RECORDATI

INTERIM REPORT

AT 30TH SEPTEMBER 2024

RECORDATI

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

MANAGEMENT REVIEW

FINANCIAL HIGHLIGHTS - First nine months 2024

NET REVENUE

€ (thousands)	First nine months 2024	%	First nine months 2023	%	Changes 2024/2023	%
Total net revenue	**1,743,081**	**100.0**	**1,556,174**	**100.0**	**186,907**	**12.0**
Italy	258,631	14.8	234,304	15.1	24,327	10.4
International	1,484,450	85.2	1,321,870	84.9	162.581	12.3

KEY CONSOLIDATED P&L DATA

€ (thousands)	First nine months 2024	% of revenue	First nine months 2023	% of revenue	Changes 2024/2023	%
Net revenue	1,743,081	100.0	1,556,174	100.0	186,907	12.0
EBITDA [(1)]	665,666	38.2	595,573	38.3	70,093	11.8
Operating income	504,098	28.9	438,751	28.2	65,347	14.9
Adjusted operating income [(2)]	539,518	31.0	491,608	31.6	47,910	9.7
Net income	338,400	19.4	304.492	19.6	33,908	11.1
Adjusted net income [(3)]	445,361	25.6	406,566	26.1	38,795	9.5

[(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 monetary net gains/losses from hyperinflation (IAS 29), net of tax effects.

KEY CONSOLIDATED BALANCE SHEET DATA

€ (thousands)	30 September 2024	31 December 2023	Changes 2024/2023	%
Net financial position [(4)]	(1,317,312)	(1,579,424)	262,112	(16.6)
Shareholders' equity	1,876,106	1,686,392	189,714	11.2

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

RECORDATI

Third quarter 2024

NET REVENUE

€ (thousands)	Third quarter 2024	%	Third quarter 2023	%	Changes 2024/2023	%
Total net revenue	**557,414**	**100.0**	**511,902**	**100.0**	**45,512**	**8.9**
Italy	79,049	14.2	72,982	14.3	6,067	8.3
International	478,365	85.8	438,920	85.7	39,446	8.9

KEY CONSOLIDATED P&L DATA

€ (thousands)	Third quarter 2024	% of revenue	Third quarter 2023	% of revenue	Changes 2024/2023	%
Net revenue	557,414	100.0	511,902	100.0	45,512	8.9
EBITDA (1)	212,730	38.2	189,392	37.0	23,338	12.3
Operating income	165,564	29.7	125,307	24.5	40,257	32.1
Adjusted operating income (2)	171,592	30.8	153,359	30.0	18,233	11.9
Net income	113,030	20.3	76,921	15.0	36,109	46.9
Adjusted net income (3)	144,314	25.9	119,135	23.3	25,179	21.1

(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 monetary net gains/losses from hyperinflation (IAS 29), net of tax effects.

The first nine months of 2024 continue to show double digit Revenue and profit growth for the Group, with continued strong momentum across both the Specialty & Primary Care and Rare Diseases business units. Consolidated net revenue of € 1,743.1 million is up 12.0% versus the first nine months of 2023; excluding revenue contribution from Avodart® and Combodart®/Duodart® of € 82.9 million[1], growth on a like-for-like[2] basis and at constant exchange rates is 9.3%, with an adverse currency impact of € 35.9 million (-2.3%), mainly driven by the devaluation of the Turkish lira particularly in Q1 and Q3, which is compensated by high price inflation in Türkiye.

Specialty & Primary Care revenue totaled € 1,094.4 million in the first nine months of 2024, growing 11.1% or 6.5% on a like-for-like[3] basis at CER (+2.6% excluding Türkiye). This reflects growth across most all therapeutic areas, with particularly strong performance from the Urology franchise thanks to the double-digit growth of Eligard® and the € 82.9 million contribution of Avodart® and Combodart®/Duodart® (versus 3.8 million in Q3 2023). The resilient Cardiovascular and Gastrointestinal franchises delivered slight growth, and the Cough and Cold business reflected solid in-market performance in the context of a softer flu season as compared to the previous year.

[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 revenue of Avodart® and Combodart®/Duodart® for both 2024 and 2023.
[3] Pro-forma growth calculated excluding revenue of Avodart® and Combodart®/Duodart® for both 2024 and 2023.

Rare Diseases revenue totaled € 605.6 million in the first nine months of 2024, up 14.1% as compared to the first nine months of 2023, or 14.5% at CER, driven by the key growth franchises of Oncology and Endocrinology, which continue to show substantial further growth potential. The Endocrinology franchise achieved net revenue of € 239.4 million, an increase of 36.0% and reflecting the continued strong performance of Isturisa® and double-digit growth of Signifor®. The Oncology franchise achieved net revenue of € 175.9 million, an increase of 17.1%, mainly driven by Qarziba® with continued growth of Sylvant®. The Metabolic franchise achieved net revenue of € 190.2 million, a decrease of 6.9% mainly due to generic competition in the US and EMEA on Carbaglu®, with the product growing in other international markets.

The strong Revenue performance led to an increase in operating results compared to the same period of last year, with EBITDA at € 665.7 million, up by 11.8% compared to the first nine months of 2023 and with margin in line to previous year at 38.2% of net revenue, 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 € 539.5 million for the first nine months of 2024, up 9.7% over the previous year, and 31.0% of net revenue versus 31.6% in the same period last year. Operating income was € 504.1 million in the first nine months of 2024, up 14.9% over the first nine months of 2023, absorbing gross margin-related non-cash charges of € 28.1 million (versus € 47.2 million in first nine months of 2023), arising from the unwind of the fair value step up of the acquired rare oncology inventory. Non-recurring costs were € 7.3 million versus € 5.4 million in the first nine months of 2023, which include 2.5 million related to the announced deal with Sanofi for Enjaymo® rights.

Financial expenses were € 62.3 million, up by € 13.3 million compared to the previous year, including € 2.8 million in FX losses (mostly unrealized, compared to losses of 0.3 million in the first nine months of 2023) and € 3.9 million of net monetary losses from hyperinflation accounting (compared to a gain of € 1.8 million in the first nine months of 2023).

Adjusted net income was € 445.4 million, at 25.6% of revenue, up by 9.5% 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 € 338.4 million, at 19.4% of revenue, increased by 11.1% versus first nine months of 2023.

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 € 3.9 million in terms of revenues and slightly dilutive on margins, with a reduction in EBITDA of € 7.6 million (vs € 6.3 million in first nine months of 2023) and of 14.1 million at level of Net Income (vs € 9.7 million in first nine months of 2023).

The net financial position as of 30th September 2024 recorded net debt of € 1,317.3 million or leverage just below 1.6x EBITDA, compared to net debt of € 1,579.4 million on 31st December 2023. During the period, treasury shares were purchased for € 25.4 million, net of proceeds from exercising stock options.
Free cash flow, which is total cash flow excluding financing items, milestones, dividends, and purchases of treasury shares net of proceeds from the exercise of stock options, was € 434.3 million for the first nine months of 2024, an increase of € 42.5 million versus the first nine months of 2023, mainly due to higher EBITDA only partially offset by higher interests and income taxes paid.

Shareholders' equity was € 1,876.1 million.

CORPORATE DEVELOPMENT NEWS AND OTHER KEY EVENTS

China: The Isturisa® new drug application (NDA) was approved by the China National Medical Products Administration (NMPA) in September for the treatment of adult patients with Cushing syndrome. The NDA for Signifor® LAR was submitted in March 2024. Priority review status was granted, and a regulatory decision is expected by mid-2025.

Isturisa® U.S.: Recordati submitted the supplemental New Drug Application (sNDA) for the label extension of osilodrostat (Isturisa®) for Cushing 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 at the end of the second quarter of 2024 to define a potential regulatory pathway for a Biologics License Application (BLA) in relapsed/refractory high-risk neuroblastoma. Further analysis and some additional clinical data are required, and a meeting with the FDA to discuss the analysis of the data is expected in mid-2025.

REC-0559: As announced at Q2 2024 results at the end of July 2024, preliminary top-line data from the Phase 2 REC-0559 trial for the treatment of neurotrophic keratitis showed the primary endpoint of corneal healing was not met. The company will review options for REC-0559 with partner MimeTech.

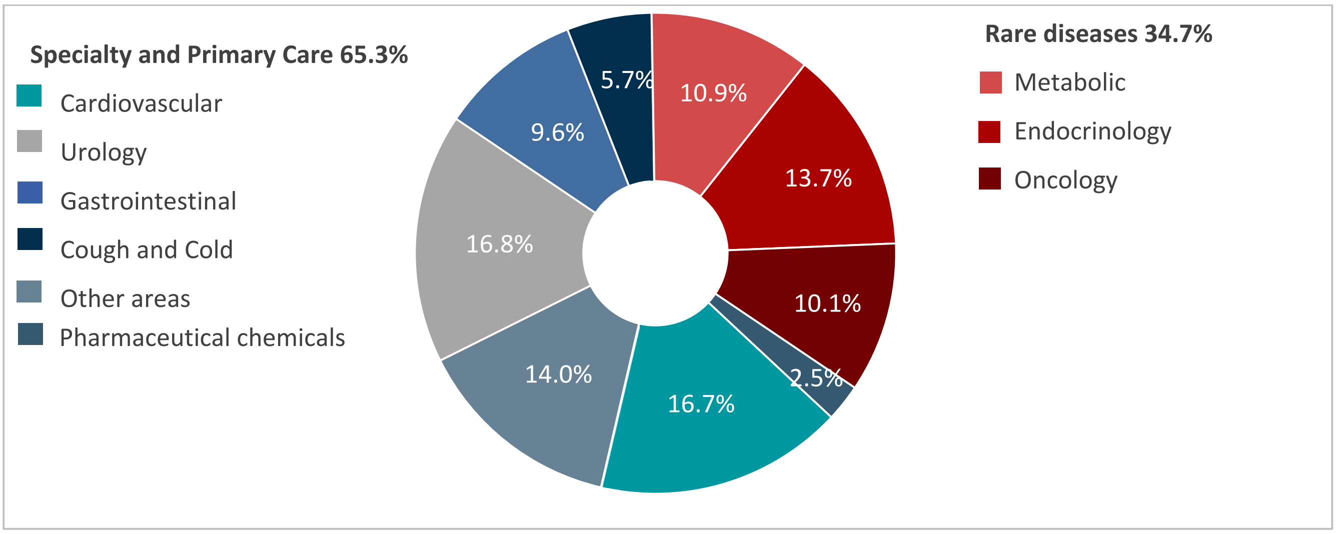
On October 4th, the Group announced an agreement with Sanofi to acquire the global rights to Enjaymo®, a biologic which is the only approved targeted product for the treatment of cold agglutinin disease (CAD), a rare B-cell lymphoproliferative disorder. In 2022, Enjaymo® was granted approval by the U.S. Food and Drug Administration (FDA), the European Commission (EC) and the Japanese Ministry of Health, Labor and Welfare. Enjaymo® generated approximately € 100 million in revenue over the last 12 months as of August 2024 and is expected to generate revenue in excess of € 150 million in FY 2025, with peak sales potential of € 250-300 million. The transaction is expected to be immediately accretive at the EBITDA level, with margin above the current Rare Diseases average as of 2025. Under the terms of the agreement, Recordati will make an upfront payment of US$ 825 million and additional commercial milestone payments of up to US$ 250 million if net sales reach certain thresholds at or above the top end of peak year sales expectations. The transaction is expected to close by the end of 2024, subject to regulatory clearances.

