interest on the whole loan was covered with an interest rate swap qualifying as a cash flow hedge. The current interest rate on the loan is 2.575%. The measurement at fair value of the hedging instrument at 31 March 2019 generated a liability of € 1.0 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

- the ratio of consolidated net debt to consolidated net equity must be less than 0.75;
- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated EBITDA to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled during the period.

13. STAFF LEAVING INDEMNITIES

The staff leaving indemnity fund at 31 March 2019 is of € 19.4 million and is measured as prescribed by IAS 19.

14. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities at 31 March 2019 are € 3.3 million and refer entirely to the debt for the acquisition of a further 10% of the share capital of Opalia Pharma which, in line with the put and call options in the purchase agreement, is expected to be settled not before the next 12 months.

15. CURRENT ASSETS

Inventories are € 203.0 million, a reduction of € 3.1 million compared to those stated at 31 December 2018.

Trade receivables at 31 March 2019 are € 286.7 million, an increase of € 41.0 million compared to that at 31 December 2018 due to the increase in sales. Trade receivables are stated net of a € 13.9 million provision for doubtful accounts, a reduction of € 0.7 million compared to 31 December 2018, which reflects the

collection risk connected with certain customers and geographic areas. Days sales outstanding are 65.

Other receivables, at € 29.1 million, decrease by € 9.3 million compared to those at 31 December 2018.

Other current assets are € 9.4 million and refer mainly to prepaid expenses.

16. CURRENT LIABILITIES

Trade payables, which include the accrual for invoices to be received, are € 139.2 million.

Other payables are € 88.4 million, an increase of € 2.8 million compared to those at 31 December 2018, and relate mainly to amounts owed to personnel and social security institutions. This account also includes:

- € 5.6 million to be paid to the "Krankenkassen" (German health insurance) by Recordati Pharma GmbH;
- € 6.2 million to be paid to U.S. health insurance institutions by Recordati Rare Diseases;

- € 7.4 million to be paid to the Italian health authorities resulting from the 1.83% claw-back applicable on the price to the public before VAT of pharmaceutical products reimbursed by the National Health Service and the pay-back due in substitution for a 5% price reduction on selected products.

Tax payables are € 61.8 million, an increase of € 19.7 million compared to those at 31 December 2018.

Provisions are € 20.9 million, a reduction of € 0.5 million compared to those at 31 December 2018.

17. FAIR VALUE OF HEDGING DERIVATIVES (CASH FLOW HEDGE)

The cross currency swaps covering the cash flows related to the notes issued and privately placed on 30 September 2014, for an amount of \$ 75 million, measured at fair value at 31 March 2019 give rise to a € 8.0 million asset recognized under current assets as 'Fair value of hedging derivatives (cash flow hedge)'. This amount represents the potential benefit of a lower value in euros of the future dollar denominated capital and interest flows, in view of the revaluation of the foreign currency subsequent to the moment in which the loan and hedging instrument were negotiated. In particular, the change in fair value of the hedging instrument covering the \$ 50 million tranche of the loan, provided by Mediobanca, was positive for an amount of € 5.5 million, and that covering the \$ 25 million tranche of the loan, provided by UniCredit, yielded a € 2.5 million positive value change.

The measurement at fair value of the interest rate swaps covering

the cash flows related to medium and long-term loans gave rise to a net € 6.5 million liability at 31 March 2019 recognized under current liabilities as 'Fair value of hedging derivatives (cash flow hedge)'. This amount represents the unrealized opportunity of paying the current expected future rates instead of the rates agreed. The amount refers to the interest rate swaps to cover the interest rate risk associated with the loans granted by Mediobanca (€ 3.1 million), Intesa Sanpaolo (€ 1.2 million), Centrobanca (€ 1.0 million), UBI Banca (€ 0.6 million), UniCredit (€ 0.5 million) and ING Bank (€ 0.1 million).

At 31 March 2019 the fair value of the cross currency swaps provided by Unicredit in November 2016, following two loan agreements undersigned by the U.S. company Recordati Rare Diseases and the Parent for a nominal total of \$ 70 million, determined a liability of € 2.8 million.

