

A decorative graphic in the top-left corner featuring a network of interconnected nodes and lines. Some nodes are solid blue circles, while others are grey circles with concentric outlines. The lines are thin and grey, creating a web-like structure.

Rossini S.à r.l.

INTERIM REPORT

FIRST QUARTER 2019

A decorative graphic in the bottom-right corner, similar to the one in the top-left, showing a network of nodes and lines with some blue and grey nodes.

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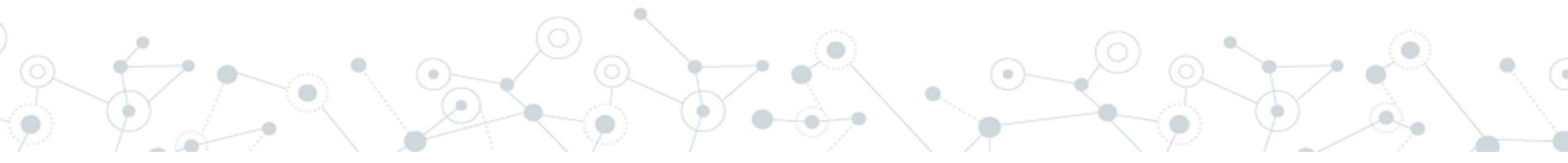
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FIMEI S.p.A. INTERIM REPORT
FIRST QUARTER 2019

MANAGEMENT REPORT

As indicated in the Consolidated Financial Statements as of December 31, 2018 on 6 December 2018, following to the acquisition of 100% of the share capital of FIMEI S.p.A. by a consortium of investment funds controlled by CVC Capital Partners, the legal requirements were met for the promotion by Rossini Investimenti S.p.A. of a mandatory takeover bid, pursuant to and for the purposes of articles 102 and 106, paragraph 1-*bis*, of the TUF concerning a maximum of 97,735,180 ordinary shares of Recordati S.p.A., representing 46.735% of the share capital of the company, excluded the 5,172,571 Issuer's treasury shares, equal to 2.473%, and included a maximum of 2,091,500 ordinary shares in the event that all stock options deriving from the existing Stock Option Plans are exercised.

On 21 December 2018, the Mandatory Takeover Bid was authorised by Consob and on 2 January 2019 the subscription period began. On 1 February 2019, the subscription period for the Mandatory Takeover Bid was completed: 59,816 ordinary shares of Recordati S.p.A. were subscribed, equal to 0.061% of the shares that were object of the Bid and, therefore, equal to approximately 0.029% of the Company's share capital. Therefore, on 8 February 2019, the date of payment of the transfer price owed to the holders of the subscribed shares and the contemporaneous transfer of these shares to the bidder, the shareholding held by Parent company in Recordati S.p.A. was equal to 51.820% of the share capital on a fully diluted basis (53.024% net of treasury shares as of 31 March 2019)..

In February, Recordati signed a license agreement with Aegerion Pharmaceuticals Inc., a subsidiary of Novilion Therapeutics Inc., for the exclusive rights to commercialize Juxtapid®, currently approved for the treatment of homozygous familial hypercholesterolemia (HoFH), in Japan. The agreement includes a right of first negotiation for product commercialization in Japan of any potential new indications that may be developed by Aegerion. Upon signing of the agreement an upfront payment of \$ 25 million is due to Aegerion, in addition to a near term milestone of \$ 5 million. Commercial milestones and royalty payments are also included as is customary. In 2018 sales of the product in Japan were of \$ 10.8 million. Juxtapid® (Iomitapide) is a microsomal triglyceride transfer protein inhibitor. It was approved, and granted orphan market exclusivity, in September 2016 by Japan's Ministry of Health, Labor & Welfare (MHLW) for patients with homozygous familial hypercholesterolemia (HoFH). HoFH is a serious, rare genetic disease that impairs the function of the receptor responsible for removing LDL-C ("bad" cholesterol) from the body. A loss of LDL receptor function results in extreme elevation of blood cholesterol levels. HoFH patients often develop premature and progressive atherosclerosis, a narrowing or blocking of the arteries. The addition of Juxtapid® to our portfolio of rare disease products in Japan is very important for the development of our recently established subsidiary in this country, given its potential for significant growth.

INCOME STATEMENTS

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

€ (thousands)	First quarter 2019	% of revenue	First quarter 2018	% of revenue	Change 2019/2018	%
Revenue	382,988	100.0	366,494	100.0	16,494	4.5
Cost of sales	(116,466)	30.4	(109,288)	29.8	(7,178)	6.6
Gross profit	266,522	69.6	257,206	70.2	9,316	3.6
Selling expenses	(94,563)	24.7	(91,687)	25.0	(2,876)	3.1
R&D expenses	(29,152)	7.6	(27,664)	7.5	(1,488)	5.4
G&A expenses	(17,307)	4.5	(16,452)	4.5	(855)	5.2
Other income (expense), net	455	0.1	(958)	0.3	1,413	-147.5
Operating income	125,955	32.9	120,445	32.9	5,510	4.6
Financial income (expense), net	(3,991)	1.0	(4,864)	1.3	873	-17.9
Pretax income	121,964	31.8	115,581	31.5	6,383	5.5
Provision for income taxes	(29,907)	7.8	(29,083)	7.9	824	2.8
Net income	92,057	24.0	86,498	23.6	5,559	6.4
Attributable to:						
Equity holders of the parent	48,780	12.7	46,195	12.6	2,585	5.6
Non-controlling interests	43,277	11.3	40,303	11.00	2,974	7.4

Revenue for the period is € 383,0 million, an increase of € 16.5 million compared to the first quarter of 2018. Increase in revenues is due to the inclusion of sales generated by Natural Point S.r.l., consolidated as from 1 July 2018, and by Tonipharm S.A.S., acquired at the end of 2018 and consolidated as from 1 January 2019 and to the increase in sales of core products through own subsidiaries and licensing agreements with pharmaceutical companies of high standing.

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

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

R&D expenses are € 29.2 million, up by 5.4% compared to those recorded in the first quarter of 2018 due to the advancement of new development programs and the amortization of the amounts allocated to intangible assets following the acquisition of Natural Point S.r.l. and of Tonipharm S.A.S. during 2018.

