

INTERIM REPORT
FIRST HALF
2024

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 in Europe, Russia and the other C.I.S. countries, in Ukraine, Turkey, North Africa, the United States of America, Canada, Mexico, some South American countries, Japan, Australia and New Zeland, China and South Korea.

MANAGEMENT REVIEW

FINANCIAL HIGHLIGHTS

FIRST HALF 2024

NET REVENUE

€ (thousands)	First half 2024	%	First half 2023	%	Changes 2024/2023	%
Total revenue	1,185,667	100.0	1,044,272	100.0	141,395	13.5
Italy	179,582	15.1	161,294	15.4	18.288	11.3
International	1,006,085	84.9	882,978	84.6	123.107	13.9

KEY CONSOLIDATED P&L DATA

€ (thousands)	First half 2024	% of revenue	First half 2023	% of revenue	Changes 2024/2023	%
Net revenue	1,185,667	100.0	1,044,272	100.0	141,395	13.5
EBITDA ⁽¹⁾	452,936	38.2	406,181	38.9	46,755	11.5
Operating income	338,534	28.6	313,444	30.0	25,090	8.0
Adjusted operating income ⁽²⁾	367,926	31.0	338,249	32.4	29,677	8.8
Net income	225,370	19.0	227,571	21.8	(2,201)	(1.0)
Adjusted net income ⁽³⁾	301,047	25.4	287,431	27.5	13,616	4.7

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ 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)	30 June 2024	31 December 2023	Changes 2024/2023	%
Net financial position ⁽⁴⁾	(1,469,366)	(1,579,424)	110,058	(7.0)
Shareholders' equity	1,804,736	1,686,392	118,344	7.0

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

SECOND QUARTER 2024

NET REVENUE

€ (thousands)	Second quarter 2024	%	Second quarter 2023	%	Changes 2024/2023	%
Total revenue	577,847	100.0	492,909	100.0	84,938	17.2
Italy	87,988	15.2	78,770	16.0	9,218	11.7
International	489,859	84.8	414,139	84.0	75,720	18.3

KEY CONSOLIDATED P&L DATA

€ (thousands)	Second quarter 2024	% of revenue	Second quarter 2023	% of revenue	Changes 2024/2023	%
Net revenue	577,847	100.0	492,909	100.0	84,938	17.2
EBITDA ⁽¹⁾	208,895	36.2	185,402	37.6	23,493	12.7
Operating income	151,635	26.2	140,879	28.6	10,756	7.6
Adjusted operating income ⁽²⁾	165,898	28.7	151,662	30.8	14,236	9.4
Net income	101,775	17.6	103,617	21.0	(1,842)	(1.8)
Adjusted net income ⁽³⁾	137,383	23.8	132,413	26.9	4,970	3.8

(1) 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.

(2) 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.

(3) 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.

The first six months of 2024 continues to show strong momentum of the Group across both the Specialty & Primary Care and Rare Diseases business units, with consolidated net revenue of € 1,185.7 million, increasing by 13.5% compared to the first six months of the previous year; excluding revenue contribution from Avodart® and Combodart®/Duodart® of € 57.3 million¹, growth on a like-for-like basis² and at constant exchange rates is 10.2%, with an adverse currency impact of € 22.2 million (-2.1%), easing in

the second quarter primarily due to the stabilization of the Turkish lira (which de-valued sharply in Q2 2023) and continues to be compensated by high price inflation in Türkiye.

Specialty & Primary Care revenue totalled € 754.8 million in the first six months of 2024, growing 12.8% or 7.6% on a like-for-like basis³ and at constant exchange rates (+2.2% excluding Türkiye), against a very robust first half of 2023. This reflects a strong

1 Trademarks are owned by or licensed to the GSK group of companies. Transition of commercialization effectively completed in all the territories at the end of June 2024.

2 Pro-forma growth calculated excluding 1st half 2024 revenue of Avodart® and Combodart®/Duodart®.

3 Pro-forma growth calculated excluding 1st half 2024 revenue of Avodart® and Combodart®/Duodart®.

performance across all therapeutic areas, particularly the Urology franchise thanks to the double-digit growth of Eligard® and the € 57.3 million contribution of Avodart® and Combodart®/Duodart®. The first semester benefitted from strong start of sales in Türkiye, with phasing patterns similar to the first half of 2023, with however a milder flu season which particularly affected sales in France and Russia.

Rare Diseases revenue totaled € 399.3 million in the first half of 2024, up 15.9% as compared to the first half of 2023, both as reported and at CER, driven by growth of key franchises Oncology and Endocrinology. The Endocrinology franchise achieved net revenue of € 152.9 million, growing by 38.3% and reflecting the strong performance of Isturisa® and double-digit growth of Signifor®. The Oncology franchise achieved net revenue of € 117.2 million, growing by 22.7%, mainly driven by Qarziba® with continued growth also of Sylvant®. Both franchises continue to show substantial further growth potential. The Metabolic franchise achieved net revenue of € 129.2 million, a decrease of 6.6% due to generic competition in the US and EMEA on Carbaglu®.

The strong Revenue performance led to an increase in operating results compared to the same period of last year, with EBITDA at € 452.9 million, up by 11.5% compared to the first half of 2023 and 38.2% of net revenue (versus 38.9% for the first half of 2023), with strong revenue and operating leverage in part offset by a reduction of adjusted gross profit margin due to the consolidation of Avodart® and Combodart®/Duodart® and adverse product/country mix.

Adjusted operating income was € 367.9 million for the first half of 2024, up 8.8% over the previous year, and 31.0% of net revenue versus 32.4% in the same period last year. Operating income was € 338.5 million in the first half of 2024, up 8.0% over the first half of 2023, absorbing gross margin-related non-cash charges of € 27.0 million (versus € 20.9 million in first half 2023), arising from the unwind of the fair value step up of the acquired rare oncology inventory. Non-recurring costs were € 2.4 million, reduced versus € 3.9 million in the first half of 2023.

Financial expenses were € 46.8 million, up by € 22.2 million compared to the previous year, including € 7.5 million in FX losses (mostly unrealized, compared to gains of 4.7 million in the first half of 2023) and € 1.0 million of net monetary losses from hyperinflation accounting (compared to a gain of € 0.9 million in the first half of 2023).

Adjusted net income was € 301.0 million, at 25.4% of revenue, up by 4.7% compared to the same period of 2023, with higher adjusted operating income partially offset by the increase in financial expenses and of the tax rate, following statutory tax rate increase in some countries. Net income was € 225.4 million, at 19.0% of revenue, decreased by 1.0% versus first half of 2023, with the higher tax rate and financing expenses offsetting the higher operating income.

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 positive € 3.8 million in terms of revenues and slightly dilutive on margins, with a reduction in EBITDA of -€ 6.2 million (vs € -7.2 million in first half 2023) and of -€ 8.6 million at level of Net Income (vs -€ 10.1 million in first half 2023).

The net financial position as of 30th June 2024 recorded net debt of € 1,469.4 million or leverage just below 1.8x EBITDA pro-forma⁴, compared to net debt of € 1,579.4 million on 31st December 2023. During the period, treasury shares were purchased for € 7.7 million, net of proceeds from exercising stock options.

Free cash flow, which is operating cash flow excluding financing items, milestones, dividends, and purchases of treasury shares net of proceeds from the exercise of stock options, was € 256.6 million for the first half of 2024, a decrease of € 5.1 million versus the first half of 2023, with higher EBITDA offset by higher interests and income taxes paid.

Shareholders' equity was € 1,804.7 million.

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

CORPORATE DEVELOPMENT NEWS AND OTHER KEY EVENTS

Isturisa® U.S.: Recordati submitted the supplemental New Drug Application (sNDA) for the label extension of osilodrostat (Isturisa®) for Cushing's syndrome in June 2024, with a regulatory decision expected in mid-2025.

Dinutuximab beta (Qarziba®) U.S.: The Group had a positive meeting with the FDA defining a potential regulatory pathway for a Biologics License Application (BLA) in relapsed/refractory high-risk

neuroblastoma, requiring further analysis and some additional clinical data. A meeting with the FDA to discuss the analysis of the data is expected in mid-2025.

REC-0559: Preliminary top-line data from the Phase 2 REC-0559 trial for the treatment of neurotrophic keratitis shows the primary endpoint of corneal healing was not met. The company will review options for REC-0559 with partner MimeTech.

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 97.3% of the Group's total revenues.

As already mentioned, total consolidated net revenue for the Group in the first half of 2024 was € 1,185.7 million, compared to € 1,044.3 million in the first half of

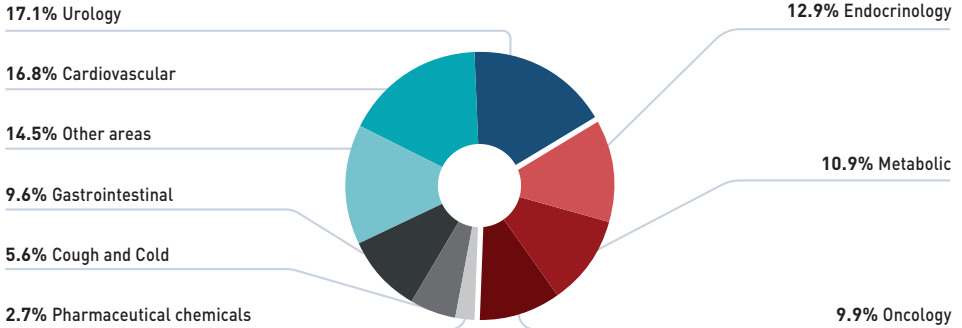
the previous year (+13.5% or +10.2% on a like-for-like basis⁵ and at constant exchange rates) and included net revenue from sales of Avodart® and Combodart®/Duodart® of € 57.3 million. Growth remains strong across both segments of the Group, absorbing adverse impact of exchange rates of € 22.2 million, mainly related to Türkiye and more than offset by continued high price inflation. The impact of the exchange rate in the first half of the year is lower compared to the first quarter as the TRY remained substantially stable in the second quarter of 2024 while last year recorded a strong devaluation in the second quarter (which had significant effects on revenues, in application of IAS 21 in the event of hyperinflationary economies).

⁵ Pro-forma growth calculated excluding 1st half 2024 revenue of Avodart® and Combodart®/Duodart®.