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 97.5% of the Group's total revenues.

As already mentioned, total consolidated net revenue for the Group in the first nine months of 2024 was € 1,743.1 million, compared to € 1,556.2 million in the first nine months of the previous year (+12.0% or +9.3% on a like-for-like[4] basis and at constant exchange rates) and included net revenue from sales of Avodart® and Combodart®/Duodart® of € 82.9 million. Growth remains strong across both segments of the Group, absorbing adverse impact of exchange rates of € 35.8 million, mainly related to Turkish lira, which is offset by continued high price inflation, and Russian rouble.

Revenue by therapeutic area



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

[4] Pro-forma growth calculated excluding revenue of Avodart® and Combodart®/Duodart® both in 2024 and 2023.

SPECIALTY AND PRIMARY CARE

€ (thousands)	First nine months 2024	First nine months 2023	Changes 2024/2023	%
Urology	293,164	193,633	99,531	51.4
Cardiovascular	290,533	284,633	5,900	2.1
Gastrointestinal	167,320	165,411	1,909	1.2
Cough and Cold	98,885	105,316	(6,431)	(6.1)
Other treatment areas	244,523	236,498	8,025	3.4
Total (excluding Pharmaceutical Chemicals)	**1,094,425**	**985,491**	**108,934**	**11.1**
Pharmaceutical chemicals	43,093	40,007	3,086	7.7
Total	**1,137,518**	**1,025,498**	**112,020**	**10.9**

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

Urology sales increased +51.4% compared to the first nine months of 2023 and includes sales of Avodart® and Combodart®/Duodart® of € 82.9 million (versus 3.8 million in Q3 of 2023), following the new sales distribution agreement with GSK signed in July 2023, with market transitions completed in all countries at the end of June 2024. The growth of the franchise also reflects the ongoing strong performance of Eligard® (+11.7% compared to the first nine months of 2023), which continues to gain share across most markets, the steady growth of Urorec® (silodosin), mostly in Italy, Russia and Türkiye (despite the FX headwind), and positive performance of Mictonorm® in Türkiye.

Cardiovascular revenue is up 2.1% compared to the first nine months 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 Hungary and Cardicor® in Italy, partly offset by a decline in Zanipress® mainly in Italy and in Germany, reflecting the exit of low margin tenders.

Gastrointestinal revenue increased +1.2% as compared to the same period of last year, with steady growth of Procto-Glyvenol® (mainly in CEE countries and Türkiye) partly offset by a decrease in some local products.

Sales of seasonal flu products declined by 6.1% compared to the first nine month of 2023, mostly due to RUB devaluation and softer sales in France against a very strong comparable in the same period of the previous year and a generally milder flu season across most of the markets in the first part of the year.

Sales of pharmaceutical chemicals, which comprise active substances produced in the Campoverde plant in Italy for the international pharmaceutical industry, were € 43.1 million, growing by +7.7% 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.

€ (thousands)	First nine months 2024	First nine months 2023	Changes 2024/2023	%
Zanidip® (lercanidipine) and Zanipress® (lercanidipine+enalapril)	143,682	148,349	(4,666)	(3.1)
Eligard® (leuprorelin acetate)	91,940	82,279	9,662	11.7
Avodart® (dutasteride) and Combodart®/Duodart® (dutasteride/tamsulosin)	82,864	3,783	79,081	n.s.
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol + felodipine)	79,760	72,067	7,692	10.7
Urorec® (silodosin)	58,270	53,142	5,128	9.7
Livazo® (pitavastatin)	38,999	35,261	3,738	10.6
Other corporate products*	267,494	259,449	8,045	3.1

* Include corporate OTC products for a total of € 107.2 million in 2024 and € 105.3 million in 2023 (+1.8%).

As shown in the table below, in the first nine months of 2024 sales of medicines for the treatment of rare diseases, marketed directly in Europe, Middle East, US, Canada, Mexico and some countries in South America, Japan, Australia, South Korea and through partners in other territories, totalled € 605.6 million, up by 14.1%.

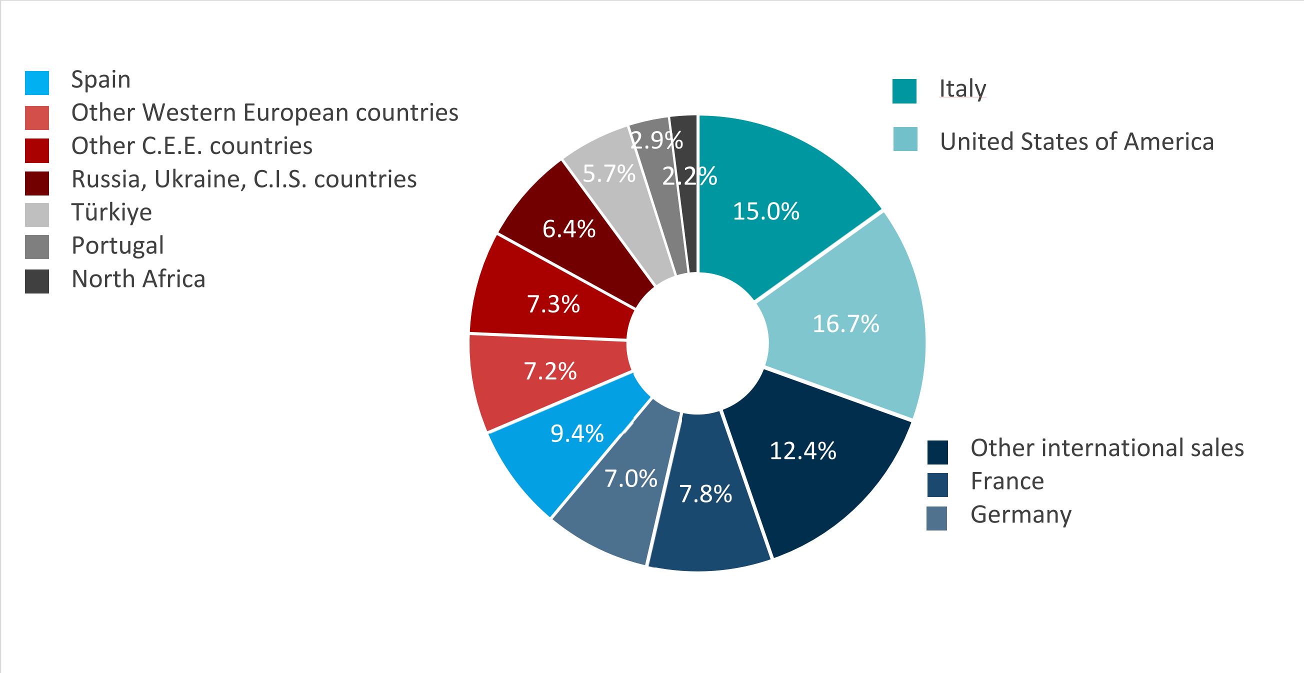
This was mainly driven by the strong growth of the endocrinology products, increasing by 36.0%, thanks to continued patients' uptake for both Signifor® and Isturisa® across all regions but mainly driven by US, also due to a positive net price evolution.
Oncology products grew by +17.1%, driven by Qarziba® volume expansion across EMEA and international markets and growth of Sylvant® in US and in several European countries. Metabolic was down by 6.9%, mainly due to price erosion due to continued generic pressure on Carbaglu® in US and Europe.

TREATMENT OF RARE DISEASES

€ (thousands)	First nine months 2024	First nine months 2023	Changes 2024/2023	%
Endocrinology*	239,469	176,085	63,384	36.0
Metabolic and other areas	190,245	204,371	(14,125)	(6.9)
Oncology	175,849	150,220	25,629	17.1
Total	**605,563**	**530,676**	**74,888**	**14.1**

* Isturisa® € 152.1 million and Signifor® € 87.4 million in the first nine months of 2024, compared to € 99.4 million and € 76.7 million, respectively, in the first nine months of 2023.

Revenue by geographic area*



* Excluding sales of pharmaceutical chemicals, which were at € 43.0 million, up by 7.7%, representing 2.5% of total revenue.

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

€ (thousands)	First nine months 2024	First nine months 2023	Changes 2024/2023	%
U.S.A.	284,412	234,128	50,284	21.5
Italy	254,430	229,017	25,413	11.1
Spain	160,551	113,251	47,300	41.8
France	132,943	135,574	(2,631)	(1.9)
Germany	118,882	113,780	5,102	4.5
Russia, other C.I.S. countries and Ukraine	108,133	103,902	4,231	4.1
Türkiye	97,710	79,145	18,565	23.5
Portugal	48,445	43,660	4,785	11.0
Other C.E.E. countries	124,589	111,042	13,547	12.2
Other Western European countries	123,003	108,336	14,667	13.5
North Africa	36,650	30,171	6,479	21.5
Other international sales	210,240	214,161	(3,921)	(1.8)
Total pharmaceutical revenue*	**1,699,988**	**1,516,167**	**183,821**	**12.1**

*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 nine months 2024	First nine months 2023	Changes 2024/2023	%
United States of America (USD)	318,072	253,629	64,443	25.4
Russia (RUB)	6,936,290	6,399,052	537,238	8.4
Türkiye (TRY)	3,417,758	2,246,929	1,170,829	52.1

Net revenue in Russia excludes sales of rare disease products.