G&A expenses are up by 5.2% but remain unchanged as percent of sales.

Net financial charges are € 4.0 million, a reduction of € 0.9 million compared to the same period of the preceding year due to the realization of net currency exchange gains as opposed to net currency exchange

losses incurred in the first quarter 2018.

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

Net income at 24.0% of sales is € 92.1 million, an increase of 6.4% over the same period of the preceding year and benefited from the reduction of financial charges the effective tax rate.

FINANCIAL POSITION

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

€ (thousands)	31.03.2019	31.12.2018	Change 2019/2018	%
Cash and short-term financial investments	205,131	220,419	(15,288)	6.9
Bank overdrafts and short-term loans	(23,777)	(16,905)	(6,872)	40.7
Loans – due within one year ⁽¹⁾	(77,902)	(135,278)	57,376	-42.4
Net liquid assets	103,452	68,236	35,216	51.6
Loans – due after one year ⁽¹⁾	(638,714)	(634,233)	(4,481)	0.7
Net financial position	(535,262)	(565,997)	30,735	5.4

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

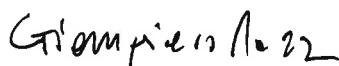
At 31 March 2019 the net financial position shows a net debt of € 535.3 million compared to net debt of € 566.0 million at 31 December 2018. During the period an amount of \$ 25.0 million were paid up-front at the signing of the license agreement with Aegerion Pharmaceuticals Inc. covering the exclusive rights to Juxtapid® (lomitapide) in Japan and a € 20,0 million milestone was paid to Helsinn as per the license agreement for Ledaga® (chlormethine). Furthermore, the first time application of IFRS 16 gave rise to medium/long term debt of € 25.0 million.

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

BUSINESS OUTLOOK

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

Milan, 26 June 2019



For the Board of Directors
The Chairman
Giampiero Mazza

CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF MARCH 31, 2019

The consolidated condensed financial statements of the FIMEI group for the period ended 31 March 2019 have been prepared by FIMEI S.p.A., Via Rembrandt 22, Milan, Italy, in condensed form in accordance with the IAS 34 requirements for interim reporting. Details regarding the accounting principles adopted by the Group are set out in Note 2.

FIMEI S.p.A. and SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED MARCH 31, 2019

INCOME STATEMENT

€ (thousands)

	First quarter 2019	First quarter 2018
Revenue	382,988	366,494
Cost of sales	(116,466)	(109,288)
Gross profit	266,522	257,206
Selling expenses	(94,563)	(91,687)
R&D expenses	(29,152)	(27,664)
G&A expenses	(17,307)	(16,452)
Other income (expense), net	455	(958)
Operating income	125,955	120,445
Financial income (expense), net	(3,991)	(4,864)
Pretax income	121,964	115,581
Provision for income taxes	(29,907)	(29,083)
Net income	92,057	86,498
Attributable to:		
Equity holders of the parent	48,780	46,195
Minority interests	43,277	40,303
Earnings per share		
Basic	4.878	4.619

Earnings per share (EPS) are based on average shares outstanding during each year, 10,000,000,00 in 2019 and in 2018.

The Notes are an integral part of the consolidated financial statements

FIMEI S.p.A. and SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT MARCH 31, 2019

ASSETS

€ (thousands)	March 31, 2019	December 31, 2018
Non-current assets		
Tangible assets	125,946	103,582
Intangible assets	688,890	672,492
Goodwill	594,663	593,503
Other investments	21,528	20,810
Other non-current assets	5,991	5,860
Deferred tax assets	79,417	81,280
Total non-current assets	1,516,435	1,477,527
Current assets		
Inventories	202,987	206,084
Trade receivables	286,743	245,742
Other receivables	29,148	38,469
Other current assets	9,400	5,194
Fair value of hedging derivatives (<i>cash flow hedge</i>)	7,965	6,414
Short-term financial investments, cash and cash equivalents	205,131	220,419
Total current assets	741,374	722,322
Total Assets	2,257,809	2,199,849

The Notes are an integral part of the consolidated financial statements

FIMEI S.p.A. and SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT MARCH 31, 2019

EQUITY AND LIABILITIES

€ (thousands)

March 31,
2019

December 31,
2018

Shareholders' equity

Share capital	10,000	10,000
Revaluation reserve	551	551
Legal reserve	2,000	2,000
Other reserves	539,878	370,754
Net income of the year	48,780	163,974
Group shareholders' equity	601,209	547,279

Minority share capital and reserves	458,214	305,474
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Minority net income of the year	43,277	146,550
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Minority interest	501,491	452,024
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Net equity	1,102,700	999,303
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Non-current liabilities

Loans – due after one year	646,679	640,647
Staff leaving indemnities	19,433	19,547
Deferred tax liabilities	45,800	45,653
Other non-current liabilities	3,257	3,257
Total non-current liabilities	715,169	709,104

Current liabilities

Trade payables	139,399	165,165
Other payables	81,855	85,677
Tax liabilities	68,519	42,353
Other current liabilities	17,995	19,359
Provisions	21,157	21,654
Fair value of hedging derivatives (<i>cash flow hedge</i>)	9,336	9,746

Loans – due within one year	77,902	130,583
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Bank overdrafts and short-term loans	23,777	16,905
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Total current liabilities	439,940	491,442
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Total Net equity and Liabilities

2,257,809

2,199,849

The Notes are an integral part of the consolidated financial statements

FIMEI S.p.A. and SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2019

€ (thousands)	First quarter 2019	First quarter 2018
Net income for the year	92,057	86,498
Gains/(losses) on cash flow hedges, net of tax	(350)	(1,410)
Gains/(losses) on translation of foreign financial statements	4,824	(11,389)
Gains/(losses) on investments booked to equity, net of tax	600	243
Other gains/(losses), net of tax	5,074	(12,556)
Income and expense for the year recognized directly in equity	97,131	73,942
Comprehensive income for the period attributable to:		
Equity holders of the parent	49,919	37,747
Minority	47,212	36,195

FIMEI S.p.A. and SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN GROUP SHAREHOLDERS' EQUITY