REVENUE BY THERAPEUTIC AREA

SPECIALTY & PRIMARY CARE **66.3%**

RARE DISEASES **33.7%**



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

SPECIALTY & PRIMARY CARE

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023	%
Urology	202,552	125,576	76,976	61.3
Cardiovascular	199,379	194,527	4,852	2.5
Gastrointestinal	114,366	112,121	2,245	2.0
Cough and Cold	67,146	73,475	(6,329)	(8.6)
Other treatment areas	171,409	163,232	8,177	5.0
Total (excluding Pharmaceutical Chemicals)	754,852	668,931	85,921	12.8
Pharmaceutical chemicals	31,512	30,929	583	1.9
Total	786,364	699,860	86,504	12.4

The strong growth of Specialty and Primary Care in the first half of the year reflects the addition of sales of Avodart® and Combodart®/Duodart® and solid volume growth ahead of relevant markets across most territories and therapeutics areas.

Urology sales increased +61.3% compared to the first half of 2023 and includes sales of Avodart® and Combodart®/Duodart® of € 57.3 million, following the new sales distribution agreement with GSK signed

in July 2023, with market transitions now completed in all countries at the end of June 2024. The growth of the franchise also reflects the ongoing strong performance of Eligard® (+16.5% compared to the first half of 2023), which has continued to gain share across most markets, the steady growth of Urorec® (silodosin), both in Russia and Türkiye (despite the FX headwind), and positive performance of Mictonorm in Türkiye.

Cardiovascular revenue is up 2.5% compared to the first half of 2023, with continued strong uptake of Reselip® in France and good growth of Livazo® (pitavastatin), mainly in Russia and Türkiye, Seloken® (metoprolol), mainly in Poland, Romania and Bulgaria and Cardicor® in Italy, partly offset by a slight decline in Zanipress® mainly reflecting the exit of low margin tenders in Germany.

Gastrointestinal revenue increased +2.0% as compared to the same period of last year, with steady growth of Procto-Glyvenol® partly offset by a decrease in some local products.

Sales of seasonal flu products declined by 8.6% compared to the first half of 2023, mostly due to RUB and TRY FX headwinds. Results also reflect softer sales in France against a very strong comparable in

the first half of 2023 and generally milder flu season across most markets.

Sales of pharmaceutical chemicals, which comprise active substances produced in the Campoverde plant in Italy for the international pharmaceutical industry, were € 31.5 million, growing by +1.9% compared to 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 Reagila® (cariprazine), Tergynan® (ternidazole), Lomexin® (fenticonazole) and flavoxate and, in OTC products, by certain gastroenterological products like Procto-Glyvenol® (tribenoside) and Casenlax®.

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023	%
Zanidip® (lercanidipine) and Zanipress® (lercanidipine+enalapril)	101,379	103,520	(2,141)	(2.1)
Eligard® (leuprorelin acetate)	64,043	54,994	9,049	16.5
Avodart® (dutasteride) and Combodart®/Duodart® (dutasteride/tamsulosin)	57,340	-	57,340	n.s.
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol + felodipine)	53,137	49,018	4,119	8.4
Urorec® (silodosin)	40,000	35,815	4,185	11.7
Livazo® (pitavastatin)	27,121	24,497	2,624	10.7
Other corporate products*	182,758	178,949	3,809	2.1

* Include corporate OTC products for a total of € 74.3 million in 2024 and € 73.4 million in 2023 (+1.2%).

As shown in the table below, in the first half 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, South Korea and through partners in other territories, totalled € 399.3 million, up by 15.9%.

TREATMENT OF RARE DISEASES

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023	%
Endocrinology*	152,879	110,563	42,316	38.3
Metabolic and other areas	129,215	138,289	(9,074)	(6.6)
Oncology	117,209	95,560	21,649	22.7
Total	399,303	344,412	54,891	15.9

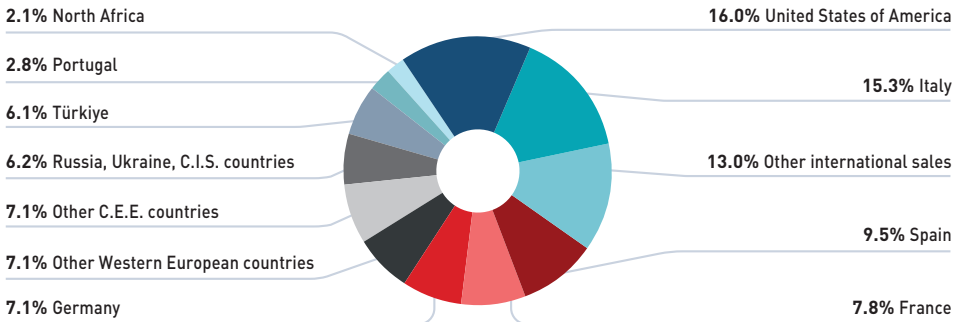
* Signifor® € 56.6 million and Isturisa® € 96.3 million in the first half of 2024, compared to € 50.3 million and € 60.3 million, respectively, in the first half of 2023.

This was mainly driven by the strong growth of the endocrinology products, increasing by 38.3%, thanks to continued patients' uptake for both Signifor® and Isturisa® across all regions and a positive net price evolution in the US.

Oncology products grew by +22.7%, driven by Qarziba®

volume expansion across EMEA and international markets and growth of Sylvant® in US and in several European countries. Metabolic was down by 6.6%, mainly due to price erosion due to continued generic pressure although slightly recovering compared to the first quarter of the year.

REVENUE BY GEOGRAPHIC AREA *



* Excluding sales of pharmaceutical chemicals, which were at € 31.5 million, up by 1.9%, representing 2.7% 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 half 2024	First half 2023	Changes 2024/2023	%
U.S.A.	184,114	150,904	33,210	22.0
Italy	176,300	157,548	18,752	11.9
Spain	109,390	76,703	32,687	42.6
France	90,333	95,691	(5,358)	(5.6)
Germany	81,385	78,024	3,361	4.3
Russia, other C.I.S. countries and Ukraine	71,762	70,453	1,309	1.9
Türkiye	70,042	45,014	25,028	55.6
Portugal	32,622	29,606	3,016	10.2
Other C.E.E. countries	82,046	73,594	8,452	11.5
Other Western European countries	81,412	70,868	10,544	14.9
North Africa	24,252	21,248	3,004	14.1
Other international sales	150,497	143,690	6,807	4.7
Total pharmaceutical revenue*	1,154,155	1,013,343	140,812	13.9

*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 half 2024	First half 2023	Changes 2024/2023	%
United States of America (USD)	199,073	163,076	35,997	22.1
Russia (RUB)	4,212,686	4,041,120	171,566	4.2
Türkiye (TRY)	2,278,439	1,224,003	1,054,436	86.1

Net revenue in Russia excludes sales of rare disease products.

The Group's pharmaceutical business in the US is dedicated to marketing products for the treatment of rare diseases. Sales were € 184.1 million in the first half of 2024, up by 22.0% (in local currency +22.1%) 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 € 176.3 million, increasing by 11.9% 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 € 159.9 million with an increase of 11.8% compared to the first half of 2023, thanks to Cardiovascular products (Cardicor[®]), the continued growth in OTC products, particularly Magnesio Supremo[®] and the addition of the new products distributed under the agreement with GSK (Avodart[®] and Combodart[®]/Duodart[®]) which contributed € 13.0 million of sales in the first half of 2024. Sales in products for the treatment of rare diseases amounted to € 16.4 million, up by 12.6% driven by Isturisa[®] (whose reimbursement was approved in January 2023), Qarziba[®] and Sylvant[®].

Sales in Spain accounted for € 109.4 million, up by 42.6% 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 reflects the strong contribution from sales of Avodart[®] and Duodart[®], which contributed € 31.2 million of sales in the first half of 2024, and continued growth of key promoted products like Reagila[®] and Eligard[®]. Sales of rare disease products were € 15.8 million, up by 21.3% due to the significant growth of the oncology products (particularly Qarziba[®]).

Sales in France, at € 90.3 million, were down by 5.6%. Sales in the Specialty and Primary Care segment were € 72.6 million, with a decrease of 4.2% mainly driven by softer performance of cough & cold products (against an exceptionally strong first half 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 € 17.7 million, down by 10.9% due to a decrease in sales of Carbaglu[®] due to generics competition partially offset by growth of endocrinology products.

Sales in Germany were € 81.4 million, up by 4.3% compared to the same period of previous year, growing in both the Specialty and Primary Care and the Rare Diseases segments. The increase in the Specialty and Primary Care includes Eligard[®] in Urology and Avodart[®] and Combodart[®]/Duodart[®] contribution, partially offset by a decrease for Ortoton[®], Zanipress[®] and Claversal[®] due to the decision to no longer

participate in exclusive low-margin tenders for these products. Sales of products for the treatment of rare diseases amounted to € 24.6 million (+7.9%) mainly reflecting strong performance of Qarziba[®] and Isturisa[®], partly offset by a decrease in the sales of Fotivda[®] and Carbaglu[®].

Sales generated in Russia, Ukraine and in the countries within the Commonwealth of Independent States (C.I.S.) were € 71.8 million, up by 1.9% compared to the same period of the previous year despite an estimated negative exchange rate effect of € 8.1 million, mainly related to RUB. Sales in the Specialty and Primary Care in Russia were RUB 4,212.7 million in local currency, up by 4.2% over the same period of the previous year. The increase in sales in Russia is mainly driven by Livazo[®] in Cardiovascular products, by Procto-Glyvenol[®] in the Gastrointestinal products, Polydexa[®] in the Cough & Cold products and Urorec[®] in Urology products partially offset by the decline of Tergynan[®]. Sales of products for the treatment of rare diseases in this area amounted to € 13.0 million, up by 36.4% compared to the same period of previous year mainly due to the significant growth of the oncology products (particularly Qarziba[®]).

Sales in Türkiye were at € 70.0 million, up by 55.6% compared to the same period of previous year, driven by volume growth, with significant adverse currency exchange effect of € 15.6 million more than 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 € 5.4 million, while the specific provisions of IAS 21 resulted in a negative effect of € 1.7 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 Urology products (particularly Mictonorm[®], Eligard[®] and Urorec[®]), by Cardiovascular products (particularly Alipza[®] and Lercadip[®]), and by Procto-Glyvenol[®] in the Gastrointestinal products. Sales of products for the treatment of rare diseases amounted to € 5.5 million, more than doubling the same period of the previous year, driven by Qarziba[®], Cystadrops[®] and Cystagon[®].

Sales in Portugal were € 32.6 million, up by 10.2% 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 is mainly driven by Avodart® and Combodart®/Duodart®, by OTC products (Magnesio Supremo®, Procto-Glyvenol® and Microlax®), and by prescription medications (Enerzair® and Reagila®). Sales of products for the treatment of rare diseases amounted to € 2.5 million, growing by 5.7% compared to the first half of 2023 mainly due to the metabolic portfolio (driven by Carbaglu®) and by Oncology products (particularly Qarziba®).