The pharmaceutical business in the US, which is now solidly the first market for the Group, is dedicated to marketing products for the treatment of rare diseases. Sales were € 284.4 million in the first nine months of 2024, up by 21.5% (in local currency +25.4%) 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® as well as stronger competition on Panhematin®.

Sales of pharmaceutical specialties in Italy were € 254.4 million, increasing by 11.1% 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 € 230.9 million with an increase of 11.2% compared to the first nine months of 2023, thanks to Urology products, 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 € 19.0 million of sales in the first nine months of 2024. Sales in products for the treatment of rare diseases amounted to € 23.6 million, up by 10.5% driven by Isturisa® (whose reimbursement was approved in January 2023).

Sales in Spain accounted for € 160.6 million, up by 41.8% 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 generated € 43.1 million of sales in the first nine months of 2024. Sales of rare disease products were € 24.8 million, up by 21.7% due to the significant growth of the oncology products (particularly Qarziba®).

Sales in France, at € 132.9 million, were down by 1.9%. Sales in the Specialty and Primary Care segment were € 106.5 million, with a decrease of 1.9% mainly due to 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 € 26.4 million, down by 2% cause by a decrease in sales of Carbaglu® due to generics competition partially offset by growth of endocrinology products.

Sales in Germany were € 118.9 million, up by 4.5% 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 € 37.8 million (+12.6%) mainly reflecting strong performance of Qarziba® and Isturisa®, partly offset by a decrease in the sales of Carbaglu®.

Sales generated in Russia, Ukraine and in the countries within the Commonwealth of Independent States (C.I.S.) were € 108.1 million, up by 4.1% compared to the same period of the previous year despite an estimated negative exchange rate effect of € 7.3 million, mainly related to RUB. Sales in the Specialty and Primary Care in Russia were

RUB 6,936.3 million in local currency, up by 8.4% 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 and Urorec® in Urology products. Sales of products for the treatment of rare diseases in this area amounted to € 16.3 million, up by 9.4% 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 € 97.7 million, up by 23.5% compared to the same period of previous year, driven by volume growth, with significant adverse currency exchange effect of € 28.2 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 € 11.0 million, while the specific provisions of IAS 21 resulted in a negative effect of € 7.1 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® and Eligard®) and by Cardiovascular products (particularly Alipza®). Sales of products for the treatment of rare diseases amounted to € 8.8 million, more than doubling the same period of the previous year, driven by Qarziba®, Cystadrops® and Cystagon®.

Sales in Portugal were € 48.4 million, up by 11.0% 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® and Microlax®), and by prescription medications (Enerzair® and Reagila®). Sales of products for the treatment of rare diseases amounted to € 3.9 million, growing by 9.2% compared the to the first nine months of 2023 mainly due to the metabolic portfolio (driven by Carbaglu®) and endocrinology products (particularly Signifor®).

Sales in other Central and Eastern European countries, at € 124.6 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 nine months of 2024, overall sales increased by 12.2%, 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 € 24.0 million, increased by 11.1% compared to the first nine months of 2023, mainly driven by the growth of both endocrinology and oncology products.

Sales in other countries in Western Europe accounted for € 123.0 million (up 13.5% 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 € 72.8 million, up by 15.8% driven by addition of Avodart® and Duodart® sales and volume growth in Eligard®. Sales of products for the treatment of rare diseases in this area amounted to € 50.2 million, up by 10.4%, mainly thanks to the contribution of the oncology products (particularly Qarziba®).

Sales in North Africa were at € 36.7 million, up by 21.5% 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 nine months of 2024 were up by 21.3%, driven by Urorec®, Zanidip® and by local products' portfolio.

Other international sales, at € 210.2 million, were down by 1.8% 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 decreased by 1.9% mainly driven by slight difference in phasing. Sales in the Rare Diseases segment were down by 1.7%, compared to the same period of previous year mainly due to delays in Brazil (Qarziba®) and lower sales of Carbaglu® due to generics competition.

RECORDATI

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 nine months of 2023:

€ (thousands)	First nine months 2024	% of revenue	First nine months 2023	% of revenue	Change 2024/2023	%
Net revenue	**1,743,081**	**100.0**	**1,556,174**	**100.0**	**186,907**	**12.0**
Cost of sales	(566,171)	(31.9)	(490,495)	(31.5)	(65,676)	13.4
Gross profit	**1,186,910**	**68.1**	**1,065,679**	**68.5**	**121,231**	**11.4**
Selling expenses	(360,709)	(20.7)	(345,506)	(22.2)	(15,203)	4.4
Research and development expenses	(204,849)	(11.8)	(182,239)	(11.7)	(22,610)	12.4
General and administrative expenses	(110,014)	(6.3)	(93,630)	(6.0)	(16,384)	17.5
Other income/(expenses), net	(7,240)	(0.4)	(5,553)	(0.4)	(1,687)	30.4
Operating income	**504,098**	**28.9**	**438,751**	**28.2**	**65,347**	**14.9**
Financial income/(expenses), net	(62,319)	(3.6)	(49,054)	(3.2)	(13,265)	27.0
Pre-tax income	**441,779**	**25.3**	**389,697**	**25.0**	**52,082**	**13.4**
Income taxes	(103,379)	(5.9)	(85,205)	(5.5)	(18,174)	21.3
Net income	**338,400**	**19.4**	**304,492**	**19.6**	**33,908**	**11.1**
Adjusted gross profit [1]	***1,214,986***	***69.7***	***1,113,167***	***71.5***	***101,819***	***9.1***
Adjusted operating income [2]	***539,518***	***31.0***	***491,608***	***31.6***	***47,910***	***9.7***
Adjusted net income [3]	***445,361***	***25.6***	***406,566***	***26.1***	***38,795***	***9.5***
EBITDA[4]	***665,666***	***38.2***	***595,573***	***38.3***	***70,093***	***11.8***

[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 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 monetary net gains/losses from hyperinflation (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 € 1,743.1 million, up by € 186.9 million compared to the first nine months of 2023. For a detailed analysis, please refer to the previous chapter "Review of Operations".

Gross profit was € 1,186.9 million, 68.1% of revenue, increasing by 11.4% compared to the first nine months of 2023. Net of the impact of the € 28.1 million arising from the application of IFRS 3 on sales of residual inventory acquired with EUSA Pharma, adjusted gross profit was € 1,215.0 million, up by 9.1%, 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 € 360.7 million, an increase of 4.4% compared to the same period of the previous year, with a 20.7% ratio to revenue, improved as compared to 22.2% in the first nine months 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 € 204.8 million, an increase of 12.4% compared to those in the first nine months of the previous year and include € 12.2 million of amortization of intangible fixed assets for the products acquired from GSK in the third quarter 2023.

General and administrative expenses increased by 17.5% 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 € 7.2 million (compared to € 5.6 million in the first nine months 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. It also includes about € 4.0 million of severances costs related to SPC rightsizing mainly in Greece, Spain and Czech Republic. In addition, € 2.5 million costs have been sustained to support the agreement with Sanofi for the acquisition of the global rights of Enjaymo®. These impacts have been partially offset by the reimbursement of the contributions paid by our Portuguese branch (Jaba Recordati) to the company Tecnophage 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 € 539.5 million, up by 9.7% compared to the first nine months of 2023, accounting for 31.0% of sales. Operating income was € 504.1 million, up by 14.9% compared to the same period the previous year.

Total amortisation amounted to € 121.6 million, of which € 97.6 million related to intangible assets, up by € 15.3 million over the first nine months of the previous year, attributable mostly to the acquisition of distribution rights of Avodart® (dutasteride) and Combodart®/Duodart® (dutasteride/tamsulosin) from GSK, and € 24.0 million relating to property, plant and equipment, up by € 2.4 million over the same period the previous year.

EBITDA at € 665.7 million, was up 11.8% compared to the first nine months of 2023, accounting for 38.2% of revenue.

The reconciliation of net income and EBITDA is reported below.

€ (thousands)	First nine months 2024	First nine months 2023
Net income	338,400	304,492
Income taxes	103,379	85,205
Financial income/(expenses), net	62,319	49,054
Non-recurring operating expenses	7,344	5,369
Non-cash charges from PPA inventory uplift	28,076	47,488
Adjusted operating income	**539,518**	**491,608**
Amortization and write-downs	126,148	103,965
EBITDA*	**665,666**	**595,573**

* 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 nine months 2024	First nine months 2023	Changes 2024/2023	%
Specialty and Primary Care segment	412,600	358,369	54,231	15.1
Rare diseases segment	253,066	237,204	15,862	6.7
Total EBITDA*	**665,666**	**595,573**	**70,093**	**11.8**

* 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 36.3% of revenue and the Rare Disease segment was 41.8%. The SPC margin improvement reflects mostly the benefit of the consolidation of the new Avodart® and Combodart®/Duodart® business; in the Rare Diseases segment we see instead a margin reduction (which remains at sector leading level) due to the higher incidence of products with royalties' cost and to investments to enter new markets.

Net financial expenses amounted to € 62.3 million, up by € 13.3 million compared to the same period the previous year, reflecting the new loans taken out during 2023 related to the agreement with GSK and higher interest rates, and the greater impact from IAS29 in Türkiye (with net monetary losses of € 3.9 million in 2024 versus € 1.8 million gains in the first nine months of 2023). Net foreign exchange losses over the period amounted to € 2.8 million (mainly unrealized and driven by the US dollar), against net losses of € 0.3 million in the first nine months of 2023.

The effective tax rate was 23.4%, which was higher than the same period of the previous year, following the preliminary accrual of the effects of Pillar Two, amounting to € 3.4 million. In continuing with the approach adopted in previous years, this result includes the tax benefit pertaining to the first nine months of 2024 relating to the Patent Box in Italy, which reduces tax for an estimated amount of € 7.5 million.