€ (thousands)	Share Capital	Revaluation reserve.	Legal reserve	Other reserves	Net income of the year	Group Net equity	Minority Net Equity	Total
Balance as of December 31, 2017	10,000	551	2,000	397,237	148,565	558,353	493,087	1,051,440
Allocation of 2017 net income:								
- Retained earnings				148,565	(148,565)			
Comprehensive income for the year				(8,448)	46,195	37,747	36,195	73,942
Other changes				(155,115)		(155,115)	(94,982)	(250,097)
Balance as of March 31, 2018	10,000	551	2,000	382,239	46,195	440,985	434,300	875,285
Balance as of December 31, 2018	10,000	551	2,000	370,754	163,974	547,279	452,024	999,303
Allocation of 2018 net income:								
- Retained earnings				163,974	(163,974)			
Comprehensive income for the year				1,139	48,780	49,919	47,212	97,131
Other changes				4,011		4,011	2,255	6,266
Balance as of March 31, 2019	10,000	551	2,000	539,878	48,780	601,209	501,491	1,102,700

FIMEI S.p.A. and SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2019

€ (thousands)	First quarter 2019	First quarter 2018
Operating activities		
Cash flow		
Net Income	92,057	86,498
Depreciation of property, plant and equipment	5,870	3,402
Amortization of intangible assets	12,065	10,440
Write-down of assets	0	
Total cash flow	109,992	100,340
(Increase)/decrease in deferred tax assets	2,065	(2,120)
Increase/(decrease) in staff leaving indemnities	(114)	(117)
Increase/(decrease) in other non-current liabilities	(63)	244
	111,880	98,347
Changes in working capital		
Trade receivables	(41,001)	(35,190)
Inventories	3,097	(2,216)
Trade payables	(25,766)	55
Other changes in working capital	25,598	108,140
Changes in working capital	(38,072)	70,789
Net cash from operating activities	73,808	169,136
Investing activities		
Net (investments)/disposals in property, plant and equipment	(4,090)	(3,444)
Net (investments)/disposals in intangible assets	(25,720)	(13,984)
Acquisition of equity		
Net (increase)/decrease in equity investments		
Net (increase)/decrease in other non-current receivables	(131)	292
Net cash used in investing activities	(29,941)	(17,136)
Financing activities		
Medium/long term loans	659	74
Re-payment of loans	(73,849)	(11,837)
Purchase of Treasury stock		(169,769)
Sale of Treasury stock	4,778	889
Other changes in equity	2,385	(2,866)
Dividends paid		(81,900)
Net cash from/(used in) financing activities	(66,027)	(265,409)
Changes in short-term financial position		
Short-term financial position at beginning of year *	203,514	296,159
Short-term financial position at end of period *	181,354	182,750

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

The Notes are an integral part of the consolidated financial statements

FIMEI S.p.A. and SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

1. GENERAL

The consolidation area includes the parent Company FIMEI S.p.A. and all the subsidiaries as indicated in Attachment 1.

During the first quarter 2019 the consolidation perimeter changed consequent to the establishment of the company Recordati Bulgaria Ltd. The recognition in the accounts of the acquisition in 2018 of Natural Point S.r.l. and of Tonipharm S.a.s. are not yet definite as allowed by IFRS 3.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. Valuation exercises, in particular complex calculations such as those required to identify impairment loss, are carried out in depth only for the preparation of the year-end consolidated financial statements, except when there is an indication that an asset has suffered an impairment loss which would require an immediate estimate of the loss.

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

Application of new accounting principles

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

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

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

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

3. REVENUES

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

€ (thousands)	First quarter 2019	First quarter 2018	Change 2019/2018
Net sales	377,352	362,767	14,585
Royalties	1,534	1,780	(246)
Up-front payments	1,676	35	1,641
Miscellaneous items	2,426	1,912	514
Total revenue	382,988	366,494	16,494

Revenue from up-front payments refers to the licensing out and distribution of products in the Group's portfolio. In the first quarter 2019 it refers mainly to agreements for the commercialization of the lercanidipine-enalapril fixed combination (€ 0.4 million), lercanidipine (€ 0.3 million), pitavastatin (€ 0.3 million), silodosin (€ 0.3 million) and Cystadrops® (cysteamine hydrochloride) (€ 0.2 million).

4. OPERATING EXPENSES

Total operating expenses for the period ending March 31, 2019 and 2018 are € 257.0 million and € 246.0 million respectively and are analyzed by function as follows:

€ (thousands)	First quarter 2019	First quarter 2018	Change 2019/2018
Cost of sales	116,466	109,288	7,178
Selling expenses	94,563	91,687	2,876
Research and development expenses	29,152	27,664	1,488
General and administrative expenses	17,307	16,452	855
Other (income) expense, net	(455)	958	(1,413)
Total operating expenses	257,033	246,049	10,984

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

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

Total operating expenses are analyzed by nature as follows:

€ (thousands)	First quarter 2019	First quarter 2018	Change 2019/2018
Raw material consumption	91,776	85,114	6,662
Payroll cost	63,270	59,249	4,021
Other employee costs	9,320	10,683	(1,363)
Variable sales expenses	19,741	17,570	2,171
Depreciation and amortization	17,935	13,842	4,093
Utilities and consumables	8,233	7,303	930
Other expenses	46,758	52,288	(5,530)
Total operating expenses	257,033	246,049	10,984

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

Depreciation charges are € 5.9 million, up by € 2.5 million compared to the first quarter of 2018, due almost entirely to the application of the new accounting principle IFRS 16 (see Note 2). Amortization charges are € 12.0 million, an increase of € 1.6 million over the same period of the preceding year.