Sales in other Central and Eastern European countries, at € 82.0 million, include the sales from Recordati subsidiaries in Poland, the Czech Republic and Slovakia, Romania, Bulgaria and the Baltic countries, in addition to sales of rare disease treatments in this area. In the first half of 2024, overall sales increased by 11.5%, 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 € 15.7 million, increased by 13.4% compared to the first half of 2023, mainly driven by the growth of both endocrinology and oncology products.

Sales in other countries in Western Europe accounted for € 81.4 million (up 14.9% 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 € 47.8 million, up 16.0% driven by addition of Avodart® and Duodart® sales. Sales of products for the treatment of rare diseases in this area amounted to € 33.6 million, up by 13.4%, mainly thanks to the contribution of the oncology products.

Sales in North Africa were at € 24.3 million, up by 14.1% 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 10.9%, driven by Urorec®, Zanextra® and by local products' portfolio.

Other international sales, at € 150.5 million, were up by 4.7% 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 3.2% mainly driven by volume, with Zanidip® in China and Taiwan being the main contributors. Sales in the Rare Diseases segment up by 6.6%, compared to the same period of previous year mainly driven by Qarziba® (China), Carbaglu® (Argentina) and Isturisa® (Colombia), partly offset by delays in Brazil (Qarziba®).

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 half of 2023:

€ (thousands)	First half 2024	% of revenue	First half 2023	% of revenue	Changes 2024/2023	%
Net revenue	1,185,667	100.0	1,044,272	100.0	141,395	13.5
Cost of sales	(383,881)	(32.4)	(311,954)	(29.9)	(71,927)	23.1
Gross profit	801,786	67.6	732,318	70.1	69,468	9.5
Selling expenses	(247,703)	(20.9)	(233,794)	(22.4)	(13,909)	5.9
Research and development expenses	(139,135)	(11.7)	(119,043)	(11.4)	(20,092)	16.9
General and administrative expenses	(73,682)	(6.2)	(61,841)	(5.9)	(11,841)	19.1
Other income/(expenses), net	(2,732)	(0.2)	(4,196)	(0.4)	1,464	(34.9)
Operating income	338,534	28.6	313,444	30.0	25,090	8.0
Financial income/(expenses), net	(46,787)	(3.9)	(24,574)	(2.4)	(22,213)	90.4
Pre-tax income	291,747	24.6	288,870	27.7	2,877	1.0
Income taxes	(66,377)	(5.6)	(61,299)	(5.9)	(5,078)	8.3
Net income	225,370	19.0	227,571	21.8	(2,201)	(1.0)
Adjusted gross profit⁽¹⁾	828,751	69.9	753,204	72.1	75,547	10.0
Adjusted operating income⁽²⁾	367,926	31.0	338,249	32.4	29,677	8.8
Adjusted net income⁽³⁾	301,047	25.4	287,431	27.5	13,616	4.7
EBITDA⁽⁴⁾	452,936	38.2	406,181	38.9	46,755	11.5

(1) 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.

(2) 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.

(3) Net income excluding the amortisation 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 revaluation (IAS 29) net of tax effects.

(4) 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 € 1,185.7 million, up by € 141.4 million compared to the first half of 2023. For a detailed analysis, please refer to the previous chapter "Review of Operations".

Gross profit was € 801.8 million, 67.6% of revenue, increasing by 9.5% compared to the first half of 2023. Net of the impact of the € 27.0 million arising from the application of IFRS 3 on sales of residual inventory acquired with EUSA Pharma, adjusted gross profit was € 828.8 million, up by 10.0%, 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) and adverse product/country mix.

Selling expenses were € 247.7 million, an increase of 5.9% compared to the same period of the previous year, with a 20.9% ratio to revenue, improved as compared to 22.4% in the first half of 2023 thanks to the positive revenue performance and the above-mentioned operating leverage from Avodart® and Combodart®/Duodart® integration into the portfolio.

Research and development expenses were € 139.1 million, an increase of 16.9% compared to those in the first half of the previous year and include € 8.2 million of amortization of intangible fixed assets for the products acquired from GSK in the third quarter 2023.

General and administrative expenses increased by 19.1% 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 € 2.7 million (compared to € 4.2 million in the first half of 2023). Among others, they include a write down of

€ 2.0 million related to Ledaga® distribution licence, following an amendment of the underlying agreement for the return of the rights of the Japanese market, and € 2.5 million write down of the milestone paid to the operational partner for the development of the product REC 0559 for the treatment of neurotrophic keratitis, as the preliminary top-line data from the phase II trial shows the primary endpoint of corneal healing was not met. These impacts have been more than offset by the reimbursement of the contributions paid by our Portuguese branch (Jaba Recordati) to the company Tecnofage between 2018-2023, for the development of a new product for diabetic foot treatment. This reimbursement was made following the withdrawal by our Portuguese affiliate waiving its patent ownership share.

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 € 367.9 million, up by 8.8% compared to the first half of 2023, accounting for 31.0% of sales. Operating income was € 338.5 million, up by 8.0% compared to the same period the previous year.

Total amortisation amounted to € 80.5 million, of which € 64.9 million related to intangible assets, up by € 10.8 million over the first half of the previous year, attributable mostly to the acquisition of distribution rights of Avodart® (dutasteride) and Combodart®/Duodart® (dutasteride/tamsulosin) from GSK, and € 15.6 million relating to property, plant and equipment, up by € 1.7 million over the same period the previous year.

EBITDA at € 452.9 million, was up 11.5% compared to the first half of 2023, accounting for 38.2% of revenue.



The reconciliation of net income and EBITDA is reported below.

€ (thousands)	First half 2024	First half 2023
Net income	225,370	227,571
Income taxes	66,377	61,299
Financial (income)/expenses, net	46,787	24,574
Non-recurring operating expenses	2,427	3,919
Non-cash charges arising from EUSA Pharma PPA	26,965	20,886
Adjusted operating income	367,926	338,249
Depreciation, amortization and write-downs	85,010	67,932
EBITDA*	452,936	406,181

* 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 half 2024	First half 2023	Changes 2024/2023	%
Specialty and Primary Care segment	289,097	251,200	37,897	15.1
Rare diseases segment	163,839	154,981	8,858	5.7
Total EBITDA*	452,936	406,181	46,755	11.5

* 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 36.8% of revenue and the Rare Disease segment was 41.0%, with SPC margin improvement reflecting mostly benefit of consolidation of new Avodart® and Combodart®/Duodart® business.

Net financial expenses amounted to € 46.8 million, up by € 22.2 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 € 7.5 million (mainly unrealized and driven by the revaluation of the US dollar), against net gains of € 4.7 million in the first half of 2023, and the

impact of hyperinflation were negative € 1.0 million versus € 0.9 million gains in the first half of 2023.

The effective tax rate was 22.8%, which was higher than the same period of the previous year, following the preliminary accrual of the effects of Pillar Two, amounting to € 2.2 million. In continuing with the approach adopted in previous years, this result includes the tax benefit pertaining to the first half of 2023 relating to the Patent Box in Italy, which reduces tax for an estimated amount of € 5.4 million.

Net Income was € 225.4 million, at 19.0% of revenue, decreased by 1.0% versus first half of 2023, with the

higher tax rate and financing expenses offsetting the higher operating income.

Adjusted net income was € 301.0 million, up by 4.7%, and excludes amortization and write-downs of intangible assets (except software) and goodwill for a total amount of € 68.2 million, charges from non-

recurring items of € 2.4 million, non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory of € 27.0 million, and net monetary loss from hyperinflation of € 1.0 million (IAS 29), net of tax effects.

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

€ (thousands)	First half 2024	First half 2023
Net income	225,370	227,571
Amortization and write-downs of intangible assets (except software)	68,193	52,561
Tax effect	(15,377)	(11,152)
Non-recurring operating expenses	2,427	3,919
Tax effect	(562)	(957)
Non-cash charges arising from EUSA Pharma PPA	26,965	20,886
Tax effect	(6,741)	(5,229)
Monetary net (gains)/losses from hyperinflation	1,016	(887)
Tax effect	(244)	719
Adjusted net income*	301,047	287,431

* 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.

NET FINANCIAL POSITION

The net financial position as of 30th June 2024 recorded net debt of € 1,469.4 million, or leverage of approximately 1.77x EBITDA pro-forma⁶, compared to net debt of € 1,579.4 million on 31st December 2023, as detailed in the following table:

€ (thousands)	30 June 2024	31 December 2023	Changes 2024/2023	%
Cash and cash equivalents	200,579	221,812	(21,233)	(9.6)
Short-term debts to banks and other lenders	(50,290)	(99,932)	49,642	(49.7)
Loans - due within one year ⁽¹⁾	(262,574)	(343,448)	80,874	(23.5)
Leasing liabilities - due within one year	(10,094)	(10,249)	155	(1.5)
Short-term financial position	(122,379)	(231,817)	109,438	(47.2)
Loans - due after one year ⁽¹⁾	(1,318,021)	(1,319,970)	1,938	(0.1)
Leasing liabilities - due after one year	(28,955)	(27,637)	(1,318)	4.8
Net financial position	(1,469,366)	(1,579,424)	110,058	(7.0)

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

During the period, treasury shares were purchased for € 7.7 million, net of proceeds from exercising stock options.

Free cash flow, which is operating cash flow excluding financing items, milestones, dividends, and purchases of treasury shares net of proceeds from the exercise of stock options, was € 256.6 million for the first half of 2024, a decrease of € 5.1 million versus the first half of 2023, with higher EBITDA offset by higher interests and income taxes paid.

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 31st August 2025, with the final instalment on 29th February 2029.

In February the subsidiary Recordati AG finalized a loan with UBS Switzerland AG for 72.0 million Swiss francs, disbursed in April. The terms of the loan provide for a fixed interest rate and semi-annual repayment of principal starting December 2024 through April 2029.

In the first half of 2024 repayment of bank loans amounted to € 227.2 million.

RELATED-PARTY TRANSACTIONS

At 30th June 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.

At 30th June 2024, the Parent Company held 2,882,863 in treasury shares equivalent to 1.38% of its share capital, with a nominal value of € 0.125 each.

Except for what is stated above, 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.