Net Income was € 338.4 million, at 19.4% of revenue, decreased by 11.1% versus first nine months of 2023, with the higher tax rate and financing expenses offsetting the higher operating income.
Adjusted net income was € 445.4 million, up by 9.5%, and excludes amortization and write-downs of intangible assets (except software) and goodwill for a total amount of € 100.2 million, charges from non-recurring items of

€ 7.3 million, non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory of € 28.1 million, and net monetary loss from hyperinflation of € 3.9 million (IAS 29), net of tax effects.

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

€ (thousands)	First nine months 2024	First nine months 2023
Net income	338,400	304,492
Amortization and write-downs of intangible assets (excluding software)	100,157	81,180
Tax effect	(22,619)	(17,405)
Non-recurring operating expenses	7,344	5,369
Tax effect	(1,943)	(1,340)
Non-cash charges from PPA inventory uplift	28,076	47,488
Tax effect	(7,019)	(11,881)
Monetary net (gains)/losses from hyperinflation	3,900	(1,759)
Tax effect	(935)	422
Adjusted net income*	**445,361**	**406,566**

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

NET FINANCIAL POSITION

The net financial position as of 30th September 2024 recorded net debt of € 1,317.3 million, or leverage just below 1.6x EBITDA, compared to net debt of € 1,579.4 million on 31st December 2023, as detailed in the following table:

€ (thousands)	30 September 2024	31 December 2023	Change 2024/2023	%
Cash and cash equivalents	235,020	221,812	13,208	6.0
Short-term debts to banks and other lenders	(22,430)	(99,932)	77,502	(77.6)
Loans - due within one year (1)	(258,049)	(343,448)	85,399	(24.9)
Leasing liabilities - due within one year	(10,363)	(10,249)	(114)	1.1
Short-term financial position	(55,822)	(231,817)	175,995	(75.9)
Loans - due after one year (1)	(1,231,719)	(1,319,970)	88,251	(6.7)
Leasing liabilities - due after one year	(29,771)	(27,637)	(2,134)	7.7
Net financial position	**(1,317,312)**	**(1,579,424)**	**262,112**	**(16.6)**

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

During the period, treasury shares were purchased for € 25.4 million, net of proceeds from exercising stock options.
Free cash flow, which is total cash flow excluding financing items, milestones, dividends, and purchases of treasury shares net of proceeds from the exercise of stock options, was € € 434.3 million for the first nine months of 2024, an increase of € 42.5 million versus the first nine months of 2023, mainly due to higher EBITDA only partially 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 nine months of 2024 repayment of bank loans amounted to € 320.2 million.

RELATED-PARTY TRANSACTIONS

At 30th September 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 September 2024, the Parent Company held 3,118,842 in treasury shares equivalent to 1.49% 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.

BUSINESS OUTLOOK

Thanks to continued strong momentum, the Group is on track to deliver the targets for FY 2024 as adjusted upward on July 30th (excluding any potential contribution from Enjaymo®):

- Net revenue between € 2,300 and € 2,340 million
- EBITDA(1) between € 845 and € 865 million; margin of +/- 37%
- Adjusted net income(2) between € 560 and € 580 million; margin of +/- 24.5%
- Minimal contribution expected from Enjaymo®, subject to timing of regulatory approvals

Milan, 8th November 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-downs of intangible assets (except software) and goodwill, non-recurring items, non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory pursuant to IFRS 3, and monetary net gains/losses from hyperinflation (IAS 29), net of tax effects.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 30TH SEPTEMBER 2024 and NOTES

RECORDATI S.p.A. and SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

€ (thousands) [1]	Note	First nine months 2024	First nine months 2023
Net revenue	3	**1,743,081**	**1,556,174**
Cost of sales	4	(556,171)	(490,495)
Gross profit		**1,186,910**	**1,065,679**
Selling expenses	4	(360,709)	(345,506)
Research and development expenses	4	(204,849)	(182,239)
General and administrative expenses	4	(110,014)	(93,630)
Other income/(expenses), net	4	(7,240)	(5,553)
Operating income		**504,098**	**438,751**
Financial income/(expenses), net	5	(62,319)	(49,054)
Pre-tax income		**441,779**	**389,697**
Income taxes	6	(103,379)	(85,205)
Net income		**338,400**	**304,492**
Attributable to:			
Equity holders of the Parent		338,400	304,492
Non-controlling interests		0	0
Earnings per share (euro)			
Basic		1.640	1.481
Diluted		1.618	1.456

[1] Except amounts per share.

Earnings per share (EPS) are based on average shares outstanding during the respective period, 206,290,006 in 2024 and 205,530,042 in 2023. These amounts are calculated deducting treasury shares in the portfolio, the average of which was 2,835,150 shares in 2024 and 3,595,114 shares in 2023.

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

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

RECORDATI

RECORDATI S.p.A. and SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS

€ (thousands)	Note	30 September 2024	31 December 2023
Non-current assets			
Property, plant and equipment	7	187,848	178,657
Intangible assets	8	1,847,704	1,938,197
Goodwill	9	789,123	778,350
Other equity investments and securities	10	16,865	21,555
Other non-current assets	11	13,871	12,458
Deferred tax assets	12	92,567	76,674
Total non-current assets		**2,947,978**	**3,005,891**
Current assets			
Inventories	13	410,107	404,831
Trade receivables	13	474,514	445,193
Other receivables	13	102,466	99,401
Other current assets	13	26,782	19,924
Derivative instruments measured at fair value	14	6,710	11,079
Cash and cash equivalents	15	235,020	221,812
Total current assets		**1,255,599**	**1,202,240**
Total assets		**4,203,577**	**4,208,131**

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

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

SHAREHOLDERS' EQUITY AND LIABILITIES

€ (thousands)	Note	30 September 2024	31 December 2023
Shareholders' equity			
Share capital		26,141	26,141
Share premium reserve		83,719	83,719
Treasury shares		(139,881)	(127,970)
Reserve for derivative instruments		(2,180)	(286)
Translation reserve		(301,627)	(264,700)
Other reserves		61,537	61,219
Profits carried forward		1,809,997	1,636,451
Net income		338,400	389,214
Interim dividend		0	(117,396)
Shareholders' equity attributable to equity holders of the Parent		**1,876,106**	**1,686,392**
Shareholders' equity attributable to non-controlling interests		0	0
Total shareholders' equity	16	**1,876,106**	**1,686,392**
Non-current liabilities			
Loans - due after one year	17	1,264,884	1,353,216
Provisions for employee benefits	18	21,405	21,239
Deferred tax liabilities	19	134,488	144,208
Total non-current liabilities		**1,420,777**	**1,518,663**
Current liabilities			
Trade payables	20	276,907	263,979
Other payables	20	198,213	174,407
Tax liabilities	20	100,738	67,110
Other current liabilities	20	4,616	5,307
Provisions for risks and charges	20	19,241	16,596
Derivative instruments measured at fair value	21	14,212	19,993
Loans - due within one year	17	270,337	355,752
Short-term debts to banks and other lenders	22	22,430	99,932
Total current liabilities		**906,694**	**1,003,076**
Total shareholders' equity and liabilities		**4,203,577**	**4,208,131**

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

RECORDATI S.p.A. and SUBSIDIARIES

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

€ (thousands) [1]	First nine months 2024	First nine months 2023
Net income	**338,400**	**304,492**
Gains/(losses) on cash flow hedges, net of tax effects	(1,894)	440
Gains/(losses) on translation of foreign financial statements	(36,927)	(55,352)
Gains/(losses) on equity-accounted investees, net of tax effects	(4,601)	(8,560)
Other changes, net of tax effects	(186)	(245)
Income and expenses recognized in shareholders' equity	**(43,608)**	**(63,717)**
Comprehensive income	**294,792**	**240,775**
Attributable to:		
Equity holders of the Parent	294,792	240,775
Non-controlling interests	0	0
Per-share value (euro)		
Basic	1.429	1.171
Diluted	1.410	1.151

[1] Except amounts per share.

Earnings per share (EPS) are based on average shares outstanding during the respective period, 206,290,006 in 2024 and 205,530,042 in 2023. These amounts are calculated deducting treasury shares in the portfolio, the average of which was 2,835,150 shares in 2024 and 3,595,114 shares in 2023.

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

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

RECORDATI

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 31 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						5,373	2,142				7,515
Purchase of treasury shares			(6,483)								(6,483)
Sale of treasury shares			29,056				(9,375)				19,681
Other changes							40,516				40,516
Comprehensive income				440	(55,352)	(8,805)		304,492		0	240,775
Balance at 30 September 2023	**26,141**	**83,719**	**(126,986)**	**5,689**	**(260,370)**	**58,828**	**1,633,500**	**304,492**	**0**	**0**	**1,725,013**
Balance at 31 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						5,105	5,015				10,120
Purchase of treasury shares			(78,087)								(78,087)
Sale of treasury shares			66,176				(13,432)				52,744
Other changes							40,222				40,222
Comprehensive income				(1,894)	(36,927)	(4,787)		338,400		0	294,792
Balance at 30 September 2024	**26,141**	**83,719**	**(139,881)**	**(2,180)**	**(301,627)**	**61,537**	**1,809,997**	**338,400**	**0**	**0**	**1,876,106**