5. FINANCIAL INCOME AND EXPENSES

Financial expenses amount to € 4,0 million as of March 31, 2019 (€ 4.8 million in the same period of last year) and can be detailed as follows:

€ (thousands)	First quarter 2019	First quarter 2018	Change 2019/2018
Currency exchange (gains) losses	(373)	743	(1,116)
Interest expense on loans	3,224	3,263	(39)
Net interest (income) expense on short-term financial position	870	803	67
Interest cost on leases (see Note 2)	221	-	221
Interest cost in respect of defined benefit plans	49	55	(6)
Total financial (income)expense, net	3,991	4,864	(873)

6. TANGIBLE ASSETS

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

€ (thousands)	Land & buildings	Plant & machinery	Other equipment	Advances/ construction in progress	Total
Cost					
Balance at 31.12.18	77,204	227,870	68,033	14,751	387,858
First time application IFRS 16	14,214	420	10,383	0	25,017
Balance at 01.01.2019	91,418	228,290	78,416	14,751	412,875
Additions	80	331	1,765	2,383	4,559
Disposals	0	(1)	(500)	(473)	(974)
Other changes	(975)	1,211	1,429	(2,587)	(922)
Balance at 31.03.19	90,523	229,831	81,110	14,074	415,538
Accumulated depreciation					
Balance at 31.12.18	43,767	186,365	54,144	0	284,276
Depreciation for the year	1,434	1,966	2,470	0	5,870
Disposals	0	(1)	(504)	0	(505)
Other changes	(249)	(96)	296	0	(49)
Balance at 31.03.19	44,952	188,234	56,406	0	289,592
Carrying amount at					
31 March 2019	45,571	41,597	24,704	14,074	125,946
31 December 2018	33,437	41,505	13,889	14,751	103,582

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

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

7. INTANGIBLE ASSETS

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

€ (thousands)	Patent rights and marketing authorizations	Distribution, license, trademark and similar rights	Other	Advance payments	Total
Cost					
Balance at 31.12.18	582,461	413,510	19,071	30,567	1,045,609
Additions	0	22,600	2,308	812	25,720
Disposals	0	(265)	0	0	(265)
Other changes	3,782	(1,964)	2,800	(410)	4,208
Balance at 31.03.19	586,243	433,881	24,179	30,969	1,075,272
Accumulated amortization					
Balance at 31.12.18	187,418	168,918	16,781	0	373,117
Amortization for the year	6,629	5,316	120	0	12,065
Disposals	0	(265)	0	0	(265)
Other changes	1,292	(2,442)	2,615	0	1,465
Balance at 31.03.19	195,339	171,527	19,516	0	386,382
Carrying amount at					
31 March 2019	390,904	262,354	4,663	30,969	688,890
31 December 2018	395,043	244,592	2,290	30,567	672,492

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

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

8. GOODWILL

Net goodwill as of March 31, 2019, amounting to € 594.7 million, relates to the following operational areas, which represent the same number of cash generating units:

- France: € 76.0 million;
- Russia: € 27 million;
- Germany: € 48.8 million;
- Portugal: € 32.8 million;
- Treatments for rare diseases business: € 110.6 million;
- Turkey: € 39.2 million;
- Czech Republic: € 13.7 million;
- Romania: € 0.2 million;
- Poland: € 15.3 million;
- Spain: € 58.1 million;
- Tunisia: € 16 million;
- Italy: € 148.6 million;

Switzerland: € 8.3 million.

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

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

9. OTHER INVESTMENTS

The main investment is that made in the U.K. company PureTech Health plc, specialized in investment in start-up companies dedicated to innovative therapies, medical devices and new research technologies. Starting 19 June 2015 the shares of the company were admitted to trading on the London Stock Exchange. At 31 March 2019 the overall fair value of the 9,554,140 shares held is of € 18.3 million. The € 0.3 million increase in value compared to that at 31 December 2018 is recognized directly in equity, net of the relative tax effect, and shown on the statement of comprehensive income.

This caption also includes Erytech Pharma S.A. investment, a French biopharmaceutical company focused on orphan oncology and rare diseases. The original investment of € 5.0 million consisted of a non-interest bearing loan which was converted into 431,034 shares in May 2013. As compared to 31 December 2018 the value of the investment was increased by € 0.4 million to bring it in line with its fair value. This amount, net of its tax effect, is recognized directly in equity and shown on the statement of comprehensive income.

10. DEFERRED TAX ASSETS AND LIABILITIES

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

11. SHAREHOLDERS' EQUITY

Shareholders' equity as of March 31, 2019 amount to € 601.2 million, increased compared to December 31, 2018 by € 53.9 million due to:

- Net result of the period € 48,8 million;
- Increase of € 5,1 million due to the net effect of the other changes occurred.

12. LOANS

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

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

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

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

The main other long-term loans outstanding are:

- a) A loan agreement stipulated with Mediobanca by Recordati S.p.A. in November 2018 for an amount of € 150.0 million. The main terms and conditions provide for variable interest rate fixed at the six months' Euribor plus a spread of 130 basis points with semi-annual repayments of capital from 23 November 2020 through 22 November 2023. The loan is entirely covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges from variable to a fixed rate of 1.619%. The measurement at fair value at 31 March 2019 of the swap generated a liability of € 2.3 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:
- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
 - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled during the period.

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

- c) A loan agreement with Banca Passadore undersigned by Recordati S.p.A. in November 2017 for an amount of € 15.0 million, disbursed net of up-front commissions of 0.05%. The main terms and conditions provide for variable interest rate fixed at the three months' Euribor plus a spread of 65 basis points with quarterly payments of interest and a duration of 5 years with annual repayments of capital from November 2020 through November 2022. The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:
- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
 - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled during the period.

- d) A loan agreement with Intesa Sanpaolo undersigned by Recordati S.p.A. in October 2017 for an amount of € 75.0 million, disbursed net of up-front commissions of 0.30%. The main terms and conditions provide for variable interest rate fixed at the six months' Euribor plus a spread of 95 basis points, semi-annual payments of interest and a duration of 8 years with semi-annual repayments of capital from June 2019 through October 2025. The loan is entirely covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges from variable to a fixed rate of 1.305%. The measurement at fair value at 31 March 2019 of the swap generated a liability of € 1.1 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:
- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
 - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.
- The above conditions were amply fulfilled during the period.
- e) A loan agreement with UniCredit undersigned by Recordati S.p.A. in September 2017 for an amount of € 50.0 million, disbursed net of up-front commissions of 0.15%. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 55 basis points with semi-annual payments of interest and the repayment of capital on 29 September 2021. The loan is entirely covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges from variable to a fixed rate of 0.698%. The measurement at fair value at 31 March 2019 of the swap generated a liability of € 0.4 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:
- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
 - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.
- The above conditions were amply fulfilled during the period.
- f) A loan agreement with UBI Banca undersigned by Recordati S.p.A. in September 2017 for an amount of € 50.0 million, disbursed net of up-front commissions of 0.10%. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 50 basis points with semi-annual payments of interest and the repayment of capital on 7 September 2022. The loan is entirely covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges from variable to a fixed rate of 0.714%. The measurement at fair value at 31 March 2019 of the swap generated a liability of € 0.6 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:
- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
 - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.
- The above conditions were amply fulfilled during the period.