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

BUSINESS OUTLOOK

Considering the strong results to date and continued momentum of the business, the previously announced targets for FY 2024 are adjusted upward as follows:

- Net revenue between € 2,300 and € 2,340 million (was € 2,260 to € 2,320 million)
- EBITDA⁽¹⁾ between € 845 and € 865 million (was of € 830 to € 860 million); margin of +/- 37%
- Adjusted net income⁽²⁾ between € 560 and € 580 million (was € 550 to € 570 million); margin of +/- 24.5%

The Group remains on track to deliver the previously announced financial targets for FY 2025 of over € 2.4 billion in revenue with the current portfolio and sustaining an EBITDA⁽¹⁾ margin of +/- 37%.

Milan, 30th July 2024

for the Board of Directors

Chief Executive Officer

Robert Koremans

(1) Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, 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.

(2) 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.



CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AT 30TH JUNE 2024

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

€ (thousands) ⁽¹⁾	Note	First half 2024	First half 2023
Net revenue	3	1,185,667	1,044,272
Cost of sales	4	(383,881)	(311,954)
Gross profit		801,786	732,318
Selling expenses	4	(247,703)	(233,794)
Research and development expenses	4	(139,135)	(119,043)
General and administrative expenses	4	(73,682)	(61,841)
Other income/(expenses), net	4	(2,732)	(4,196)
Operating income		338,534	313,444
Financial income/(expenses), net	5	(46,787)	(24,574)
Pre-tax income		291,747	288,870
Income taxes	6	(66,377)	(61,299)
Net income		225,370	227,571
Attributable to:			
Equity holders of the Parent		225,370	227,571
Non-controlling interests		0	0
Earnings per share (euro)			
Basic		1.092	1.108
Diluted		1.078	1.088

(1) Except amounts per share.

Earnings per share (EPS) are based on average shares outstanding during the respective period, 206,299,160 in 2024 and 205,421,410 in 2023.

These amounts are calculated deducting treasury shares in the portfolio, the average of which was 2,825,996 shares in 2024 and 3,703,746 shares in 2023.

Diluted earnings per share is calculated by taking into account rights granted to employees.

RECORDATI S.p.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

€ (thousands)	Note	30 th June 2024	31 st December 2023
Non-current assets			
Property, plant and equipment	7	183,019	178,657
Intangible assets	8	1,857,744	1,938,197
Goodwill	9	790,033	778,350
Other equity investments and securities	10	20,754	21,555
Other non-current assets	11	15,245	12,458
Deferred tax assets	12	88,925	76,674
Total non-current assets		2,955,720	3,005,891
Current assets			
Inventories	13	405,928	404,831
Trade receivables	13	492,435	445,193
Other receivables	13	99,761	99,401
Other current assets	13	29,436	19,924
Derivative instruments measured at fair value	14	16,855	11,079
Cash and cash equivalents	15	200,579	221,812
Total current assets		1,244,994	1,202,240
Total assets		4,200,714	4,208,131

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

€ (thousands)	Note	30 th June 2024	31 st December 2023
Shareholders' equity			
Share capital		26,141	26,141
Share premium reserve		83,719	83,719
Treasury shares		(124,356)	(127,970)
Reserve for derivative instruments		3,951	(286)
Translation reserve		(273,626)	(264,700)
Other reserves		63,455	61,219
Profits carried forward		1,800,082	1,636,451
Net income		225,370	389,214
Interim dividend		0	(117,396)
Shareholders' equity attributable to equity holders of the Parent		1,804,736	1,686,392
Shareholders' equity attributable to non-controlling interests		0	0
Total shareholders' equity	16	1,804,736	1,686,392
Non-current liabilities			
Loans - due after one year	17	1,352,308	1,353,216
Provisions for employee benefits	18	21,291	21,239
Deferred tax liabilities	19	135,160	144,208
Total non-current liabilities		1,508,759	1,518,663
Current liabilities			
Trade payables	20	263,648	263,979
Other payables	20	178,871	174,407
Tax liabilities	20	93,577	67,110
Other current liabilities	20	4,941	5,307
Provisions for risks and charges	20	15,872	16,596
Derivative instruments measured at fair value	21	4,971	19,993
Loans - due within one year	17	275,049	355,752
Short-term debts to banks and other lenders	22	50,290	99,932
Total current liabilities		887,219	1,003,076
Total shareholders' equity and liabilities		4,200,714	4,208,131

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

RECORDATI S.p.A. AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

€ (thousands) ⁽¹⁾	First half 2024	First half 2023
Net income	225,370	227,571
Gains/(losses) on cash flow hedges, net of tax effects	4,237	1,586
Gains/(losses) on translation of foreign financial statements	(8,926)	(60,417)
Gains/(losses) on equity-accounted investees, net of tax effects	(764)	(4,340)
Other changes, net of tax effects	(75)	(42)
Income and expenses recognized in shareholders' equity	(5,528)	(63,213)
Comprehensive income	219,842	164,358
Attributable to:		
Equity holders of the Parent	219,842	164,358
Non-controlling interests	0	0
Per-share value (euro)		
Basic	1.066	0.800
Diluted	1.051	0.786

(1) Except amounts per share.

Earnings per share (EPS) are based on average shares outstanding during the respective period, 206,299,160 in 2024 and 205,421,410 in 2023.

These amounts are calculated deducting treasury shares in the portfolio, the average of which was 2,825,996 shares in 2024 and 3,703,746 shares in 2023.

Diluted earnings per share is calculated by taking into account rights granted to employees.

RECORDATI S.p.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY

€ (thousands)	Shareholders' equity attributable to equity holders of the Parent										
	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	Total
Balance at 31st December 2022	26,141	83,719	(149,559)	5,249	(205,018)	62,260	1,524,099	312,336	(112,979)	0	1,546,248
Allocation of 2022 net income							312,336	(312,336)			
Dividend distribution							(236,218)		112,979		(123,239)
Change in share-based payments						3,100	833				3,933
Purchase of treasury shares			(6,483)								(6,483)
Sale of treasury shares			10,522				(2,846)				7,676
Other changes							16,732				16,732
Comprehensive income				1,586	(60,417)	(4,382)		227,571		0	164,358
Balance at 30th June 2023	26,141	83,719	(145,520)	6,835	(265,435)	60,978	1,614,936	227,571	0	0	1,609,225
Balance at 31st December 2023	26,141	83,719	(127,970)	(286)	(264,700)	61,219	1,636,451	389,214	(117,396)	0	1,686,392
Allocation of 2023 net income							389,214	(389,214)			
Dividend distribution							(247,473)		117,396		(130,077)
Change in share-based payments						3,075	3,042				6,117
Purchase of treasury shares			(37,563)								(37,563)
Sale of treasury shares			41,177				(11,334)				29,843
Other changes							30,182				30,182
Comprehensive income				4,237	(8,926)	(839)		225,370		0	219,842
Balance at 30th June 2024	26,141	83,719	(124,356)	3,951	(273,626)	63,455	1,800,082	225,370	0	0	1,804,736

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

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

€ (thousands)	First half 2024	First half 2023
OPERATING ACTIVITIES		
Net income	225,370	227,571
Income taxes	66,377	61,300
Net interest	37,399	28,462
Depreciation of property, plant and equipment	15,591	13,866
Amortization of intangible assets	64,873	54,066
Write-downs	4,546	0
Equity-settled share-based payment transactions	6,117	3,933
Other non-monetary components	35,304	25,529
Change in other assets and other liabilities	(20,897)	(5,355)
Cash flow generated/(used) by operating activities before change in working capital	434,680	409,372
Change in:		
- inventories	(29,464)	(33,507)
- trade receivables	(44,355)	(63,934)
- trade payables	172	20,693
Change in working capital	(73,647)	(76,748)
Interest received	2,920	2,583
Interest paid	(42,027)	(28,860)
Income taxes paid	(54,762)	(34,896)
Cash flow generated/(used) by operating activities	267,164	271,451

€ (thousands)	First half 2024	First half 2023
INVESTMENT ACTIVITIES		
Investments in property, plant and equipment	(11,263)	(9,913)
Disposals of property, plant and equipment	732	209
Investments in intangible assets	(9,102)	(26,560)
Disposals of intangible assets	38	267
Sale of non-current assets held for sale	0	3,000
Cash flow generated/(used) by investment activities	(19,595)	(32,997)
FINANCING ACTIVITIES		
Opening of loans	144,609	348,371
Repayment of loans	(226,801)	(139,695)
Payment of lease liabilities	(5,996)	(5,688)
Change in short-term debts to banks and other lenders	(48,676)	(70,481)
Dividends paid	(128,752)	(127,043)
Purchase of treasury shares	(37,563)	(6,483)
Sale of treasury shares	29,843	7,676
Cash flow generated/(used) by financing activities	(273,336)	6,657
Change in cash and cash equivalents	(25,767)	245,111
Opening cash and cash equivalents	221,812	284,734
Currency translation effect	4,534	(1,277)
Closing cash and cash equivalents	200,579	528,568

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AT 30TH JUNE 2024

1. GENERAL INFORMATION

The Consolidated Condensed Interim Financial Statements for the Recordati group for the period ended 30th June 2024 were prepared by Recordati Industria Chimica e Farmaceutica S.p.A. (the "Company" or the "Parent Company"), with headquarters at Via Matteo Civitali no. 1 in Milan, Italy, 20148, in a summarized format in compliance with IAS 34 "Interim Financial Reporting" and were approved by the Board of Directors' meeting on 30th July 2024, which authorized its public disclosure.

These consolidated condensed financial statements were subject to a limited scope audit by EY S.p.A. The figures at 31st December 2023 were audited by the same company, which issued its report on 28th March 2024.

These consolidated condensed financial statements were prepared on a going concern basis because the Directors verified the non-existence of indicators of a financial, operational or other nature which could signal critical issues regarding the Group's ability to

meet its obligations in the foreseeable future and, in particular, in the next twelve months.

Details regarding the accounting standards adopted by the Group are specified in Note 2.

The consolidated condensed financial statements at 30th June 2024 comprise those of the Parent Company and all its subsidiaries.

The scope of consolidation increased in the first half of 2024 to include the establishment of Recordati Rare Diseases MENA RHQ in Saudi Arabia and of Recordati Argentina S.r.l. in Argentina. In addition, EUSA Pharma (UK) Ltd. changed its name to Recordati UK LTD.

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 consolidated condensed financial statements were prepared in a summarized format in compliance with IAS 34 "Interim Financial Reporting". These financial 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 31st December 2023, prepared in accordance with the IFRSs issued by the International Accounting Standards Board (IASB) and endorsed by the European Union pursuant to Regulation no. 1606/2002.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the 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 half of 2024 totalling 4.7% of the Group's total revenue, as well as on the Ukrainian market, with revenue in the first quarter of 2024 accounting for 0.7% 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. The trend of the business in Russia is positive from the demand point of view of all the main products and there is no indication that the local distributors or the Russian subsidiary will have difficulties paying the Group's affiliates to purchase products.