18. SHORT-TERM FINANCIAL INVESTMENTS, CASH AND CASH EQUIVALENTS

Short term financial investments, cash and cash equivalents at 31 March 2019 are € 184.7 million, a reduction of € 13.4 million compared to those at 31 December 2018. They are mostly denominated in euros, U.S. dollars and Pounds Sterling and comprise mainly current accounts and short-term deposits.

19. BANK OVERDRAFTS AND SHORT-TERM LOANS

Bank overdrafts and short-term loans are € 23.8 million at 31 March 2019 and are comprised mainly of temporary use of lines of credit, current account overdrafts and interest accrued on existing loans. The € 6.9 million increase compared to 31 December 2018 is to be attributed mainly to use of lines of credit by foreign Group subsidiaries.

At 31 March 2019 the revolving line of credit obtained in July

2017 by Recordati Ilaç, the subsidiary in Turkey, for a maximum amount of 40 million Turkish lira was not drawn down. This short-term financing instrument, which has 24 months' maximum duration, provides flexibility by combining the fact that it's non-revocable with the variability of the draw-downs based on specific financial needs. The agreement contains financial covenants in line with those already in place for other loans.

20. OPERATING SEGMENTS

The financial information reported by line of business and by geographical area, in compliance with IFRS 8 - *Operating segments*, is prepared using the same accounting principles and reporting standards used for the preparation and disclosure of the Group consolidated financial statements. Following the acquisition of Orphan Europe two main business segments can

be identified, the specialty and primary care segment and the rare diseases segment.

The following table shows financial information for these two business segments as at 31 March 2019 and includes comparative data.

€ (thousands)	Specialty & primary care segment*	Rare diseases segment	Non-allocated	Consolidated accounts
First quarter 2019				
Revenues	326,834	56,156	-	382,990
Expenses	(228,061)	(28,919)	-	(256,980)
Operating income	98,773	27,237	-	126,010
EBITDA ⁽¹⁾	114,680	29,259	-	143,939
First quarter 2018				
Revenues	311,672	54,828	-	366,500
Expenses	(216,886)	(29,083)	-	(245,969)
Operating income	94,786	25,745	-	120,531
EBITDA ⁽¹⁾	107,114	27,259	-	134,373

* Includes the pharmaceutical chemicals operations

(1) Operating income before depreciation, amortization and write down of both tangible and intangible assets.

€ (thousands)	Specialty & primary care segment*	Rare diseases segment	Non-allocated**	Consolidated accounts
31 March 2019				
Non-current assets	1,222,615	256,833	21,491	1,500,939
Inventories	180,351	22,636	-	202,987
Trade receivables	239,972	46,771	-	286,743
Other current assets	31,969	6,566	7,965	46,500
Short-term investments, cash and cash equivalents	-	-	184,677	184,677
Total assets	1,674,907	332,806	214,133	2,221,846
Non-current liabilities	65,511	2,978	646,680	715,169
Current liabilities	280,088	48,261	111,014	439,363
Total liabilities	345,599	51,239	757,694	1,154,532
Net capital employed	1,329,308	281,567		
31 December 2018				
Non-current assets	1,216,263	226,466	20,772	1,463,501
Inventories	188,988	17,096	-	206,084
Trade receivables	206,389	39,353	-	245,742
Other current assets	38,371	5,284	6,414	50,069
Short-term investments, cash and cash equivalents	-	-	198,036	198,036
Total assets	1,650,011	288,199	225,222	2,163,432
Non-current liabilities	65,805	2,652	640,647	709,104
Current liabilities	264,813	68,694	157,235	490,742
Total liabilities	330,618	71,346	797,882	1,199,846
Net capital employed	1,319,393	216,853		

* Includes the pharmaceutical chemicals operations.

** Non-allocated amounts include: other equity investments, short-term investments, cash and cash equivalents, loans, hedging instruments, bank overdrafts and short-term loans.