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

RECORDATI

RECORDATI S.p.A. and SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT

€ (thousands)	First nine months 2024	First nine months 2023
OPERATING ACTIVITIES		
Net income	338,400	304,492
Income taxes	103,379	85,206
Net interest	54,418	48,158
Depreciation of property, plant and equipment	24,003	21,577
Amortization of intangible assets	97,591	82,304
Write-downs	4,554	84
Equity-settled share-based payment transactions	10,120	7,515
Other non-monetary components	41,069	55,772
Change in other assets and other liabilities	(11,985)	(20,538)
Cash flow generated/(used) by operating activities before change in working capital	**661,549**	**584,570**
Change in:		
- inventories	(41,813)	(31,681)
- trade receivables	(36,418)	(73,753)
- trade payables	14,223	30,082
Change in working capital	**(64,008)**	**(75,352)**
Interest received	4,007	3,923
Interest paid	(64,284)	(50,314)
Income taxes paid	(82,634)	(53,282)
Cash flow generated/(used) by operating activities	**454,630**	**409,545**
INVESTMENT ACTIVITIES		
Investments in property, plant and equipment	(21,743)	(17,998)
Disposals of property, plant and equipment	1,385	329
Investments in intangible assets	(15,377)	(345,597)
Disposals of intangible assets	2,351	287
Acquisition of holdings in subsidiaries	0	0
Sale of non-current assets held for sale	2,000	3,000
Cash flow generated/(used) by investment activities	**(31,384)**	**(359,979)**
FINANCING ACTIVITIES		
Opening of loans	144,872	348,256
Repayment of loans	(320,185)	(214,701)
Payment of lease liabilities	(8,311)	(8,116)
Change in short-term debts to banks and other lenders	(71,722)	(45,008)
Dividends paid	(130,220)	(129,071)
Purchase of treasury shares	(78,087)	(6,483)
Sale of treasury shares	52,744	19,681
Cash flow generated/(used) by financing activities	**(410,909)**	**(35,442)**
Change in cash and cash equivalents	**12,337**	**14,124**
Opening cash and cash equivalents	221,812	284,734
Currency translation effect	871	3,422
Closing cash and cash equivalents	**235,020**	**302,280**

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

1. GENERAL INFORMATION

The Interim Report for the Recordati Group for the period ending 30th September 2024 was prepared by Recordati Industria Chimica e Farmaceutica S.p.A. (the "Company" or the "Parent Company"), with headquarters at Via Matteo Civitali no. 1, 20148 Milan, Italy, and was approved by the Board of Directors on 8th November 2024, which authorized distribution to the public.

The Interim Financial Statements as of 30th September 2024 include the economic-equity position of the Parent Company and all its subsidiaries.
The scope of consolidation expanded during the first nine months of 2024 following the establishment of Recordati Rare Diseases MENA RHQ in Saudi Arabia and Recordati Argentina S.r.l. in Argentina. Additionally, 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 interim consolidated financial statements were prepared in accordance with the recognition and measurement criteria prescribed by the International Financial Reporting Standards (IFRS) adopted by the European Union, but do not include the full information required for the annual financial statements and must therefore be read together with the annual report for the full year ended 31st December 2023, prepared in accordance with the IFRSs issued by the International Accounting Standards Board (IASB) and endorsed by the European Union pursuant of regulation no. 1606/2002.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements. If in the future these estimates and assumptions, which are based on management's best judgement, should deviate from the actual circumstances, these will be modified in relation to the circumstances. In making the estimates and assumptions related to the preparation of these interim financial statements, the impacts, even potential ones, deriving from the Russia-Ukraine crisis were taken into account. The Group operates on the Russian market in compliance with current regulations, with revenue in the first nine months of 2024 totalling 5.0% of the Group's total revenue, as well as on the Ukrainian market, with revenue in the first nine months 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. Business performance in Russia is positive, in terms of demand for all of the main products and neither local distributors nor the Russian subsidiary have given any indication of difficulties in paying the Group's affiliates for purchases of products.

In preparing these interim accounts, also in consideration of the analysis performed and the achievement of the expected results at Group and individual Cash Generating Unit (CGU) level, 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.

Application of new accounting principles

The accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements, including amendments to IAS 12 introduced in response to the OECD's BEPS Pillar Two rules.

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, it has evaluated the impacts of these new rules, bearing in mind the changes introduced by IAS 12 "Income taxes".
The evaluation was based on the most recent 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.
Based on the evaluations performed with reference to the final figures for 2023 for each jurisdiction and the best interpretation of the OECD guideline documents, all the countries in which the Group operates pass the "transitional safe harbours" apart from Italy, Ireland, Switzerland and the United Arab Emirates. For these countries the preliminary effects were implemented, based on the final figures for 2023, with total provisioning of € 3.4 million for the first nine months of 2024, increasing the items "Income taxes" in the income statement and "Tax liabilities" in the balance sheet liabilities. The effects for the full 2024 financial year will be determined based on the final figures for the year in question when the consolidated financial statements are prepared. Given that this evaluation is based on the final figures for 2023, the effective impact that the Pillar Two rules will have on the Group's exposure to Pillar Two taxes for the current financial year may undergo changes, although these are not expected to be material, above all in consideration of potential changes to tax regulations in certain of the above referenced jurisdictions. The Group will continue to monitor effective implementation of Pillar Two rules with reference to income taxes, evaluating the impact on future financial results.

The Group controls companies based in Türkiye and, starting in the first half of 2024, in Argentina. These countries have now reached a situation in which the presence of hyperinflation is the consensus, in line with international accounting standards. As of 1st January 2022 for Türkiye and 22nd April 2024 for Argentina, the relevant standards IAS 29 "Financial Reporting in Hyperinflationary Economies" has been applied, the effects of which, solely with reference to Türkiye, given that the Argentinian company is not yet operating, are also reflected in the Group's consolidated results for the period ending on 30th September 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 as of 30th September 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.

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, except for those in the cough and cold therapeutic area.

During the first nine months of 2024, net revenue amounted to € 1,743.1 million, up compared to the € 1,556.2 million in the same period of 2023. It included € 82.9 million for sales of Avodart® and Combodart®/Duodart®, for which sales and distribution rights were acquired from GSK during the third quarter of 2023, when revenue was € 3.8 million.

Net revenue can be broken down as follows:

€ (thousands)	First nine months 2024	First nine months 2023	Changes 2024/2023
Net sales	1,732,224	1,546,276	185,948
Royalties	6,106	6,848	(742)
Upfront payments	817	1,079	(262)
Various revenue	3,934	1,971	1,963
Total net revenue	**1,743,081**	**1,556,174**	**186,907**

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 on net revenue of € 3.9 million, versus a positive effect of around € 2 million in the first nine months of 2023.

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

Therapeutic area

€ (thousands)	*Specialty and Primary Care 2024*	*Specialty and Primary Care 2023*	Rare Diseases 2024	Rare Diseases 2023	Total 2024	Total 2023
Urology	293,164	193,633	-	-	293,164	193,633
Cardiovascular	290,533	284,633	-	-	290,533	284,633
Gastrointestinal	167,320	165,411	-	-	167,320	165,411
Cough and Cold	98,885	105,316	-	-	98,885	105,316
Other treatment areas	244,523	236,498	-	-	244,522	236,498
Pharmaceutical chemicals	43,093	40,007	-	-	43,093	40,007
Endocrinology	-	-	239,469	176,085	239,469	176,085
Metabolic and other areas	-	-	190,245	204,371	190,245	204,371
Oncology	-	-	175,849	150,220	175,849	150,220
Total net revenue	**1,137,518**	**1,025,498**	**605,563**	**530,676**	**1,743,081**	**1,556,174**

Geographic area by country

€ (thousands)	*Specialty and Primary Care 2024*	*Specialty and Primary Care 2023*	Rare Diseases 2024	Rare Diseases 2023	Total 2024	Total 2023
Net pharmaceutical revenue						
U.S.A.	-	-	284,412	234,128	284,412	234,128
Italy	230,880	207,699	23,550	21,318	254,430	229,017
Spain	135,723	92,842	24,828	20,409	160,551	113,251
France	106,514	108,609	26,429	26,965	132,943	135,574
Germany	81,123	80,248	37,759	33,532	118,882	113,780
Russia, Ukraine, other CIS	91,863	89,034	16,270	14,868	108,133	103,902
Türkiye	88,891	77,051	8,819	2,094	97,710	79,145
Portugal	44,577	40,119	3,868	3,541	48,445	43,660
Other Eastern European countries	100,558	89,412	24,031	21,630	124,589	111,042
Other Western European countries	72,838	62,915	50,165	45,421	123,003	108,336
North Africa	35,166	29,187	1,484	984	36,650	30,171
Other international sales	106,292	108,375	103,948	105,786	210,240	214,161
Total net pharmaceutical revenue	**1,094,425**	**985,491**	**605,563**	**530,676**	**1,699,988**	**1,516,167**
Net pharmaceutical chemicals revenue						
Italy	1,998	2,671	-	-	1,998	2,671
Other European countries	12,010	12,168	-	-	12,010	12,168
U.S.A.	4,025	5,536	-	-	4,025	5,536
America (U.S.A. excluded)	4,387	4,163	-	-	4,387	4,163
Australasia	20,187	14,545	-	-	21,187	14,545
Africa	486	924	-	-	486	924
Total net pharmaceutical chemicals revenue	**43,093**	**40,007**	**0**	**0**	**43,093**	**40,007**
Total net revenue	**1,137,518**	**1,025,498**	**605,563**	**530,676**	**1,743,081**	**1,556,174**

4. OPERATING EXPENSES

Total operating expenses for the first nine months of 2024 amounted to € 1,239.0 million, up compared to the € 1,117.4 million for the corresponding period the previous year, and are classified by function as follows:

€ (thousands)	First nine months 2024	First nine months 2023	Changes 2024/2023
Cost of sales	556,171	490,495	65,676
Selling expenses	360,709	345,506	15,203
Research and development expenses	204,849	182,239	22,610
General and administrative expenses	110,014	93,630	16,384
Other (income)/expenses, net	7,240	5,553	1,687
Total operating expenses	**1,238,983**	**1,117,423**	**121,560**

The cost of sales totalled € 556.2 million, up compared to the first nine months of 2023 and representing 31.9% of revenue, higher than the 31.5% in the first nine months of 2023. This is attributable to the higher cost to sell products acquired from GSK and the negative effect of the product/country mix, which offset the lower negative impact of the revaluation, in accordance with accounting standard IFRS 3, of the EUSA Pharma inventories acquired, for which the impact on the income statement calculated based on units sold in the period amounts to € 28.1 million, compared to € 47.2 million in the first nine months 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 € 12.1 million, substantially in line with the figure in the first nine months of 2023.

Selling expenses rose by € 15.2 million compared to the same period the previous year, at 20.7% of revenue, improving on the 21.1% in the first nine months of 2023 thanks to positive revenue performance (including the contribution from new products) and operations implemented during recent years to make the sales structure in Specialty & Primary Care business more efficient.