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

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

The above conditions were amply fulfilled during the period.

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

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

The above conditions were amply fulfilled during the period.

i) A loan agreement with Banca Nazionale del Lavoro undersigned by Recordati S.p.A. in December 2016 for an amount of € 25.0 million, disbursed net of expenses and commissions of € 0.1 million. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 40 basis points and a duration of 4 years with semi-annual repayments of capital from March 2019 through September 2020. The loan is entirely covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges from variable to a fixed rate of 0.41%. The measurement at fair value at 31 March 2019 of the swap generated a slight liability which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

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

The above conditions are amply fulfilled.

j) A loan agreement with Intesa Sanpaolo undersigned by Recordati S.p.A. in December 2016 for an amount of € 25.0 million, disbursed net of expenses and commissions of € 0.1 million. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 60 basis points and a duration of 5 years with semi-annual repayments of capital from June 2019 through December 2021. The loan is entirely covered with an interest rate swap, qualifying as a cash flow

hedge, effectively converting the interest charges from variable to a fixed rate of 0.68%. The measurement at fair value at 31 March 2019 of the swap generated a liability of € 0.1 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are:

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

The above conditions are amply fulfilled.

- k) A loan agreement with UniCredit undersigned by Recordati S.p.A. in May 2015 for an amount of € 50.0 million. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 80 basis points and a duration of 5 years with semi-annual repayments of capital from November 2015 through May 2020. The debt outstanding at 31 March 2019 is of € 14.9 million. The loan is partly covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges on a portion of the debt from variable to a fixed rate of 1.734%. The measurement at fair value at 31 March 2019 of the swap covering € 8.3 million generated a liability of € 0.1 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are:

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

The above conditions are amply fulfilled.

- l) A loan agreement with ING Bank for an amount of € 30.0 million, originally undersigned by Recordati S.p.A. on 8 January 2014, was re-negotiated on 12 June 2015 with only the interest rate being changed. Main terms are: variable interest rate equivalent to the six months' Euribor plus a spread of 85 basis points (as opposed to the 190 basis points in the previous agreement), and reimbursement of principal at the end of every six months starting July 2016 through January 2020. The debt outstanding at 31 March 2019 is of € 7.5 million. The loan was simultaneously covered with an interest rate swap qualifying as a cash flow hedge transforming the interest payable on the entire debt to a fixed interest rate of 1.913% following the above mentioned re-negotiation. The fair value measurement of the swap at 31 March 2019 generated a liability of € 0.1 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The ING Bank loan agreement contains covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

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

The above conditions are amply fulfilled.

- m) A loan agreement with IFC-World Bank undersigned by the subsidiary Recordati Ilaç on 16 October 2014 for an amount of 71.6 million Turkish lira to finance the construction of a new production plant.

Main terms are: variable interest rate equivalent to the three months' trlibor plus a spread of 162 basis points, 8-year duration and reimbursement of principal at the end of every three months starting November 2016 through August 2022. The value in euros of the outstanding loan at 31 March 2019 is of € 6.4 million, resulting in a reduction of the liability by € 0.8 million as compared to that at 31 December 2018, of which € 0.3 million was due to the devaluation of the Turkish lira at the date of consolidation. The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are:

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

The above conditions were amply fulfilled.

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

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

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

The above conditions were amply fulfilled during the period.

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

- the ratio of consolidated net debt to consolidated net equity must be less than 0.75;

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

The above conditions were amply fulfilled during the period.

13. STAFF LEAVING INDEMNITIES

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

14. OTHER NON CURRENT LIABILITIES

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

15. CURRENT ASSETS

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

Trade receivables at 31 March 2019 are € 286.7 million, an increase of € 41.0 million compared to that at 31 December 2018 due to the increase in sales. Trade receivables are stated net of a € 13.9 million provision for doubtful accounts, a reduction of € 0.7 million compared to 31 December 2018, which reflects the collection risk connected with certain customers and geographic areas. Days sales outstanding are 65.

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

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

16. CURRENT LIABILITIES

Trade payables, which include the accrual for invoices to be received, are € 139.4 million.

Other payables are € 81.9 million, a decrease of € 3.8 million compared to those at 31 December 2018, and relate mainly to amounts owed to personnel and social security institutions. This account also includes:

- € 5.6 million to be paid to the "Krankenkassen" (German health insurance) by Recordati Pharma GmbH;
- € 6.2 million to be paid to U.S. health insurance institutions by Recordati Rare Diseases;
- € 7.4 million to be paid to the Italian health authorities resulting from the 1.83% claw-back applicable on the price to the public before VAT of pharmaceutical products reimbursed by the National Health Service and the pay-back due in substitution for a 5% price reduction on selected products.

Tax payables are € 68.5 million, an increase of € 26.1 million compared to those at 31 December 2018.

Provisions are € 21.2 million, a reduction of € 0.5 million compared to those at 31 December 2018.

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

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

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

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

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

Short term financial investments, cash and cash equivalents at 31 March 2019 are € 205.1 million, a reduction of € 15.3 million compared to those at 31 December 2018. They are mostly denominated in euros, U.S. dollars and Pounds Sterling and comprise mainly current accounts and short-term deposits.

19. BANK OVERDRAFT AND SHORT-TERM LOANS

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

At 31 March 2019 the revolving line of credit obtained in July 2017 by Recordati Ilaç, the subsidiary in Turkey, for a maximum amount of 40 million Turkish lira was not drawn down. This short-term financing instrument, which has 24 months' maximum duration, provides flexibility by combining the fact that it's non-revocable with the variability of the draw-downs based on specific financial needs. The agreement contains financial covenants in line with those already in place for other loans.