In light of these interim accounts, also in consideration of the achievement of the expected results both at Group level and at the level of individual Cash Generating Units (CGUs) and the relevant sector, no elements 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.

Accounting standards used in the preparation of the consolidated condensed financial statements

The accounting standards used in the preparation of the consolidated condensed financial statements were the same as those used in the preparation of the consolidated financial statements at 31st December 2023, except for the new standards and amendments that were adopted with effect from 1st January 2024. The Group did not adopt any new standard, interpretation or amendment in advance that was issued but not yet in force.

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 1st January 2024. As the Group is within the scope of application for Pillar Two, an evaluation was made to assess the impact resulting from the new rules, bearing in mind the changes introduced by IAS 12 "Income taxes", in this area.

This evaluation was 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 evaluations with reference to the final figures from 2023 for each jurisdiction and best interpretation of the OECD guideline documents show that all the Group countries exceed the "transitional safe harbours" apart from Italy, Ireland, Switzerland and the United Arab Emirates. The preliminary effects have been recognized for these countries, based on the final figures from 2023, with total provisions in the first half of 2024 of € 2.2 million to increase the "Income taxes" in the income statement and the "Tax liabilities" in the liabilities of the balance sheet. The effects for the full year in 2024 will be determined based on the final figures for that year when preparing the annual consolidated financial statements. Since

this assessment is based on the final figures from 2023, the effective impact that the Pillar Two rules will have on the Group's exposure to Pillar Two taxes for the current year could undergo changes, albeit non-material ones, especially considering possible amendments to the tax laws in certain jurisdictions mentioned above. The Group continues to monitor the effective implementation of the legislation on Pillar Two income taxes assessing its impact on future financial results.

The Group controls companies based in Türkiye and, starting from the first half of 2024, in Argentina, countries which have now reached a situation in which the presence of hyperinflation is the consensus, in line with the international accounting standards. As of 1st January 2022 for Türkiye and from 22nd April 2024, the relevant standard IAS 29 has been applied, "Financial Reporting in Hyperinflationary Economies", the effects of which, exclusively related to Turkey considering that the Argentinian company is not operational yet, are also seen in the Group's consolidated results for the six-month period ended 30th June 2024. In particular, in accordance with the standard, the restatement of balance sheet values as a whole requires application of specific procedures and an evaluation process. For the income statement, all items were restated applying the change in the general level of prices in effect at the date on which the revenue and costs were initially recorded in the financial statements at the reporting date. For the purpose of converting the income statement thus restated into euro, the exact exchange rate at 30th June 2024 was applied consistently instead of the average exchange rate for the period. With regard to the balance sheet, the cash elements have not been restated, as they were already expressed in the unit of measurement as at the closing date of the period. Non-cash assets and liabilities were instead revalued from the date on which the assets and liabilities were initially recognised until the end of the period.

Several amendments applied for the first time in 2024 but had no impact on the Group's consolidated condensed interim financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to *IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures*, to clarify the characteristics of reverse factoring contracts and to require more information to be disclosed about such arrangements. The disclosure requirements included in the amendments aim to assist users of financial statements to understand the effects of reverse factoring arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition requirements state that an entity does not have to include the disclosure in the interim reports relating to the first year of application of the amendments.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued an amendment to IFRS 16 to specify the requirements that a seller-lessee uses when measuring the lease liabilities arising from a sale & leaseback transaction, to ensure that the seller-lessee does not recognize any gain or loss that relates to the right of use it retains.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB published amendments to sections 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- what is meant by "right to defer settlement";
- that the right to defer settlement must exist at the end of the financial year;
- that the classification is not impacted by the probability of the entity exercising its right to defer settlement;
- that only if a derivative implicit in an exchangeable liability is a capital instrument itself does the maturity of the liability have no impact on its classification.

Furthermore, a requirement was introduced that requires a disclosure to be made when a liability arising from a loan contract is classified as non-current and the entity's right to defer settlement is subject to meeting covenants within twelve months.



3. NET REVENUE

The Group's operations and main revenue streams are those described in the section on accounting standards 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.

During the first half of 2024, net revenue amounted to € 1,185.7 million, up compared to the € 1,044.3 million in the same period during 2023. It included € 57.3 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 half 2024	First half 2023	Changes 2024/2023
Net sales	1,178,338	1,037,627	140,711
Royalties	3,941	4,442	(501)
Upfront payments	590	783	(193)
Various revenue	2,798	1,420	1,378
Total net revenue	1,185,667	1,044,272	141,395

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", had a positive effect of € 3.8 million on net revenue.

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)	Specialty & Primary Care 2024	Specialty & Primary Care 2023	Rare diseases 2024	Rare diseases 2023	Total 2024	Total 2023
Urology	202,552	125,576	-	-	202,552	125,576
Cardiovascular	199,379	194,527	-	-	199,379	194,527
Gastrointestinal	114,366	112,121	-	-	114,366	112,121
Cough and Cold	67,146	73,475	-	-	67,146	73,475
Other treatment areas	171,409	163,232	-	-	171,409	163,232
Pharmaceutical chemicals	31,512	30,929	-	-	31,512	30,929
Endocrinology	-	-	152,879	110,563	152,879	110,563
Metabolic and other areas	-	-	129,215	138,289	129,215	138,289
Oncology	-	-	117,209	95,560	117,209	95,560
Total net revenue	786,364	699,860	399,303	344,412	1,185,667	1,044,272

GEOGRAPHIC AREA BY COUNTRY

€ (thousands)	Specialty & Primary Care 2024	Specialty & Primary Care 2023	Rare diseases 2024	Rare diseases 2023	Total 2024	Total 2023
Net pharmaceutical revenue						
United States of America	-	-	184,114	150,904	184,114	150,904
Italy	159,921	142,996	16,379	14,552	176,300	157,548
Spain	93,554	63,652	15,836	13,051	109,390	76,703
France	72,619	75,812	17,714	19,879	90,333	95,691
Germany	56,760	55,210	24,625	22,814	81,385	78,024
Russia, Ukraine, other CIS	58,716	60,889	13,046	9,564	71,762	70,453
Türkiye	64,495	43,049	5,547	1,965	70,042	45,014
Portugal	30,088	27,209	2,534	2,397	32,622	29,606
Other Eastern European countries	66,393	59,783	15,653	13,811	82,046	73,594
Other Western European countries	47,804	41,219	33,608	29,649	81,412	70,868
North Africa	23,387	20,515	865	733	24,252	21,248
Other international sales	81,115	78,597	69,382	65,093	150,497	143,690
Total net pharmaceutical revenue	754,852	668,931	399,303	344,412	1,154,155	1,013,343
Net pharmaceutical chemicals revenue						
Italy	1,445	2,018	-	-	1,445	2,018
Other European countries	8,831	9,143	-	-	8,831	9,143
United States of America	2,658	4,138	-	-	2,658	4,138
America (U.S.A. excluded)	3,180	3,289	-	-	3,180	3,289
Australasia	15,188	11,641	-	-	15,188	11,641
Africa	210	700	-	-	210	700
Total net pharmaceutical chemicals revenue	31,512	30,929	0	0	31,512	30,929
Total net revenue	786,364	699,860	399,303	344,412	1,185,667	1,044,272

4. OPERATING EXPENSES

Total operating expenses for the first half of 2024 amounted to € 847.1 million, up compared to the € 730.8 million for the corresponding period the previous year, and are classified by function as follows:

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
Cost of sales	383,881	311,954	71,927
Selling expenses	247,703	233,794	13,909
Research and development expenses	139,135	119,043	20,092
General and administrative expenses	73,682	61,841	11,841
Other (income)/expenses, net	2,732	4,196	(1,464)
Total operating expenses	847,133	730,828	116,305

The cost of sales totalled € 383.9 million, up compared to the first half of 2023 and representing 32.4% of revenue, higher than the 29.9% in the first half of 2023. This is attributable to the higher cost to sell products acquired from GSK, the adverse product/country mix 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 € 27.0 million, compared to € 20.9 million in the first half 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 € 10.2 million, substantially in line with first half of 2023.

Selling expenses increased by € 13.9 million compared to the same period the previous year,

at 20.9% of revenue, improving on the 22.4% in the first half 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 € 139.1 million, up by 16.9% compared to the first half of last year and include € 8.2 million from the amortisation of the intangible assets acquired from GSK in the third quarter of 2023.

General and administrative expenses increased by 19.1% owing to the strengthening of the general coordination structure and to the investments in progress to implement new information systems in support of the Group's growth.

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

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
Non-recurring costs:			
- restructuring	1,591	2,772	(1,181)
- emergency in Ukraine and earthquake in Türkiye and Syria	5	602	(597)
- EUSA Pharma acquisition	831	545	286
Total non-recurring costs	2,427	3,919	(1,492)
Write-downs of intangible assets	4,546	0	4,546
Other	(4,241)	277	(4,518)
Other net (income)/expenses	2,732	4,196	(1,464)

The write-downs of intangible assets refer to the product Ledaga® (€ 2.0 million) following the return of distribution rights for Japan and to the milestone paid to the operational partner for the development of the product REC 0559 for the treatment of neurotrophic keratitis (€ 2.5 million), as the preliminary top-line data from the phase II trial shows the primary endpoint of corneal healing was not met.

The item "Other" mainly includes income from

reimbursement of the contributions paid by our Portuguese branch (Jaba Recordati) to the company Tecnofage between 2018-2023, for the development of a new product for diabetic foot treatment. This reimbursement was made following the withdrawal by our Portuguese affiliate waiving its patent ownership share.

Total operating expenses are broken down by nature as follows:

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
Material consumption	280,964	220,030	60,934
Payroll costs	203,219	181,325	21,894
Other employee costs	31,611	28,003	3,608
Variable sales expenses	49,553	51,146	(1,593)
Depreciation, amortization and write-downs	85,010	67,932	17,078
Utilities and consumables	28,029	28,710	(681)
Other expenses	168,747	153,682	15,065
Total operating expenses	847,133	730,828	116,305

The proportion of raw material consumption to net revenue was 23.7%, up compared to the 21.1% during the same period in 2023, mainly as a result of the integration of Avodart® and Combodart®/Duodart®.