The pharmaceutical chemicals operations are considered part of the Specialty and Primary Care segment as they are prevalently dedicated to the production of active ingredients for this business, both from a strategic and organizational point of view.

21. LITIGATION AND CONTINGENT LIABILITIES

In December 2015, the Italian Tax Police (*Guardia di Finanza*) notified the Company of their intention to commence a general income tax inspection covering the years 2009 through 2014 involving the Group company in Ireland, Recordati Ireland Ltd. The declared intention of the inspection was to evaluate the operational context of the foreign company in order to verify whether said company is in reality only formally localized abroad but is substantially managed/administered from Italy. On 28th February 2017 the Italian Tax Police (*Guardia di Finanza*) prescribed the extension of the income tax inspection to include the year 2015. After having analysed the documents and completed the investigation process, the Italian Tax Police finally revealed to Recordati Ireland Ltd., on 6th September 2017, their reasons for considering the Irish company subject to tax in Italy for corporate tax purposes in the reference period, resulting in an assessment of taxes allegedly owed to Italy, in the amount of € 109,4 million, against taxes of € 51,8 million already paid in Ireland. Recordati Ireland Ltd. filed its comments and observations on the findings reported in the above mentioned Tax Audits Reports within the legal deadlines. During 2018, the Lombardy Regional Directorate of the Italian Revenue Agency, in charge of Recordati S.p.A, reviewed the claims raised in

the aforementioned audit report and carried out an in-depth analysis on the relations between Recordati S.p.A and the Irish subsidiary in the tax periods from 2009 to 2015. Following that analysis, the Agency concluded - confirming the soundness of the Company's thesis - that, in the tax periods from 2009 to 2015, the Irish company cannot be deemed a fictitious foreign resident company. However, according to the Agency, part of the profit made by the Irish subsidiary in the aforementioned financial years was attributable to Recordati S.p.A, due to an alleged management support provided by the Italian parent company to the Irish subsidiary. Based on those assumptions, the Agency made a proposal of tax settlement for Ires and Irap purposes with respect to the tax years from 2009 to 2015, wherein it required the payment of further taxes equal to a total of € 21.0 million, over € 4.9 million of interest and € 2.5 million for penalties, which Recordati S.p.A., with a view to avoid litigation, accepted and paid in November 2018. The Company will apply the same criteria to the subsequent years, 2016 and 2017, with the intention to settle the tax claim in 2019 for which the related provision has been recognized in the 2018 income statement for an amount of around € 5 million.

22. RELATED PARTY TRANSACTIONS

Tax liabilities shown in the consolidated balance sheet at 31 March 2019 include those payable to the controlling company FIMEI S.p.A. for an amount of € 14.4 million. This amount refers to tax liabilities computed by the parent Recordati S.p.A. based on estimated taxable income and transferred to the controlling company consequent to the participation in a tax consolidation grouping under tax laws in Italy.

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

23. SUBSEQUENT EVENTS

No significant events occurred subsequent to 31 March 2019.

RECORDATI S.P.A. AND SUBSIDIARIES
SUBSIDIARIES INCLUDED IN THE CONSOLIDATED ACCOUNTS AT 31 MARCH 2019

ATTACHMENT 1.