20. OPERATING SEGMENT

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

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

€ (thousands)	Specialty & primary care segment*	Orphan drugs segment	Non-allocated **	Consolidated accounts
First quarter 2019				
Revenues	326,833	56,155	-	382,988
Expenses	(228,061)	(28,919)	(53)	(257,033)
Operating income	98,772	27,236	(53)	125,955
First quarter 2018				
Revenues	311,670	54,824	-	366,494
Expenses	(216,886)	(29,083)	(80)	(246,049)
Operating income	94,784	25,741	(80)	120,445

* Includes the pharmaceutical chemicals operations

** Not allocated amounts refer to FIMEI figures.

€ (thousands)	Specialty & primary care segment*	Rare diseases segment	Non-allocated **	Consolidated accounts
March 31, 2019				
Non-current assets	1,222,615	256,833	36,987	1,516,435
Inventories	180,351	22,636		202,987
Trade receivables	239,972	46,771		286,743
Other current assets	31,969	6,566	7,978	46,513
Short-term investments, cash and cash equivalents	-	-	205,131	205,131
Total assets	1,674,907	332,806	250,096	2,257,809
Non-current liabilities	65,511	2,978	646,680	715,169
Current liabilities	280,088	48,261	111,591	439,940
Total liabilities	345,599	51,239	758,271	1,155,109
Net capital employed	1,329,308	281,567		
December 31, 2018				
Non-current assets	1,216,263	226,466	34,798	1,477,527
Inventories	188,988	17,096	-	206,084
Trade receivables	206,389	39,353	-	245,742
Other current assets	38,371	5,284	6,422	50,077
Short-term investments, cash and cash equivalents	-	-	220,419	220,419
Total assets	1,650,011	288,199	261,639	2,199,849
Non-current liabilities	65,805	2,652	640,647	709,104
Current liabilities	264,813	68,694	157,935	491,442
Total liabilities	330,618	71,346	798,582	1,200,546
Net capital employed	1,319,393	216,853		

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

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

21. LITIGATION AND CONTINGENT LIABILITIES

In December 2015, the Italian Tax Police (*Guardia di Finanza*) notified the Company of their intention to commence a general income tax inspection covering the years 2009 through 2014 involving the Group company in Ireland, Recordati Ireland Ltd. The declared intention of the inspection was to evaluate the operational context of the foreign company in order to verify whether said company is in reality only formally localized abroad but is substantially managed/administered from Italy. On 28th February 2017 the Italian Tax Police (*Guardia di Finanza*) prescribed the extension of the income tax inspection to include the year 2015. After having analysed the documents and completed the investigation process, the Italian Tax Police finally revealed to Recordati Ireland Ltd., on 6th September 2017, their reasons for considering the Irish company subject to tax in Italy for corporate tax purposes in the reference period, resulting in an assessment of taxes allegedly owed to Italy, in the amount of € 109,4 million, against taxes of € 51,8

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

22. RELATED PARTIES TRANSACTIONS

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

23. SUBSEQUENT EVENTS

No significant events occurred subsequent to 31 March 2019.

FIMEI S.p.A. and SUBSIDIARIES

ATTACHMENT 1.

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
FIMEI S.P.A. <i>Holding</i>	Italy	10,000,000.00	EUR	Line-by-line
RECORDATI S.P.A. <i>Development, production, marketing and sales of pharmaceuticals and pharmaceutical chemicals</i>	Italy	26,140,644.50	EUR	Line-by-line
INNOVA PHARMA S.P.A. <i>Marketing and sales of pharmaceuticals</i>	Italy	1,920,000.00	EUR	Line-by-line
CASEN RECORDATI S.L. <i>Development, production, marketing and sales of pharmaceuticals</i>	Spain	238,966,000.00	EUR	Line-by-line
BOUCHARA RECORDATI S.A.S. <i>Development, production, marketing and sales of pharmaceuticals</i>	France	4,600,000.00	EUR	Line-by-line
RECORDATI RARE DISEASES COMERCIO DE MEDICAMENTOS LTDA <i>Holds pharmaceutical marketing rights in Brazil</i>	Brazil	166.00	BRL	Line-by-line
RECORDATI RARE DISEASES INC. <i>Development, production, marketing and sales of pharmaceuticals</i>	U.S.A.	11,979,138.00	USD	Line-by-line
RECORDATI IRELAND LTD <i>Development, production, marketing and sales of pharmaceuticals</i>	Ireland	200,000.00	EUR	Line-by-line
LABORATOIRES BOUCHARA RECORDATI S.A.S. <i>Development, production, marketing and sales of pharmaceuticals</i>	France	14,000,000.00	EUR	Line-by-line
RECORDATI PHARMA GmbH <i>Marketing and sales of pharmaceuticals</i>	Germany	600,000.00	EUR	Line-by-line
RECORDATI PHARMACEUTICALS LTD <i>Marketing and sales of pharmaceuticals</i>	United Kingdom	15,000,000.00	GBP	Line-by-line
RECORDATI HELLAS PHARMACEUTICALS S.A. <i>Marketing and sales of pharmaceuticals</i>	Greece	10,050,000.00	EUR	Line-by-line
JABA RECORDATI S.A. <i>Marketing and sales of pharmaceuticals</i>	Portugal	2,000,000.00	EUR	Line-by-line
JABAFARMA PRODUTOS FARMACÊUTICOS S.A. <i>Marketing of pharmaceuticals</i>	Portugal	50,000.00	EUR	Line-by-line
BONAFARMA PRODUTOS FARMACÊUTICOS S.A. <i>Marketing of pharmaceuticals</i>	Portugal	50,000.00	EUR	Line-by-line
RECORDATI ORPHAN DRUGS S.A.S. <i>Holding company</i>	France	57,000,000.00	EUR	Line-by-line
ORPHAN EUROPE SWITZERLAND GmbH <i>Marketing and sales of pharmaceuticals</i>	Switzerland	20,000.00	CHF	Line-by-line
ORPHAN EUROPE MIDDLE EAST FZ LLC <i>Marketing and sales of pharmaceuticals</i>	United Arab Emirates	100,000.00	AED	Line-by-line
RECORDATI AB <i>Marketing and sales of pharmaceuticals</i>	Sweden	100,000.00	SEK	Line-by-line
ORPHAN EUROPE S.à R.L. <i>Development, production, marketing and sales of pharmaceuticals</i>	France	320,000.00	EUR	Line-by-line
ORPHAN EUROPE UNITED KINGDOM LTD <i>Marketing and sales of pharmaceuticals</i>	United Kingdom	50,000.00	GBP	Line-by-line
ORPHAN EUROPE GERMANY GmbH <i>Marketing and sales of pharmaceuticals</i>	Germany	25,600.00	EUR	Line-by-line
ORPHAN EUROPE SPAIN S.L. <i>Marketing and sales of pharmaceuticals</i>	Spain	1,775,065.49	EUR	Line-by-line
ORPHAN EUROPE ITALY S.R.L. <i>Marketing and sales of pharmaceuticals</i>	Italy	40,000.00	EUR	Line-by-line
RECORDATI BVBA <i>Marketing and sales of pharmaceuticals</i>	Belgium	18,600.00	EUR	Line-by-line