The item "Payroll costs" includes € 2.6 million in charges for stock option plans, down by € 1.3 million compared to the same period of the previous year as a result of introducing an alternative incentive plan. 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 of which pertaining to the period, determined based on IFRS 2, amounted to € 3.5 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 half 2024 income statement of € 0.7 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 € 80.5 million, of which € 64.9 million related to intangible assets, up by € 10.8 million over the first half of the previous year, attributable mostly to the acquisition of distribution rights for Avodart® (dutasteride) and Combodart®/Duodart® (dutasteride/tamsulosin) from GSK (€ 8.2 million), and € 15.6 million relating to property, plant and equipment, up by € 1.7 million over the same period the previous year.

"Other expenses" include non-cash charges for € 27.0 million in the first half 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 € 6.1 million in respect to the same period of the previous year.



5. NET FINANCIAL INCOME AND EXPENSES

In the first half of 2024 and same period in 2023, the balance of financing items was negative for € 46.8 million and € 24.6 million, respectively.

The main balance items are summarized in the table below.

€ (thousands)	First half 2024	First half 2023	Changes 2024/2023
Interest expense on loans	40,166	30,575	9,591
Net exchange rate (gains)/losses	7,500	(4,661)	12,161
Hyperinflation effects (IAS 29)	1,016	(887)	1,903
Expenses on leases	990	875	115
Expenses for defined benefit plans	177	183	(6)
Net (income)/expense on short-term positions	(3,062)	(1,511)	(1,551)
Total net financial (income)/expenses	46,787	24,574	22,213

The increase in the interest expense on loans for € 9.6 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 € 7.5 million and were mainly attributable to the performance of the US dollar and the Russian rouble, whereas during the first half of 2023, net exchange gains were recorded for € 4.7 million.

Hyperinflation had a negative impact for € 1.0 million, whereas this had been positive for € 0.9 million in the first half of 2023.

6. INCOME TAXES

Income taxes amounted to € 66.4 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. The balance contains a provision of € 2.2 million for the preliminary effects arising from application of Pillar Two rules in the tax jurisdictions of Italy, Ireland, Switzerland and the United Arab Emirates, determined as described in more detail in Note 2.

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 fiscal 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 half of 2024, recognized to reduce the tax amounts, as € 5.4 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
Cost					
Balance at 31 st December 2023	123,647	269,201	111,821	48,149	552,818
Additions	4,352	1,783	6,466	6,216	18,817
Disposals	(4,660)	(53)	(2,576)	(120)	(7,409)
Hyperinflation Türkiye	4,622	3,731	1,692	(398)	9,647
Other changes	4,823	27,087	(2,931)	(33,466)	(4,487)
Balance at 30th June 2024	132,784	301,749	114,472	20,381	569,386
Accumulated amortization					
Balance at 31 st December 2023	66,692	227,909	79,560	0	374,161
Amortization for the period	4,138	5,550	5,903	0	15,591
Disposals	(2,787)	(53)	(2,576)	0	(5,416)
Hyperinflation Türkiye	1,677	2,154	999	0	4,830
Other changes	(198)	24	(2,625)	0	(2,799)
Balance at 30th June 2024	69,522	235,584	81,261	0	386,367
Net amount					
31 st December 2023	56,955	41,292	32,261	48,149	178,657
30th June 2024	63,262	66,165	33,211	20,381	183,019

Increases over the period amounted to € 18.8 million and mainly refer to the Parent Company (€ 6.4 million, especially regarding the Campoverde and Milan plants), and the subsidiaries Rare Diseases Inc. (€ 2.0 million), Recordati Rare Diseases Japan (€ 1.5 million) and Recordati Polska (€ 1.1 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 31st 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
Cost				
Balance at 31 st December 2023	40,539	1,323	21,118	62,980
Additions	3,848	0	3,899	7,747
Disposals	(4,041)	0	(1,851)	(5,892)
Hyperinflation Türkiye	374	0	991	1,365
Other changes	(418)	0	(161)	(579)
Balance at 30th June 2024	40,302	1,323	23,996	65,621
Accumulated amortization				
Balance at 31 st December 2023	14,842	859	9,053	24,754
Amortization for the period	2,927	129	3,229	6,285
Disposals	(2,312)	0	(1,899)	(4,211)
Hyperinflation Türkiye	203	0	469	672
Other changes	(127)	0	(118)	(245)
Balance at 30th June 2024	15,533	988	10,734	27,255
Net amount				
31 st December 2023	25,697	464	12,065	38,226
30th June 2024	24,769	335	13,262	38,366

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
Cost					
Balance at 31 st December 2023	1,141,119	1,520,306	23,103	43,587	2,728,115
Additions	1	848	352	6,901	8,102
Disposals	(19)	(2)	(174)	(20)	(215)
Write-downs	0	(2,046)	0	(2,500)	(4,546)
Hyperinflation Türkiye	2,201	(677)	463	1	1,988
Other changes	(22,288)	7,542	460	(8,034)	(22,320)
Balance at 30th June 2024	1,121,014	1,525,971	24,204	39,935	2,711,124
Accumulated amortization					
Balance at 31 st December 2023	417,829	351,512	20,577	0	789,918
Amortization for the period	25,806	38,695	372	0	64,873
Disposals	0	(2)	(174)	0	(176)
Hyperinflation Türkiye	1,321	(566)	339	0	1,094
Other changes	(9,446)	6,683	434	0	(2,329)
Balance at 30th June 2024	435,510	396,322	21,548	0	853,380
Net amount					
31 st December 2023	723,290	1,168,794	2,526	43,587	1,938,197
30th June 2024	685,504	1,129,649	2,656	39,935	1,857,744

Increases for the period mainly included:

- € 4.6 million for investments in software;
- € 2.2 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® (€ 2.0 million) following the return of the product's distribution rights in Japan and to the milestone paid

to the operational partner for the development of the product REC 0559 for the treatment of neurotrophic keratitis (€ 2.5 million), as the preliminary top-line data from the phase II trial shows the primary endpoint of corneal healing was not met.

"Other changes" includes the conversion into euro of the intangible assets held and recognised in different currencies, for a net decrease of € 20.0 million compared to 31st December 2023, primarily due to the devaluation of the Swiss franc.



9. GOODWILL

Goodwill at 30th March 2024 and 31st December 2023 amounted to € 790.0 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 st December 2023	778,350
Hyperinflation adjustments	16,357
Exchange rate adjustments	(4,674)
Balance at 30th June 2024	790,033

Total net goodwill at 30th June 2024, of € 790.0 million, was divided between the two CGU as follows:

- for € 525.6 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 the accounting standards, 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. The Group's results, were sharply up over the same period of the previous year and in line with the forecasts. From an outlook perspective, the analysis carried out by comparing data at 30th June 2024 in relation to the expected flows for each cash generating unit (CGU) to see whether these events and their consequences could reveal possible impairment indicators found no critical aspects to report, including in light of the significant headroom identified in the impairment tests performed at the end of financial year 2023.

10. OTHER EQUITY INVESTMENTS AND SECURITIES

At 30th June 2024, these amounted to € 20.7 million, down by € 0.8 million compared to 31st 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 19th June 2015, the shares of the Company were admitted for trading on the London Stock Exchange. At 30th June 2024, the total fair value of the 9,554,140 shares held was € 20.6 million. The value of the investment was consequently adjusted to the stock exchange value and fell by € 0.7 million, compared to 31st 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 29th 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 31st 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 30th June 2024, this item amounted to € 15.2 million, increasing by € 2.7 million compared to 31st December 2023, and includes the discounted receivable for € 3.8 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 30th June 2024, deferred tax assets amounted to € 88.9 million, up by € 12.2 million compared to 31st December 2023, mainly due to the temporary differences arising from the elimination of unrealised projects on intercompany sales. The tax effect of comprehensive income statement components is € 1.3 million, as well as at 31st December 2023.



13. CURRENT ASSETS

Inventories amounted to € 405.9 million, down by € 1.1 million compared to 31st December 2023 which also took into account the increase of € 27.0 million, arising from the allocation of the purchase price for EUSA Pharma to the gross margin of acquired inventories.

Trade receivables amounted to € 492.4 million at 30th June 2024, up by € 47.2 million compared to 31st December 2023, due to higher revenue. The balance is net of the provision for impairments for € 16.6 million, increasing by € 0.9 million compared to 31st 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 67, compared to 64 at the end of June 2023.

Other receivables amounted to € 99.8 million, in line with the balance at 31st December 2023, and mainly consisted of tax receivables of € 59.4 million. This item includes € 7.1 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 € 29.4 million and refer mainly to prepaid expenses.

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

At 30th June 2024, the value of derivative instruments included under this item amounted to € 16.9 million.

The measurement at market (fair value) of cross currency swaps entered into by the Parent Company to hedge the US\$ 75 million loan issued on 30th September 2014 gave rise to a € 7.7 million asset at 30th June 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 € 4.5 million, and that hedging the US\$ 25 million tranche of the loan, provided by UniCredit, yielded a € 3.2 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 € 6.1 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 (€ 1.5 million) and in 2022 (€ 4.6 million).

At 30th June 2024, other hedging transactions were in place on foreign currency positions, the measurement of which was positive for € 3.1 million against an essentially nil balance at 31st 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 30th June 2024, the balance of this item amounted to € 200.6 million, decreasing by € 21.2 million on 31st 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 30th June 2024 was € 1,804.7 million, an increase of € 118.3 million compared to that at 31st December 2023 for the following reasons:

- increase of € 225.4 million from net income;
- increase of € 6.1 million from cost of stock option and performance shares plans set-off directly in equity;
- decrease of € 37.6 million from the purchase of 756,069 treasury shares;
- increase of € 29.8 million from the disposal of 992,250 treasury shares to service the stock option plans;
- increase of € 4.2 million from the recognition of cross currency swaps, the underlying loans and interest rate swaps, hedged foreign currency loans and interest rate swap transactions, net of the relative tax effect;
- decrease of € 0.8 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 € 8.9 million for foreign currency translation adjustments;
- increase of € 30.2 million from other changes, of which € 29.6 million attributable to the effects of application of IAS 29 in Türkiye;

- decrease of € 130.1 million from approved dividends.