Research and development expenses amount to € 204.8 million, up by 12.4% compared to the first nine months of last year and include € 12.2 million from the amortization of the intangible assets acquired from GSK in the third quarter of 2023.

General and administrative expenses rose by 17.5% due to the strengthening of the general coordination structure and to investments in progress with reference to new IT systems to support the Group's growth.

The following table summarizes the more significant components of "Other income/(expenses), net", down sharply on the values from 2023.

€ (thousands)	First nine months 2024	First nine months 2023	Changes 2024/2023
Non-recurring costs:			
- restructuring	4,012	3,094	918
- acquisition of Enjaymo® rights	2,496	-	2,496
- emergency in Ukraine and earthquake in Türkiye and Syria	5	628	(623)
- EUSA Pharma acquisition	831	1,647	(816)
Total non-recurring costs	**7,344**	**5,369**	**1,975**
Write-downs of intangible assets	4,553	0	4,553
Other	(4,657)	184	(4,841)
Other (income)/expenses, net	**7,240**	**5,553**	**1,687**

The costs incurred for Enjaymo® refer to the agreement with Sanofi to acquire global rights for the product, as announced on 4th October 2024, and involve preliminary due diligence activities.

Write-downs of intangible assets refer to the Ledaga® product (€ 2.1 million), following the return of distribution rights in Japan and the milestone paid to the operating partner for development of product REC 0559 to treat neurotrophic keratitis (€ 2.5 million), given that preliminary "top-line" data from phase II clinical experiments demonstrate that the primary endpoint, represented by the healing of corneal abrasions, has not been reached.

The item "Other" mainly includes income coming from the reimbursement of contributions paid by our Portuguese subsidiary (Jaba Recordati) to Tecnophage between 2018 - 2023, for the development of a new product to treat diabetic foot. This reimbursement occurred following our Portuguese subsidiary's renunciation of its ownership stake in the patent.

Total operating expenses are broken down by nature as follows:

€ (thousands)	First nine months 2024	First nine months 2023	Changes 2024/2023
Material consumption	426,420	337,109	89,311
Payroll costs	296,040	268,892	27,148
Other employee costs	46,276	42,286	3,990
Variable sales expenses	72,907	77,000	(4,093)
Depreciation, amortization and write-downs	126,148	103,965	22,183
Utilities and consumables	39,516	41,114	(1,598)
Other expenses	231,676	247,057	(15,231)
Total operating expenses	**1,238,983**	**1,117,423**	**121,560**

The proportion of raw material consumption to net revenue was 24.5%, up compared to the 21.7% during the same period in 2023, mainly as a result of the integration of Avodart® and Combodart®/Duodart®.

The item "Payroll costs" includes € 3.9 million in charges for stock option plans, down with respect to the € 5.9 million seen in the same period of the previous year, due to the introduction of an alternative incentive plan. In fact, in 2023 the Parent Company adopted a new long-term incentive plan, the "2023-2025 Performance Shares Plan", for certain Group employees (see note no. 16), for which the cost accruing during the period amounted to € 6.2 million, determined in line with IFRS 2, up with respect to the € 1.6 million recorded in the same period the previous year.

Starting in 2019, some Group employees were designated as beneficiaries of an incentive plan with a five-year vesting period, granted and entirely funded by Rossini Luxembourg S.à r.l., an indirect shareholder of Recordati S.p.A., and they will benefit from a return at the expiry of the plan term if they have met a number of performance conditions. Measurement according to the accounting standard IFRS 2 led to an expense in the first nine months 2024 income statement of € 0.9 million, which also includes the incentive plan granted by Rossini Luxembourg S.à r.l. to the Chief Executive Officer of the Recordati Group.

Amortisation amounted to € 121.6 million, of which € 97.6 million related to intangible assets, up by € 15.3 million over the first nine months of the previous year, attributable mostly to the acquisition of distribution rights for Avodart® (dutasteride) and Combodart®/Duodart® (dutasteride/tamsulosin) from GSK (€ 11.8 million), and € 24.0 million relating to property, plant and equipment, up by € 2.4 million over the same period the previous year.

“Other expenses” include non-cash charges for € 28.1 million in the first nine months of 2024, arising from the release of the purchase price allocation of EUSA Pharma to the gross margin of acquired inventories pursuant to IFRS 3, a decrease of € 19.1 million in respect to the same period of the previous year.

5. NET FINANCIAL INCOME AND EXPENSES

In the first nine months of 2024 and same period in 2023, the balance of financing items was negative for € 62.3 million and € 49.1 million, respectively.

The main balance items are summarized in the table below.

€ (thousands)	First nine months 2024	First nine months 2023	Changes 2024/2023
Interest expense on loans	58,102	51,494	6,608
Hyperinflation effects (IAS 29)	3,900	(1,759)	5,659
Net exchange rate (gains)/losses	2,831	258	2,573
Expenses on leases	1,512	1,426	86
Expenses for defined benefit plans	265	275	(10)
Net (income)/expense on short-term positions	(4,291)	(2,640)	(1,651)
Total net financial (income)/expenses	**62,319**	**49,054**	**13,265**

The increase in the interest expense on loans for € 6.6 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 € 2.8 million and were mainly attributable to the devaluation of the US dollar and Russian ruble, whereas during the first nine months of 2023, net exchange losses were recorded for € 0.3 million.

Hyperinflation had a negative impact of € 3.9 million, while it had been positive for € 1.8 million in the first nine months of 2023.

6. INCOME TAXES

Income taxes amounted to € 103.4 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 amount includes provisioning of € 3.4 million for the preliminary effects deriving from application of the Pillar Two regulations in the tax jurisdictions of Italy, Ireland, Switzerland and the United Arab Emirates, determined as described in 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 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 nine months of 2024, recognized to reduce the tax amounts, as € 7.5 million.

7. PROPERTY, PLANT AND EQUIPMENT

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

€ (thousands)	Land and buildings	Plant and machinery	Other equipment	Investments in progress	Total
Cost					
Balance at 31 December 2023	123,647	269,201	111,821	48,149	552,818
Additions	5,227	2,758	11,397	13,266	32,648
Disposals	(4,861)	(165)	(4,286)	(270)	(9,582)
Hyperinflation	5,758	5,077	2,253	(364)	12,724
Other changes	3,816	25,813	(3,875)	(33,886)	(8,132)
Balance at 30 September 2024	**133,587**	**302,684**	**117,310**	**26,895**	**580,476**
Accumulated amortization					
Balance at 31 December 2023	66,692	227,909	79,560	0	374,161
Amortization for the period	6,353	8,655	8,995	0	24,003
Disposals	(2,980)	(162)	(4,249)	0	(7,391)
Hyperinflation	1,781	3,268	1,466	0	6,515
Other changes	(418)	(1,072)	(3,170)	0	(4,660)
Balance at 30 September 2024	**71,428**	**238,598**	**82,602**	**0**	**392,628**
Net amount					
31 December 2023	56,955	41,292	32,261	48,149	178,657
30 September 2024	**62,159**	**64,086**	**34,708**	**26,895**	**187,848**

Increases during the year amount to € 32.6 million and mainly refer to the Parent company (€ 13.0 million, above all for the Campoverde and Milan plants) and the subsidiaries Rare Diseases Inc. (€ 2.6 million), Recordati Polska (€ 2.2 million), Opalia Pharma (€ 1.7 million), Recordati Ilaç (€ 1.7 million), Bouchara Recordati (€ 1.5 million) and Recordati Rare Diseases Japan (€ 1.5 million), also for the leasing of buildings and offices 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 € 3.7 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 December 2023	40,539	1,323	21,118	62,980
Additions	4,370	0	7,746	12,116
Disposals	(4,242)	0	(3,260)	(7,502)
Hyperinflation	497	0	1,327	1,824
Other changes	(406)	0	(768)	(1,174)
Balance at 30 September 2024	**40,758**	**1,323**	**26,163**	**68,244**
Accumulated amortization				
Balance at 31 December 2023	14,842	859	9,053	24,754
Amortization for the period	4,398	194	4,939	9,531
Disposals	(2,506)	0	(3,219)	(5,725)
Hyperinflation	238	0	713	951
Other changes	(198)	0	(304)	(502)
Balance at 30 September 2024	**16,774**	**1,053**	**11,182**	**29,009**
Net amount				
31 December 2023	25,697	464	12,065	38,226
30 September 2024	**23,984**	**270**	**14,981**	**39,235**

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

8. INTANGIBLE ASSETS

The composition and change in intangible assets are shown in the following table.

€ (thousands)	Patent rights and marketing authorizations	Distribution, license, trademark and similar rights	Other	Advance payments	Total
Cost					
Balance at 31 December 2023	1,141,119	1,520,306	23,103	43,587	2,728,115
Additions	2	15,831	676	9,375	25,884
Disposals	(20)	(7,832)	(303)	(21)	(8,176)
Write-downs	0	(2,054)	0	(2,500)	(4,554)
Hyperinflation	2,934	(502)	616	1	3,049
Other changes	(18,371)	8,790	282	(8,368)	(17,667)
Balance at 30 September 2024	**1,125,664**	**1,534,539**	**24,374**	**42,074**	**2,726,651**
Accumulated amortization					
Balance at 31 December 2023	417,829	351,512	20,577	0	789,918
Amortization for the period	38,761	58,256	574	0	97,591
Disposals	(2)	(5,532)	(291)	0	(5,825)
Hyperinflation	1,761	(450)	474	0	1,785
Other changes	(11,435)	6,616	297	0	(4,522)
Balance at 30 September 2024	**446,914**	**410,402**	**21,631**	**0**	**878,947**
Net amount					
31 December 2023	723,290	1,168,794	2,526	43,587	1,938,197
30 September 2024	**678,750**	**1,124,137**	**2,743**	**42,074**	**1,847,704**

Increases for the period mainly included:

- € 11.5 million, equivalent to the $ 12.5 milestone linked to the fulfilment of the contractual conditions for Juxtapid®;
- € 6.3 million for investments in software;
- € 3.4 million relative to rights for Fotivda®;
- € 2.7 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.