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
RECORDATI S.p.A. Development, production, marketing and sales of pharmaceuticals and pharmaceutical chemicals	Italy	26,140,644.50	EUR	Line-by-line
INNOVA PHARMA S.p.A. Marketing and sales of pharmaceuticals	Italy	1,920,000.00	EUR	Line-by-line
CASEN RECORDATI S.L. Development, production, marketing and sales of pharmaceuticals	Spain	238,966,000.00	EUR	Line-by-line
BOUCHARA RECORDATI S.A.S. Development, production, marketing and sales of pharmaceuticals	France	4,600,000.00	EUR	Line-by-line
RECORDATI RARE DISEASES COMERCIO DE MEDICAMENTOS LTDA Holds pharmaceutical marketing rights in Brazil	Brazil	166.00	BRL	Line-by-line
RECORDATI RARE DISEASES INC. Development, production, marketing and sales of pharmaceuticals	U.S.A.	11,979,138.00	USD	Line-by-line
RECORDATI IRELAND LTD Development, production, marketing and sales of pharmaceuticals	Ireland	200,000.00	EUR	Line-by-line
LABORATOIRES BOUCHARA RECORDATI S.A.S. Development, production, marketing and sales of pharmaceuticals	France	14,000,000.00	EUR	Line-by-line
RECORDATI PHARMA GmbH Marketing and sales of pharmaceuticals	Germany	600,000.00	EUR	Line-by-line
RECORDATI PHARMACEUTICALS LTD Marketing and sales of pharmaceuticals	United Kingdom	15,000,000.00	GBP	Line-by-line
RECORDATI HELLAS PHARMACEUTICALS S.A. Marketing and sales of pharmaceuticals	Greece	10,050,000.00	EUR	Line-by-line
JABA RECORDATI S.A. Marketing and sales of pharmaceuticals	Portugal	2,000,000.00	EUR	Line-by-line
JABAFARMA PRODUTOS FARMACÊUTICOS S.A. Marketing of pharmaceuticals	Portugal	50,000.00	EUR	Line-by-line
BONAFARMA PRODUTOS FARMACÊUTICOS S.A. Marketing of pharmaceuticals	Portugal	50,000.00	EUR	Line-by-line
RECORDATI ORPHAN DRUGS S.A.S. Holding company	France	57,000,000.00	EUR	Line-by-line
ORPHAN EUROPE SWITZERLAND GmbH Marketing and sales of pharmaceuticals	Switzerland	20,000.00	CHF	Line-by-line
ORPHAN EUROPE MIDDLE EAST FZ LLC Marketing and sales of pharmaceuticals	United Arab Emirates	100,000.00	AED	Line-by-line
RECORDATI AB Marketing and sales of pharmaceuticals	Sweden	100,000.00	SEK	Line-by-line
ORPHAN EUROPE S.à.R.L. Development, production, marketing and sales of pharmaceuticals	France	320,000.00	EUR	Line-by-line
ORPHAN EUROPE UNITED KINGDOM LTD Marketing and sales of pharmaceuticals	United Kingdom	50,000.00	GBP	Line-by-line
ORPHAN EUROPE GERMANY GmbH Marketing and sales of pharmaceuticals	Germany	25,600.00	EUR	Line-by-line
ORPHAN EUROPE SPAIN S.L. Marketing and sales of pharmaceuticals	Spain	1,775,065.49	EUR	Line-by-line
ORPHAN EUROPE ITALY S.R.L. Marketing and sales of pharmaceuticals	Italy	40,000.00	EUR	Line-by-line

PERCENTAGE OF OWNERSHIP										
Recordati S.p.A. (Parent)	Recordati Pharma GmbH	Bouchara Recordati S.A.S.	Casen Recordati S.L.	Recordati Orphan Drugs S.A.S.	Orphan Europe S.A.R.L.	Herbacos Recordati s.r.o.	Recordati İlaç A.Ş.	Opalia Pharma S.A.	Recordati AG	Total
100.00										100.00
100.00										100.00
100.00										100.00
99.398					0.602					100.00
100.00										100.00
100.00										100.00
		100.00								100.00
55.00			45.00							100.00
100.00										100.00
100.00										100.00
			100.00							100.00
			100.00							100.00
			100.00							100.00
90.00	10.00									100.00
				100.00						100.00
				100.00						100.00
				100.00						100.00
				100.00						100.00
					100.00					100.00
					100.00					100.00
						100.00				100.00
						100.00				100.00
							99.00			99.00