At 30th June 2024, the Company has three stock option plans benefiting certain Group employees: the 2014-2018 plan with the grant on 13th April 2016, the 2018-2022 plan, with the grant of 3rd August 2018, and the 2021-2023 plan with the grants of 6th May 2021, 1st December 2021 and 24th 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 30th June 2024 are detailed in the following table:

	Strike price (€)	Quantity 1/1/2024	Granted 2024	Exercised in 2024	Cancelled and expired	Quantity 30.6.2024
Grant date						
13 th April 2016	21.93	512,250	-	(316,250)	-	196,000
3 rd August 2018	30.73	1,893,000	-	(536,000)	(4,500)	1,352,500
6 th May 2021	45.97	2,391,500	-	(140,000)	(61,000)	2,190,500
1 st December 2021	56.01	130,000	-	-	-	130,000
24 th February 2022	47.52	3,093,000	-	-	(167,000)	2,926,000
Total		8,019,750	-	(992,250)	(232,500)	6,795,000



At 30th June 2024, 2,882,863 treasury shares were held in the portfolio, a decrease of 236,181 shares compared to 31st December 2023. The change was due to the disposal of 992,250 shares for an amount of € 29.8 million to enable the options attributed to employees as part of the stock option plans to be exercised and to the purchase of 756,069 shares for an amount of € 37.6 million. The total cost to purchase the treasury shares in the portfolio was € 124.4 million, with an average unit price of € 43.14.

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 half 2024 income statement of

€ 0.7 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. After a vesting period of three years from the grant, the recipients will receive shares of the Parent Company up to an amount of 175% of the amount originally established, based on the trend of certain performance indicators. However, these rights will expire if the employee leaves the Company before they are vested. The first two grants were made on 27th June 2023 for 440,485 rights and on 9th May 2024 for 437,634 rights.

The total cost pertaining the period, determined based on IFRS 2, amounted to € 3.5 million.

17. LOANS

At 30th June 2024, loans amounted to € 1,627.4 million, decreasing by a net € 81.6 million compared to 31st December 2023.

This item includes the liabilities deriving from the application of the accounting standard IFRS 16, representing the obligation to make the payments provided for in the existing leases for a total amount of € 39.0 million, a net decrease of € 1.2 million compared to 31st December 2023.

During the first half of 2024, loan liabilities increased by € 152.3 million: € 144.6 million from opening new bank loans and € 7.7 million relating to new lease contracts. In the same period, repayments totalled € 233.2 million, of which € 227.2 were for bank loan repayments and € 6.0 million for lease liabilities.

During the period, the loan of € 400.0 million, initially agreed with Mediobanca, Natixis and Unicredit in 2019 and subsequently syndicated involving a pool of Italian and international banks, matured and was paid off.

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 € 0.7 million compared to 31st December 2023.

The main loans outstanding are:

a) Loan for € 70.0 million taken out by the Parent Company on 1st 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 31st August 2025, and final instalment on 29th 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 26th February 2024 by the subsidiary Recordati AG with UBS Switzerland AG and disbursed the next month in April, 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 16th 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 14th 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 30th June 2024, the fair value of the derivatives was measured as a positive € 1.5 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 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 18th 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 12th 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 12th 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 31st March 2023, with the final instalment on 3rd February 2027. The outstanding debt at 30th June 2024 amounted to € 636.7 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 30th June 2024, the fair value of the derivatives was measured as a positive € 4.6 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, it was substantially neutral and 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 16th 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 30th June 2024 was € 13.5 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 21st 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 entered into by the Parent Company on 30 March 2021 with Allied Irish Bank at a variable interest rate of 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 six-monthly interest payments and principal repayment, again on a semi-annual basis, starting from March 2022 until March 2026. The outstanding debt recognized at 30th June 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 17th April 2020 by the subsidiary Recordati AG with UBS Switzerland AG, at a variable interest rate of the three-month 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 30th June 2024 was € 15.6 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) 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 31st May 2025 through 31st 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.

l) Guaranteed senior notes issued by the Parent Company on 30th September 2014 for a total of US\$ 75 million, divided into two tranches: US\$ 50 million at fixed rate, repayable semi-annually starting 30th March 2022 and with maturity 30th September 2026, and US\$ 25 million again at fixed rate, repayable semi-annually starting 30th March 2023 and with maturity 30th 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 30th June 2024 amounted to a total of US\$ 44.6 million, with a counter-value of € 41.7 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 30th June 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 30th June 2024, hedging instruments measured at fair value were positive for a total of € 7.7 million, which was recognized directly as an increase in equity and as an increase in the asset item "Derivative instruments measured at fair value" (see Note 14).

The 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 30th June 2024 amounted to € 21.3 million, slightly up on 31st December 2023, and reflects the Group's liability towards its employees determined in accordance with IAS 19.

19. DEFERRED TAX LIABILITIES

At 30th June 2024, deferred tax liabilities amounted to € 135.2 million, down by € 9.0 million compared to 31st December 2023. The tax effect of comprehensive income statement components is € 1.7 million (€ 0.5 million at 31st December 2023).

20. CURRENT LIABILITIES

Trade payables at € 263.6 million, included the accrual for invoices to be received.

Other liabilities amounted to € 178.9 million, increasing by € 4.5 million compared to 31st December 2023, and mainly include:

- € 76.7 million due to employees and social security institutions;
- the liability for € 76.8 million, which Group companies must pay in total to national medical insurance schemes, including:
 - € 38.4 million payable by Recordati Rare Diseases Inc.;
 - € 13.5 million payable by Recordati Pharma GmbH to the "Krankenkassen" (German medical insurance schemes);
 - € 24.9 million payable in total by Italian companies and subsidiaries in Greece, France, Switzerland, Canada and Ireland.
- € 3.8 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 € 93.6 million, increasing by € 26.5 million compared to 31st December 2023.

Other current liabilities amounted to € 4.9 million, down by € 0.4 million compared to 31st December 2023. An amount of € 2.3 million is attributable to the adoption of the IFRS 15 accounting principle, based on which some deferred revenue is recognized in the income statement in variable instalments based on the fulfilment of the conditions for revenue recognition.

The provisions for risks and charges amounted to € 15.9 million, down by € 0.7 million compared to 31st December 2023.

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

At 30th June 2024, the value of derivative instruments included under this item amounted to € 5.0 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 30th June 2024 on the outstanding loan of 36.6 million Swiss francs was a negative for € 4.8 million compared to the € 12.9 million at 31st 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 30th June 2024 of the interest rate swaps hedging a number of loans gave rise to a total € 0.2 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 (€ 0.2 million) and in 2022 (substantially neutral).

At 30th June 2024, other hedging transactions were in place on foreign currency positions, the measurement of which was essentially nil compared to € 3.9 million at 31st 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 30th June 2024 were € 50.3 million and comprise temporary use of short-term credit lines, overdrafts of a number of foreign associates and interest due on existing loans.

On 1st 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 at 30th June 2024 was used for € 10.0 million, 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 covenants similar to those for other existing loans (see note n. 17) and these parameters are being observed.

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 30th June 2024 and include comparative data.

€ (thousands)	Specialty & Primary Care segment	Rare diseases segment	Values not allocated	Consolidated financial statement
First half 2024				
Revenue	786,364	399,303	-	1,185,667
Expenses	(544,084)	(303,049)	-	(847,133)
Operating income	242,280	96,254	-	338,534
First half 2023				
Revenue	699,860	344,412	-	1,044,272
Expenses	(485,515)	(245,313)	-	(730,828)
Operating income	214,345	99,099	-	313,444

€ (thousands)	Specialty & Primary Care segment*	Rare diseases segment	Not allocated**	Consolidated financial statements
30th June 2024				
Non-current assets	1,532,434	1,402,532	20,754	2,955,720
Inventories	271,573	134,355	-	405,928
Trade receivables	323,769	168,666	-	492,435
Other receivables and other current assets	73,619	55,577	16,856	146,052
Cash and cash equivalents	-	-	200,579	200,579
Total assets	2,201,395	1,761,130	238,189	4,200,714
Non-current liabilities	37,622	118,829	1,352,308	1,508,759
Current liabilities	311,300	245,609	330,310	887,219
Total liabilities	348,922	364,438	1,682,618	2,395,978
Net capital employed	1,852,473	1,396,692		
31st December 2023				
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
Total assets	2,158,386	1,795,299	254,446	4,208,131
Non-current liabilities	38,454	126,994	1,353,215	1,518,663
Current liabilities	308,550	218,849	475,677	1,003,076
Total liabilities	347,004	345,843	1,828,892	2,521,739
Net capital employed	1,811,382	1,449,456		

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

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

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 as yet uncertain—occur, with the consequence that the contractually required payments, estimated at around € 33 million, are merely potential at the moment.

25. RELATED-PARTY TRANSACTIONS

At 30th June 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 30TH JUNE 2024

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 of pharmaceuticals	Italy	1,920,000.00	EUR	Line-by-line
CASEN RECORDATI S.L. Development, production, and sales of pharmaceuticals	Spain	238,966,000.00	EUR	Line-by-line
BOUCHARA RECORDATI S.A.S. Development, production, and sales of pharmaceuticals	France	4,600,000.00	EUR	Line-by-line
RECORDATI RARE DISEASES COMERCIO DE MEDICAMENTOS LTDA Marketing of pharmaceuticals	Brazil	166.00	BRL	Line-by-line
RECORDATI RARE DISEASES INC. Development, production, and sales of pharmaceuticals	United States of America	11,979,138.00	USD	Line-by-line
RECORDATI IRELAND LTD Development, production, and sales of pharmaceuticals	Ireland	200,000.00	EUR	Line-by-line
LABORATOIRES BOUCHARA RECORDATI S.A.S. Development, production, and sales of pharmaceuticals	France	14,000,000.00	EUR	Line-by-line
RECORDATI PHARMA GmbH Marketing of pharmaceuticals	Germany	600,000.00	EUR	Line-by-line
RECORDATI PHARMACEUTICALS LTD Marketing of pharmaceuticals	United Kingdom	15,000,000.00	GBP	Line-by-line
RECORDATI HELLAS PHARMACEUTICALS S.A. Marketing of pharmaceuticals	Greece	10,050,000.00	EUR	Line-by-line
JABA RECORDATI S.A. Marketing of pharmaceuticals	Portugal	2,000,000.00	EUR	Line-by-line
JABAFARMA PRODUTOS FARMACÊUTICOS S.A. Promotion of pharmaceuticals	Portugal	50,000.00	EUR	Line-by-line
BONAFARMA PRODUTOS FARMACÊUTICOS S.A. Promotion of pharmaceuticals	Portugal	50,000.00	EUR	Line-by-line
RECORDATI RARE DISEASES MIDDLE EAST FZ LLC Marketing of pharmaceuticals	United Arab Emirates	100,000.00	AED	Line-by-line