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

⁽¹⁾ Established in 2018

⁽²⁾ Acquired in 2018

⁽³⁾ Established in 2019

PERCENTAGE OF OWNERSHIP

Consolidated companies	FIMEI S.p.A. (Parent)	Recordati S.p.A.	Recordati Pharma GmbH	Bouchara Recordati S.A.S.	Casen Recordati S.L.	Recordati Orphan Drugs S.A.S.	Orphan Europe S.à R.L.	Herbacos Recordati s.r.o.	Recordati Ilaç A.Ş.	Opalia Pharma S.A.	Recordati AG	Total
RECORDATI S.P.A. (owned at 53.02% excluding treasury stocks – 4,748,071 owned by Recordati S.p.A.)	53,02											53,02
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		99.398					0.602					100.00
RECORDATI RARE DISEASES INC.		100.00										100.00
RECORDATI IRELAND LTD		100.00										100.00
LABORATOIRES BOUCHARA RECORDATI S.A.S.				100.00								100.00
RECORDATI PHARMA GmbH		55.00			45.00							100.00
RECORDATI PHARMACEUTICALS LTD		100.00										100.00
RECORDATI HELLAS PHARMACEUTICALS S.A.		100.00										100.00
JABA RECORDATI S.A.					100.00							100.00
JABAFARMA PRODUTOS FARMACÊUTICOS S.A.					100.00							100.00
BONAFARMA PRODUTOS FARMACÊUTICOS S.A.					100.00							100.00
RECORDATI ORPHAN DRUGS S.A.S.		90.00	10.00									100.00
ORPHAN EUROPE SWITZERLAND GmbH						100.00						100.00
ORPHAN EUROPE MIDDLE EAST FZ LLC						100.00						100.00
RECORDATI AB						100.00						100.00
ORPHAN EUROPE S.à R.L.						100.00						100.00
ORPHAN EUROPE UNITED KINGDOM LTD							100.00					100.00
ORPHAN EUROPE GERMANY GmbH							100.00					100.00
ORPHAN EUROPE SPAIN S.L.							100.00					100.00
ORPHAN EUROPE ITALY S.R.L.							99.00					99.00
RECORDATI BVBA						99.46	0.54					100.00
FIC MEDICAL S.à R.L.				100.00								100.00

Consolidated companies	PERCENTAGE OF OWNERSHIP											
	FIMEI S.p.A. <i>(Parent)</i>	Recordati S.p.A.	Recordati Pharma GmbH	Bouchara Recordati S.A.S.	Casen Recordati S.L.	Recordati Orphan Drugs S.A.S.	Orphan Europe S.à R.L.	Herbacos Recordati s.r.o.	Recordati İlaç A.Ş.	Opalia Pharma S.A.	Recordati AG	Total
HERBACOS RECORDATI s.r.o.		100.00										100.00
RECORDATI SK s.r.o.								100.00				100.00
RUSFIC LLC				100.00								100.00
RECOFARMA İLAÇ Ve Hammaddeleri Sanayi Ve Ticaret L.Ş.									100.00			100.00
RECORDATI ROMÂNIA S.R.L.		100.00										100.00
RECORDATI İLAÇ Sanayi Ve Ticaret A.Ş.					100.00							100.00
RECORDATI POLSKA Sp. z o.o		100.00										100.00
ACCENT LLC		100.00										100.00
RECORDATI UKRAINE LLC		0.01		99.99								100.00
CASEN RECORDATI PORTUGAL Unipessoal Lda					100.00							100.00
OPALIA PHARMA S.A.		90.00										90.00
OPALIA RECORDATI S.à R.L.				1.00						99.00		100.00
RECORDATI RARE DISEASES S.A. DE C.V.		99.998					0.002					100.00
RECORDATI RARE DISEASES COLOMBIA S.A.S.					100.00							100.00
ITALCHIMICI S.p.A.		100.00										100.00
RECORDATI AG		100.00										100.00
PRO FARMA GmbH											100.00	100.00
RECORDATI RARE DISEASES CANADA Inc.		100.00										100.00
RECORDATI RARE DISEASES JAPAN K.K. ⁽¹⁾							100.00					100.00
NATURAL POINT S.r. l ⁽²⁾		100.00										100.00
RECORDATI RARE DISEASES AUSTRALIA Pty Ltd ⁽¹⁾							100.00					100.00
TONIPHARM S.A.S. ⁽²⁾		100.00										100.00
RECORDATI BULGARIA Ltd. ⁽³⁾		100.00										100.00

⁽¹⁾ Established in 2018

⁽²⁾ Acquired in 2018

⁽³⁾ Established in 2019

Milan, 26 June 2019

For the Board of Directors
The Chairman
Giampiero Mazza

A handwritten signature in black ink, appearing to read "Giampiero Mazza". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Annex 1 - CAPITAL STRUCTURE AND DEBT INSTRUMENTS Rossini S.à r.l.