Write-downs refer to the Ledaga® product (€ 2.0 million), following the return of distribution rights in Japan for the product and the milestone paid to the operating partner for development of product REC 0559 to treat neurotrophic keratitis (€ 2.5 million), given that preliminary “top-line” data from phase II clinical experiments demonstrate that the primary endpoint, represented by the healing of corneal abrasions, has not been reached.

“Other changes” includes the conversion into euro of the value of the intangible assets held and recognized in different currencies, which determined a net decrease of € 12.8 million compared to 31st December 2023, mainly attributable to the devaluation of the Swiss franc.

9. GOODWILL

Goodwill as of 30th September 2024 and 31st December 2023 amounted to € 789.1 million and € 778.3 million respectively and underwent changes following the application of IAS 29 “Financial Reporting in Hyperinflationary Economies” and the effect of the change in foreign exchange rates in terms of IAS 21 “Effects of Changes in Foreign Exchange Rates”:

€ (thousands)	
Balance at 31 December 2023	778,350
Hyperinflation adjustments	21,806
Exchange rate adjustments	(11,033)
Balance at 30 September 2024	**789,123**

Total net goodwill at 30th September 2024, of € 789.1 million, was divided between the two CGUs as follows:

- for € 524.7 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 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.

10. OTHER EQUITY INVESTMENTS AND SECURITIES

As of 30th September 2024, these amounted to € 16.9 million, down by € 4.7 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. As of 30th September 2024, the total fair value of the 9,554,140 shares held was € 16.8 million. The value of the investment was consequently adjusted to the stock exchange value and fell by € 4.6 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 of which were admitted for trading 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

On 30th September 2024, this item amounted to € 13.9 million, increasing by € 1.4 million compared to 31st December 2023, and includes the discounted receivable for € 3.9 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

On 30th September 2024, deferred tax assets amounted to € 92.6 million, up by € 15.9 million compared to

31st December 2023, mainly arising from the temporary differences related to the elimination of unrealised profits on intercompany sales. The tax effect of comprehensive income statement components is € 2.0 million, up with respect to € 1.3 million on 31st December 2023.

13. CURRENT ASSETS

Inventories amounted to € 410.1 million, up by € 5.3 million compared to 31st December 2023, with an increase in stock that more than offset the decrease of € 28.1 million, arising from the allocation of the purchase price for EUSA Pharma to the gross margin of acquired inventories.

Trade receivables amounted to € 474.5 million at 30th September 2024, up by € 29.3 million compared to 31st December 2023, due to higher revenue. The balance is net of the provision for impairments for € 16.0 million, increasing by € 0.4 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 68, compared to 67 at the end of September 2023.

Other receivables amounted to € 102.5 million, up by € 3.1 million compared to 31st December 2023, mainly consisting of tax receivables for € 71.5 million. This item includes € 5.2 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. Following approval by the European Medicine Agency (EMA), € 2.0 million was collected in the third quarter of the year.

Other current assets were at € 26.8 million and refer mainly to prepaid expenses.

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

On 30th September 2024, the value of derivative instruments included under this item amounted to € 6.7 million.

The measurement at market (fair value) of cross currency swaps entered into by the Parent Company to hedge the US$ 75 million loan issued on 30th September 2014 gave rise to a € 5.3 million asset at 30th September 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 for the derivative entered into with Mediobanca to hedge the US$ 50 million tranche of the loan, with a residual debt of US$ 20 million at 30th September 2024, was positive for € 2.9 million, while the instrument entered into with UniCredit to hedge the US$ 25 million tranche of the loan with a residual debt of US$ 17.9 million at 30th September 2024, was positive for € 2.4 million.

The measurement at market (fair) value of the interest rate swaps hedging a number of loans gave rise to total assets of € 1.0 million, representing the opportunity of paying in the future, for the term of the loans, the agreed interest rates rather than the variable rates currently expected. The amount relates to the interest rate swaps entered into by the Parent Company to hedge the interest rates on loans with lender consortia in 2022.

At 30th September 2024, other hedging transactions were in place on foreign currency positions, the measurement of which was positive for € 0.4 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 two 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

As of 30th September 2024, the balance of this item amounted to € 235.0 million, increasing by € 13.2 million with respect to 31st December 2023. It was mainly denominated in euro, US dollars, pounds sterling and comprises current account deposits and short-term time deposits.

16. SHAREHOLDERS' EQUITY

Shareholders' Equity at 30th September 2024 was € 1,876.1 million, an increase of € 189.7 million compared to 31st December 2023 due to the effect of the following changes:

- increase of € 338.4 million from net income;
- increase of € 10.1 million from cost of stock option and performance shares plans set-off directly in equity;
- decrease of € 78.1 million from the purchase of 1,562,589 treasury shares;
- increase of € 52.7 million from the disposal of 1,562,791 treasury shares to service the stock option plans;
- decrease of € 1.9 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 € 4.7 million from the application of IFRS 9, almost entirely attributable to the change in fair value of the equity investment in PureTech Health plc and in Phaxiam Therapeutics S.A., net of the relative tax effect;
- decrease of € 36.9 million for foreign currency translation adjustments;
- increase of € 40.2 million from other changes, of which € 39.5 million attributable to the effects of application of IAS 29;
- decrease of € 130.1 million from approved dividends.

As of 30th September 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 half 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 as of 30th September 2024 are detailed in the following table:

	Strike price (€)	Quantity 1/1/2024	Granted 2024	Exercised in 2024	Cancelled and expired	Quantity 30/9/2024
Grant date						
13 April 2016	21.93	512,250	-	(336,250)	-	176,000
03 August 2018	30.73	1,893,000	-	(722,750)	(4,500)	1,165,750
06 May 2021	45.97	2,391,500	-	(503,791)	(76,000)	1,811,709
01 December 2021	56.01	130,000	-	-	-	130,000
24 February 2022	47.52	3,093,000	-	-	(206,000)	2,887,000
Total		**8,019,750**	**-**	**(1,562,791)**	**(286,500)**	**6,170,459**

On 30th September 2024, 3,118,842 treasury shares were held in the portfolio, a decrease of 202 shares compared to 31st December 2023. The change was due to the disposal of 1,562,791 shares for an amount of € 52.7 million to enable the options attributed to employees as part of the stock option plans to be exercised and to the purchase of 1,562,589 shares for an amount of € 77.6 million. The total cost to purchase the treasury shares in the portfolio was € 139.9 million, with an average unit price of € 44.85.

Starting in 2019, some Group employees were designated as beneficiaries of an incentive plan with a five-year vesting period, granted and entirely funded by Rossini Luxembourg S.à r.l., an indirect shareholder of Recordati S.p.A., and they 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 accounting standard IFRS 2 led to an expense in the first nine months 2024 income statement of € 0.9 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 three-year vesting period following the grant date, recipients receive shares from the Parent Company in an amount that can total 175% of that originally granted, based on certain performance indicators. However, these rights will expire if the employee leaves the Company before they are vested. The first two grants were carried out on 27th June 2023, for a total of 440,485 rights and on 9th May 2024 for a total of 437,634 rights.
The total cost pertaining the period, determined based on IFRS 2, amounted to € 6.2 million.

17. LOANS

As of 30th September 2024, loans amounted to € 1,535.2 million, down by a net € 173.7 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 € 40.1 million, a net decrease of € 2.2 million compared to 31st December 2023.

In the first nine months of 2024, loan liabilities increased by € 157.0 million: € 144.9 million from opening new bank loans and € 12.1 million relating to new lease contracts. Repayments during the same period totalled € 328.5 million, of which € 320.2 were for bank loan repayments and € 8.3 million for lease liabilities.

During the period, the € 400.0 million loan from 2019, initially agreed with Mediobanca, Natixis and Unicredit and subsequently syndicated with a pool of Italian and international banks, reached maturity and was fully repaid.

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 € 2.2 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 March 2025, and final instalment on 29th February 2029.
   The loan includes covenants which, if not met, could lead to a request for immediate repayment of the loan.
   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 in April of the same year, at a fixed interest rate, with quarterly interest payments and semi-annual repayment of principal starting December 2024, through 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, is to 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 a cash flow hedge, effectively converting the hedged portion to a fixed interest rate. On 30th September 2024, the fair value of the derivatives was measured at negative € 1.9 million, which was recognized directly as a decrease in equity and as an increase in the liability item “Derivative instruments measured at fair value” (see Note 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 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.
The loan includes ESG-linked parameters as from 2024, which if complied with, will reduce the interest rate applied, or will increase it if they 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 Italian 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 September 2024 amounted to € 567.0 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. On 30th September 2024, the fair value of the derivatives was measured as a positive € 1.0 million, which was recognized directly as an increase in equity and as an increase in the asset item "Derivative instruments measured at fair value" (see Note 14); in other cases, this was measured as a positive for a total amount of € 1.7 million, recognized directly as a decrease in equity and as an increase in the liability item "Derivative instruments measured at fair value" (see Note 21).
The loan 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 on 30th September 2024 was € 6.6 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.

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 instalment 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 taken out by the Parent Company on 30th March 2021 with Allied Irish Bank with a variable interest rate at the six-month Euribor (with floor to zero) plus a variable spread based on a step up/step down mechanism on changes in the Leverage Ratio, with semi-annual interest payments and principal repayment, again on a semi-annual basis, starting from March 2022 until March 2026. The debt outstanding recognized on 30th September 2024 amounted to a total of € 28.0 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 on 30th September 2024 was € 7.9 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$ 10.0 million of the first tranche and US$ 3.6 million of the second tranche were repaid, and the outstanding debt on 30th September 2024 amounted to a total of US$ 37.9 million, with a counter-value of € 33.9 million.

The loan was hedged at the same time with two cross-currency swaps which provide for the conversion of the original debt into a total of € 56.0 million (€ 28.2 million at 30th September 2024), of which € 37.3 million (€ 14.9 at the date of this report) at a lower fixed rate for the tranche with maturity at 12 years and € 18.7 million (€ 13.3 million at the date of this report) again at a lower fixed rate than the one maturing at 15 years. On 30th September 2024, hedging instruments measured at fair value were positive for a total of € 5.3 million, which was recognized directly as an increase in equity and as an increase in the asset item "Derivative instruments measured at fair value" (see Note 14).