Consolidated companies	Head office	Share capital	Currency	Consolidation method
RECORDATI AB Marketing of pharmaceuticals	Sweden	100,000.00	SEK	Line-by-line
RECORDATI RARE DISEASES S.à r.l. Development, production, and sales of pharmaceuticals	France	419,804.00	EUR	Line-by-line
RECORDATI RARE DISEASES UK Limited Marketing of pharmaceuticals	United Kingdom	50,000.00	GBP	Line-by-line
RECORDATI RARE DISEASES GERMANY GmbH Marketing of pharmaceuticals	Germany	25,600.00	EUR	Line-by-line
RECORDATI RARE DISEASES SPAIN S.L. Marketing of pharmaceuticals	Spain	1,775,065.49	EUR	Line-by-line
RECORDATI RARE DISEASES ITALY S.R.L. Marketing of pharmaceuticals	Italy	40,000.00	EUR	Line-by-line
RECORDATI BV Marketing of pharmaceuticals	Belgium	18,600.00	EUR	Line-by-line
FIC MEDICAL S.à r.l. Promotion of pharmaceuticals	France	173,700.00	EUR	Line-by-line
HERBACOS RECORDATI s.r.o. Development, production, and sales of pharmaceuticals	Czech Republic	25,600,000.00	CZK	Line-by-line
RECORDATI SK s.r.o. Marketing of pharmaceuticals	Slovak Republic	33,193.92	EUR	Line-by-line
RUSFIC LLC Development, promotion, and sales of pharmaceutical products	Russian Federation	3,560,000.00	RUB	Line-by-line
RECOFARMA İLAÇ Ve Hammaddeleri Sanayi Ve Ticaret L.Ş. Promotion of pharmaceuticals	Türkiye	8,000,000.00	TRY	Line-by-line
RECORDATI ROMÂNIA S.R.L. Marketing of pharmaceuticals	Romania	5,000,000.00	RON	Line-by-line
RECORDATI İLAÇ Sanayi Ve Ticaret A.Ş. Development, production, and sales of pharmaceuticals	Türkiye	180,000,000.00	TRY	Line-by-line
RECORDATI POLSKA Sp. z o.o. Marketing 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

Consolidated companies	Head office	Share capital	Currency	Consolidation method
RECORDATI UKRAINE LLC Marketing of pharmaceuticals	Ukraine	1,031,896.30	UAH	Line-by-line
CASEN RECORDATI PORTUGAL Unipessoal Lda Marketing of pharmaceuticals	Portugal	100,000.00	EUR	Line-by-line
OPALIA PHARMA S.A. Development, production, and sales of pharmaceuticals	Tunisia	9,656,000.00	TND	Line-by-line
OPALIA RECORDATI S.à r.l. Promotion 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	15,000,000.00	CHF	Line-by-line
RECORDATI AUSTRIA 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. Marketing of pharmaceuticals	Japan	90,000,000.00	JPY	Line-by-line
NATURAL POINT S.r.l. Marketing of pharmaceuticals	Italy	10,400.00	EUR	Line-by-line
RECORDATI RARE DISEASES AUSTRALIA Pty Ltd Marketing of pharmaceuticals	Australia	200,000.00	AUD	Line-by-line
TONIPHARM S.a.s. Marketing of pharmaceuticals	France	257,700.00	EUR	Line-by-line
RECORDATI BULGARIA Ltd Marketing of pharmaceuticals	Bulgaria	50,000.00	BGN	Line-by-line
RECORDATI (BEIJING) PHARMACEUTICAL CO., Ltd Marketing of pharmaceuticals	People's Republic of China	1,000,000.00	EUR	Line-by-line

Consolidated companies	Head office	Share capital	Currency	Consolidation method
RECORDATI RARE DISEASES FZCO Marketing of pharmaceuticals	United Arab Emirates	1,000.00	AED	Line-by-line
RECORDATI UK LTD Research and marketing of pharmaceuticals	United Kingdom	10.00	EUR	Line-by-line
RECORDATI Netherlands B.V. Marketing of pharmaceuticals	Netherlands	1.00	EUR	Line-by-line
EUSA Pharma (Denmark) ApS Marketing of pharmaceuticals	Denmark	50,000.00	EUR	Line-by-line
EUSA Pharma (CH) GmbH Marketing of pharmaceuticals	Switzerland	20,000.00	CHF	Line-by-line
RECORDATI KOREA, Co. Ltd Marketing of pharmaceuticals	South Korea	100,000,000.00	KRW	Line-by-line
RECORDATI RARE DISEASES MENA RHQ ⁽¹⁾ Marketing of pharmaceuticals	Saudi Arabia	500,000.00	SAR	Line-by-line
RECORDATI ARGENTINA S.R.L. ⁽¹⁾ Marketing of pharmaceuticals	Argentina	88,605,000.00	ARS	Line-by-line

(1) Set up in 2024

PERCENTAGE OF OWNERSHIP

Consolidated companies	Recordati S.p.A. <i>Parent Company</i>	Recordati Pharma GmbH	Bouchara Recordati S.a.s.	Casen Recordati S.L.
INNOVA PHARMA S.P.A.	100.00			
CASEN RECORDATI S.L.	100.00			
BOUCHARA RECORDATI S.A.S.	100.00			
RECORDATI RARE DISEASES COMERCIO DE MEDICAMENTOS LTDA	100.00			
RECORDATI RARE DISEASES INC.	100.00			
RECORDATI IRELAND LTD	100.00			
LABORATOIRES BOUCHARA RECORDATI S.A.S.			100.00	
RECORDATI PHARMA GmbH	55.00			45.00
RECORDATI PHARMACEUTICALS LTD	100.00			
RECORDATI HELLAS PHARMACEUTICALS S.A.	100.00			
JABA RECORDATI S.A.				100.00
JABAFARMA PRODUTOS FARMACÊUTICOS S.A.				100.00
BONAFARMA PRODUTOS FARMACÊUTICOS S.A.				100.00
RECORDATI RARE DISEASES MIDDLE EAST FZ LLC				
RECORDATI AB				
RECORDATI RARE DISEASES S.à r.l.	84.00	16.00		
RECORDATI RARE DISEASES UK Limited				
RECORDATI RARE DISEASES GERMANY GmbH				
RECORDATI RARE DISEASES SPAIN S.L.				
RECORDATI RARE DISEASES ITALY S.R.L.				
RECORDATI BV				
FIC MEDICAL S.à r.l.			100.00	
HERBACOS RECORDATI s.r.o.	100.00			
RECORDATI SK s.r.o.				
RUSFIC LLC			100.00	
RECOFARMA İLAÇ Ve Hammaddeleri Sanayi Ve Ticaret L.Ş.				
RECORDATI ROMÂNIA S.R.L.	100.00			

PERCENTAGE OF OWNERSHIP

Consolidated companies	Recordati S.p.A. Parent Company	Recordati Pharma GmbH	Bouchara Recordati S.a.s.	Casen Recordati S.L.
RECORDATI İLAÇ Sanayi Ve Ticaret A.Ş.				100.00
RECORDATI POLSKA Sp. z o.o	100.00			
ACCENT LLC	100.00			
RECORDATI UKRAINE LLC	0.01		99.99	
CASEN RECORDATI PORTUGAL Unipessoal Lda				100.00
OPALIA PHARMA S.A.	90.00			
OPALIA RECORDATI S.à R.L.			1.00	
RECORDATI RARE DISEASES S.A. DE C.V.	99.998			
RECORDATI RARE DISEASES COLOMBIA S.A.S.				100.00
ITALCHIMICI S.p.A.	100.00			
RECORDATI AG	100.00			
RECORDATI AUSTRIA GmbH				
RECORDATI RARE DISEASES CANADA Inc.	100.00			
RECORDATI RARE DISEASES JAPAN K.K.				
NATURAL POINT S.r.l.	100.00			
RECORDATI RARE DISEASES AUSTRALIA Pty Ltd				
TONIPHARM S.a.s.	100.00			
RECORDATI BULGARIA Ltd	100.00			
RECORDATI (BEIJING) PHARMACEUTICAL CO., Ltd	100.00			
RECORDATI RARE DISEASES FZCO				
RECORDATI UK LTD	100.00			
RECORDATI Netherlands B.V.				
EUSA Pharma (Denmark) ApS				
EUSA Pharma (CH) GmbH				
RECORDATI KOREA, Co. Ltd				
RECORDATI RARE DISEASES MENA RHQ ⁽¹⁾				
RECORDATI ARGENTINA SRL ⁽¹⁾	5.00			

⁽¹⁾ Set up in 2024

Recordati Rare Diseases S.à r.l.	Herbacos Recordati s.r.o.	Recordati İlaç A.Ş.	Opalia Pharma S.A.	Recordati AG	Recordati UK LTD	Total
						100.00
						100.00
						100.00
						100.00
						100.00
						90.00
			99.00			100.00
0.002						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
					100.00	100.00
					100.00	100.00
					100.00	100.00
					100.00	100.00
100.00						100.00
						100.00
					95.00	100.00

CERTIFICATION OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS PURSUANT TO ART. 154-BIS OF ITALIAN LGS. DEGREE DEGREE 58/98

1. I, the undersigned, Robert Koremans, as the Chief Executive Officer, and Luigi La Corte, as Financial Reporting Manager of Recordati S.p.A., pursuant to the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24th February 1998, hereby certify:

- the adequacy with respect to the Company structure and
- the effective application

of the administrative and accounting procedures applied in the preparation of the consolidated condensed financial statements for the first half of 2024.

2. The undersigned certify further that:

2.1 the consolidated condensed financial statements at 30th June 2024:

- have been prepared in accordance with the applicable International Accounting Standards, as endorsed by the European Union under the terms of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19th July 2002;
- correspond to the amounts shown in the Company's accounts, books and records;
- provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

2.2 the Interim Report includes a reliable analysis of the events occurring in the first six months of the year and their impact on the consolidated condensed financial statements, together with a description of the main risks and uncertainties referring to the remaining six months of the year. The Interim Report also includes a reliable analysis of the information on significant related-party transactions.

Milan, 30th July 2024

The Chief Executive Officer
Robert Koremans

The Financial Reporting Manager
Luigi La Corte



Recordati Industria Chimica e Farmaceutica S.p.A.

Review report on the interim condensed consolidated
financial statements

(Translation from the original Italian text)



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Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
Recordati Industria Chimica e Farmaceutica S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated income statement, the consolidated balance sheet, the statement of consolidated comprehensive income, the consolidated statement of change in shareholders' equity, the consolidated cash flow statement and the related notes to the consolidated condensed financial statements of Recordati Industria Chimica e Farmaceutica S.p.A. and its subsidiaries (the "Recordati Group") as of 30 June 2024. The Directors of Recordati Industria Chimica e Farmaceutica S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Recordati Group as of 30 June 2024 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 31 July 2024

EY S.p.A.
Signed by: Giovanni Luca Guerra, Statutory Auditor

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

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

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

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