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
RECORDATI BVBA Marketing and sales of pharmaceuticals	Belgium	18,600.00	EUR	Line-by-line
FIC MEDICAL S.à.R.L. Marketing of pharmaceuticals	France	173,700.00	EUR	Line-by-line
HERBACOS RECORDATI s.r.o. Development, production, marketing and sales of pharmaceuticals	Czech Republic	25,600,000.00	CZK	Line-by-line
RECORDATI SK s.r.o. Marketing and sales of pharmaceuticals	Slovakia	33,193.92	EUR	Line-by-line
RUSFIC LLC Marketing and sales of pharmaceuticals	Russian Federation	3,560,000.00	RUB	Line-by-line
RECOFARMA İLAÇ Ve Hammaddeleri Sanayi Ve Ticaret L.S. Marketing of pharmaceuticals	Turkey	10,000.00	TRY	Line-by-line
RECORDATI ROMÂNIA S.R.L. Marketing and sales of pharmaceuticals	Romania	5,000,000.00	RON	Line-by-line
RECORDATI İLAÇ Sanayi Ve Ticaret A.Ş. Development, production, marketing and sales of pharmaceuticals	Turkey	180,000,000.00	TRY	Line-by-line
RECORDATI POLSKA Sp. z o.o. Marketing and sales of pharmaceuticals	Poland	4,500,000.00	PLN	Line-by-line
ACCENT LLC Holds pharmaceutical marketing rights	Russian Federation	20,000.00	RUB	Line-by-line
RECORDATI UKRAINE LLC Marketing of pharmaceuticals	Ukraine	1,031,896.30	UAH	Line-by-line
CASEN RECORDATI PORTUGAL Unipessoal Lda Marketing and sales of pharmaceuticals	Portugal	100,000.00	EUR	Line-by-line
OPALIA PHARMA S.A. Development, production, marketing and sales of pharmaceuticals	Tunisia	9,656,000.00	TND	Line-by-line
OPALIA RECORDATI S.à.R.L. Marketing of pharmaceuticals	Tunisia	20,000.00	TND	Line-by-line
RECORDATI RARE DISEASES S.A. DE C.V. Marketing of pharmaceuticals	Mexico	16,250,000.00	MXN	Line-by-line
RECORDATI RARE DISEASES COLOMBIA S.A.S. Marketing of pharmaceuticals	Colombia	150,000,000.00	COP	Line-by-line
ITALCHIMICI S.p.A. Marketing of pharmaceuticals	Italy	7,646,000.00	EUR	Line-by-line
RECORDATI AG Marketing of pharmaceuticals	Switzerland	3,000,000.00	CHF	Line-by-line
PRO FARMA GmbH Marketing of pharmaceuticals	Austria	35,000.00	EUR	Line-by-line
RECORDATI RARE DISEASES CANADA Inc. Marketing of pharmaceuticals	Canada	350,000.00	CAD	Line-by-line
RECORDATI RARE DISEASES JAPAN K.K. ⁽¹⁾ Marketing of pharmaceuticals	Japan	10,000,000.00	JPY	Line-by-line
NATURAL POINT S.R.L. ⁽²⁾ Marketing of pharmaceuticals	Italy	10,400.00	EUR	Line-by-line
RECORDATI RARE DISEASES AUSTRALIA Pty Ltd ⁽¹⁾ Marketing of pharmaceuticals	Australia	200,000.00	AUD	Line-by-line
TONIPHARM S.a.s. ⁽²⁾ Marketing of pharmaceuticals	France	257,700.00	EUR	Line-by-line
RECORDATI BULGARIA Ltd ⁽³⁾ Marketing of pharmaceuticals	Bulgaria	50,000.00	BGN	Line-by-line

(1) Established in 2018

(2) Acquired in 2018

(3) Established in 2019

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

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

Milan, 8 May 2019

Signed by

Fritz Squindo

*Manager responsible for preparing
the Company's financial reports*

Statements contained in this report, other than historical facts, are "forward-looking statements" (as such term is defined in the Private Securities Litigation Reform Act of 1995). These statements are based on currently available information, on current best estimates, and on assumptions believed to be reasonable. This information, these estimates and assumptions may prove to be incomplete or erroneous, and involve numerous risks and uncertainties, beyond the Company's control. Hence, actual results may differ materially from those expressed or implied by such forward-looking statements. All mentions and descriptions of Recordati products are intended solely as information on the general nature of the company's activities and are not intended to indicate the advisability of administering any product in any particular instance.

RECORDATI

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