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 on 30th September 2024 amounted to € 21.4 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

As of 30th September 2024, deferred tax liabilities amounted to € 134.5 million, down by € 9.7 million compared to 31st December 2023. The tax effect of comprehensive income statement components is € 0.7 million (€ 0.5 million on 31st December 2023).

20. CURRENT LIABILITIES

Trade payables at € 276.9 million, included the accrual for invoices to be received.

Other liabilities amounted to € 198.2 million, increasing by € 23.8 million compared to 31st December 2023, and mainly include:

- € 83.0 million due to employees and social security institutions;
- the liability for € 78.2 million, which Group companies must pay in total to national medical insurance schemes or to the national health systems, including:
  - € 40.4 million payable by Recordati Rare Diseases Inc., up by € 12.7 million compared to 31st December 2023;
  - € 12.4 million payable by Recordati Pharma GmbH to the "Krankenkassen" (German medical insurance schemes);
  - € 25.4 million payable in total by Italian companies and subsidiaries in Greece, France, Canada, Switzerland and Ireland.
- € 11.2 million payable, equivalent to the $ 12.5 milestone to be paid following fulfillment of the contractual conditions for Juxtapid®;
- € 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 € 100.7 million, increasing by € 33.6 million compared to 31st December 2023, mainly attributable to the Parent company (€ 10.8 million) and to the English subsidiary Recordati UK (€ 16.5 million). The preliminary effect deriving from application of the Pillar Two regulations in the tax jurisdictions of Italy, Ireland, Switzerland and the United Arab Emirates, amounted to € 3.4 million.

Other current liabilities amounted to € 4.6 million, down by € 0.7 million compared to 31st December 2023. An amount of € 2.1 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.

Provisions for risks and charges amounted to € 19.2 million, up by 2.6 million with respect to 31st December 2023, due to restructuring expenses for the organisations in certain countries.

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

On 30th September 2024, the value of derivative instruments included under this item amounted to € 14.2 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 on 30th September 2024 on the outstanding loan of 36.6 million Swiss francs was negative for € 5.3 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 on 30th September 2024 of the interest rate swaps hedging a number of loans gave rise to a total € 3.6 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 (€ 1.9 million) and in 2022 (€ 1.7 million).

On 30th September 2024, other hedging transactions were in place on foreign currency positions, measured at a negative € 5.3 million against € 3.9 million at 31st December 2023, with the difference recognized in the income statement 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 two of the hierarchy provided for in 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 on 30th September 2024 were € 22.4 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 had not been used by 30th September 2024, is a short-term financing instrument providing financial flexibility, combining irrevocability with variability of use based on specific financial requirements. The agreement signed includes certain financial covenants in line with those established for other loans (see note 17) and these parameters are met.

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 on 30th September 2024 and include comparative data.

€ (thousands)	Specialty and Primary Care segment	Rare diseases segment	Values not allocated	Consolidated financial statements
First nine months 2024				
Net revenue	1,137,518	605,563	-	1,743,081
Expenses	(799,199)	(439,784)	-	(1,238,983)
Operating income	**338,319**	**165,779**	**-**	**504,098**
First nine months 2023				
Net revenue	1,025,498	530,676	-	1,556,174
Expenses	(723,283)	(394,140)	-	(1,117,423)
Operating income	**302,315**	**136,536**	**-**	**438,751**

€ (thousands)	Specialty and Primary Care segment	Rare diseases segment	Not allocated*	Consolidated financial statements
30 September 2024				
Non-current assets	1,522,254	1,408,859	16,865	2,947,978
Inventories	270,655	139,452	-	410,107
Trade receivables	308,248	166,266	-	474,514
Other receivables and other current assets	65,172	64,076	6,710	135,958
Cash and cash equivalents	-	-	235,020	235,020
Total assets	**2,166,329**	**1,778,653**	**258,595**	**4,203,577**
Non-current liabilities	37,976	117,917	1,264,884	1,420,777
Current liabilities	320,803	278,912	306,979	906,694
Total liabilities	**358,779**	**396,829**	**1,571,863**	**2,327,471**
Net capital employed	**1,807,550**	**1,381,824**		
31 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. Potential liabilities currently assessed as possible are not of 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 € 22 million, are merely potential at the moment.

25. RELATED-PARTY TRANSACTIONS

On 30th September 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

On October 4th, the Group announced an agreement with Sanofi to acquire the global rights to Enjaymo®, a biologic which is the only approved targeted product for the treatment of cold agglutinin disease (CAD), a rare B-cell lymphoproliferative disorder. In 2022, Enjaymo® was granted approval by the U.S. Food and Drug Administration (FDA), the European Commission (EC) and the Japanese Ministry of Health, Labor and Welfare. Enjaymo® generated approximately € 100 million in revenue over the last 12 months as of August 2024 and is expected to generate revenue in excess of € 150 million in FY 2025, with peak sales potential of € 250-300 million. The transaction is expected to be immediately accretive at the EBITDA level, with margin above the current Rare Diseases average as of 2025. Under the terms of the agreement, Recordati will make an upfront payment of US$ 825 million and additional commercial milestone payments of up to US$ 250 million if net sales reach certain thresholds at or above the top end of peak year sales expectations. The transaction is expected to close by the end of 2024, subject to regulatory clearances.
To finance the transaction, in addition to a credit line already in force and currently undrawn for up to € 100 million, a new financing agreement of € 700 million was secured with three major relationship banks - with a further incremental facility for up to € 150 million to be syndicated - with draw down subject to closing of the acquisition.

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 AS OF 30TH SEPTEMBER 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*	U.S.A.	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
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

Consolidated companies	Head office	Share capital	Currency	Consolidation method
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 ILAÇ 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
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

Consolidated companies	Head office	Share capital	Currency	Consolidation method
RECORDATI (BEIJING) PHARMACEUTICAL CO., Ltd *Promotion of pharmaceuticals*	People's Republic of China	1,000,000.00	EUR	Line-by-line
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. *Parent Company*	Recordati Pharma GmbH	Bouchara Recordati S.a.s.	Casen Recordati S.L.	Recordati Rare Diseases S.à r.l.	Herbacos Recordati s.r.o.	Recordati Ilaç A.Ş.	Opalia Pharma S.A.	Recordati AG	Recordati UK LTD	Total
INNOVA PHARMA S.P.A.	100.00										100.00
CASEN RECORDATI S.L.	100.00										100.00
BOUCHARA RECORDATI S.A.S.	100.00										100.00
RECORDATI RARE DISEASES COMERCIO DE MEDICAMENTOS LTDA	100.00										100.00
RECORDATI RARE DISEASES INC.	100.00										100.00
RECORDATI IRELAND LTD	100.00										100.00
LABORATOIRES BOUCHARA RECORDATI S.A.S.			100.00								100.00
RECORDATI PHARMA GmbH	55.00			45.00							100.00
RECORDATI PHARMACEUTICALS LTD	100.00										100.00
RECORDATI HELLAS PHARMACEUTICALS S.A.	100.00										100.00
JABA RECORDATI S.A.				100.00							100.00
JABAFARMA PRODUTOS FARMACÊUTICOS S.A.				100.00							100.00
BONAFARMA PRODUTOS FARMACÊUTICOS S.A.				100.00							100.00
RECORDATI RARE DISEASES MIDDLE EAST FZ LLC					100.00						100.00
RECORDATI AB					100.00						100.00
RECORDATI RARE DISEASES S.à r.l.	84.00	16.00									100.00
RECORDATI RARE DISEASES UK Limited					100.00						100.00
RECORDATI RARE DISEASES GERMANY GmbH					100.00						100.00
RECORDATI RARE DISEASES SPAIN S.L.					100.00						100.00
RECORDATI RARE DISEASES ITALY S.R.L.					100.00						100.00
RECORDATI BV					100.00						100.00
FIC MEDICAL S.à r.l.			100.00								100.00
HERBACOS RECORDATI s.r.o.	100.00										100.00
RECORDATI SK s.r.o.						100.00					100.00
RUSFIC LLC			100.00								100.00
RECOFARMA ILAÇ Ve Hammaddeleri Sanayi Ve Ticaret L.Ş.							100.00				100.00
RECORDATI ROMÂNIA S.R.L.	100.00										100.00
RECORDATI İLAÇ Sanayi Ve Ticaret A.Ş.				100.00							100.00
RECORDATI POLSKA Sp. z o.o	100.00										100.00
ACCENT LLC	100.00										100.00
RECORDATI UKRAINE LLC	0.01		99.99								100.00
CASEN RECORDATI PORTUGAL Unipessoal Lda				100.00							100.00
OPALIA PHARMA S.A.	90.00										90.00
OPALIA RECORDATI S.à R.L.			1.00					99.00			100.00
RECORDATI RARE DISEASES S.A. DE C.V.	99.998				0.002						100.00
RECORDATI RARE DISEASES COLOMBIA S.A.S.				100.00							100.00
ITALCHIMICI S.p.A.	100.00										100.00
RECORDATI AG	100.00										100.00
RECORDATI AUSTRIA GmbH									100.00		100.00
RECORDATI RARE DISEASES CANADA Inc.	100.00										100.00
RECORDATI RARE DISEASES JAPAN K.K.					100.00						100.00
NATURAL POINT S.r.l.	100.00										100.00
RECORDATI RARE DISEASES AUSTRALIA Pty Ltd					100.00						100.00
TONIPHARM S.a.s.	100.00										100.00
RECORDATI BULGARIA Ltd	100.00										100.00
RECORDATI (BEIJING) PHARMACEUTICAL CO., Ltd	100.00										100.00
RECORDATI RARE DISEASES FZCO					100.00						100.00
RECORDATI UK LTD	100.00										100.00
RECORDATI Netherlands B.V.										100.00	100.00
EUSA Pharma (Denmark) ApS										100.00	100.00
EUSA Pharma (CH) GmbH										100.00	100.00
RECORDATI KOREA, Co. Ltd										100.00	100.00
RECORDATI RARE DISEASES MENA RHQ [1]					100.00						100.00
RECORDATI ARGENTINA SRL [1]	5.00									95.00	100.00

[1] Set up in 2024

RECORDATI S.p.A. and SUBSIDIARIES

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

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

Milan, 8 November 2024

Luigi La Corte
Manager Responsible for Preparing
the Company's Financial Reports