Rossini S.à r.l. (EUR thousands)	31.03.2019 (unaudited)	31.12.2018 (unaudited)
Equity	1,730,129	1,675,033
Senior secured fixed rate notes	650,000	650,000
Senior secured floating rate notes	650,000	650,000
Accrued Interests on notes	25,549	15,256
Other (receivables)/payables – net	(162)	558
(Cash)	(24,584)	(918)

Rossini Investimenti S.p.A (EUR thousands)	31.03.2019 (unaudited)	31.12.2018 (unaudited)
Other financial debts	-	75,000
Other (receivables)/payables – net	3,388	7,591
(Cash)	(4,475)	(43,469)

FIMEI S.p.A (EUR thousands)	31.03.2019 (unaudited)	31.12.2018 (unaudited)
Other (receivables)/payables – net	342	612
(Cash)	(20,454)	(22,383)

Annex 1 - CAPITAL STRUCTURE AND DEBT INSTRUMENTS Rossini S.à r.l. (cont`d)

DEBT INSTRUMENTS

Senior Secured Floating Rate Notes (EUR 650m) and Senior Secured Fixed Rate Notes (EUR 650m)

On 26 October 2018, Rossini S.à r.l. issued Senior Secured Floating Rate Notes due 2025 ("Floating Notes") for an aggregate amount of EUR 650,000,000.00 and 6.75% Senior Secured Fixed Rate Notes due 2025 ("Fixed Notes" and together with the Floating Notes the "Notes") for an aggregate amount of EUR 650,000,000.00. These Notes are listed on the Euro MTF market of the Luxembourg Stock Exchange.

The Floating Notes bear a floating interest rate being the 3 months Euribor (with 0% floor) plus 6.250%. The maturity date of the Floating Notes is 30 October 2025 (ISIN Code: XS1881594607 Regulation S and XS1881594862 R144A).

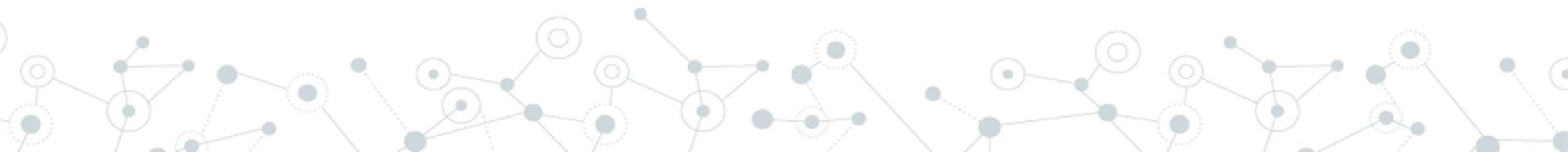
The Fixed Notes bear a fixed interest rate of 6.750%. The maturity date of the Fixed Notes is 30 October 2025 (ISIN Code: XS1881594946 Regulation S and XS1881595083 R144A).

For the purposes of financing part of the indirect acquisition of FIMEI S.p.A. which owns ~ 51.8% of Recordati S.p.A., Rossini S.à r.l. together with its subsidiaries and holding companies negotiated the financing arrangements listed below.

Super senior revolving facilities agreement (EUR 225m)

The English law governed EUR 225 million super senior revolving facilities agreement entered into on 26 October 2018 between, among others, Rossini S.à r.l. and Rossini Investimenti S.p.A. as original borrowers and certain financial institutions.

As of 31 March 2019, there are no outstanding amounts related to the facilities described above.



Annex 1 - CAPITAL STRUCTURE AND DEBT INSTRUMENTS Rossini S.à r.l. (cont`d)

DEBT INSTRUMENTS (cont`d)

Senior secured bridge facilities agreement (EUR 1,485m)

The English law governed EUR 1,485 million senior secured bridge facilities agreement entered into on 26 October 2018 between, among others, Rossini Investimenti S.p.A. as original borrower, Rossini S.à r.l. as parent and guarantor and certain financial institutions. Rossini Investimenti S.p.A. cancelled voluntarily the senior secured bridge facilities agreement on 14 February 2019.

Senior unsecured bridge facility agreement (EUR 615m)

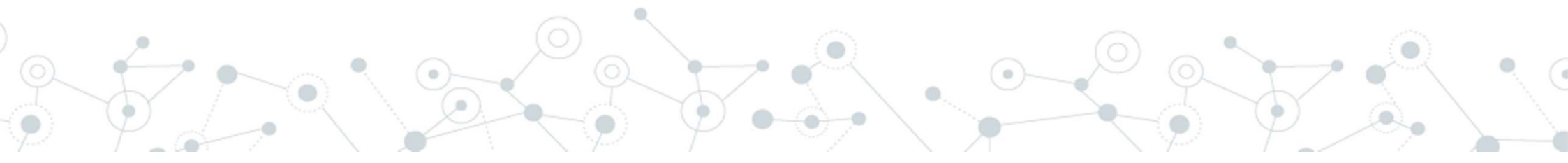
The English law governed EUR 615 million senior unsecured bridge facility agreement entered into on 26 October 2018 between, among others, Rossini Acquisition S.à r.l. as borrower, Rossini S.à r.l. and Rossini Investimenti S.p.A. as original guarantors and certain financial institutions. Rossini Acquisition S.à r.l. cancelled voluntarily the senior unsecured bridge facility agreement on 14 February 2019.

As of 31 March 2019, there are no outstanding amounts related to the facilities described above.

DP Notes - Rossini Investments S.à r.l. (EUR 750m)

Rossini Investments S.à r.l. (the “DP Notes Issuer”), an indirect parent of the Company, has issued €750,000,000 Secured Extendable Notes (the “DP Notes”) to the sellers of the shares in Recordati S.p.A., indirectly, to the Company (via the acquisition of FIMEI S.p.A.). The DP Notes were issued as part of the consideration for the acquisition of such shares. An additional €63.5 million in aggregate principal amount of DP Notes may be issued to one of the sellers in connection with the exercise of certain put and/or call option rights for certain shares.

The DP Notes mature 78 months after 6 December 2018, unless extended (which is permitted provided the senior debt (including the Notes) is not refinanced and no exit occurs (an exit includes the DP Notes Issuer ceasing to own, directly or indirectly, more than 25% of the Recordati S.p.A.’s shares and also includes the DP Notes Issuer having appointed less than the majority of the board of directors of the Recordati S.p.A.).



Annex 1 - CAPITAL STRUCTURE AND DEBT INSTRUMENTS Rossini S.à r.l. (cont`d)

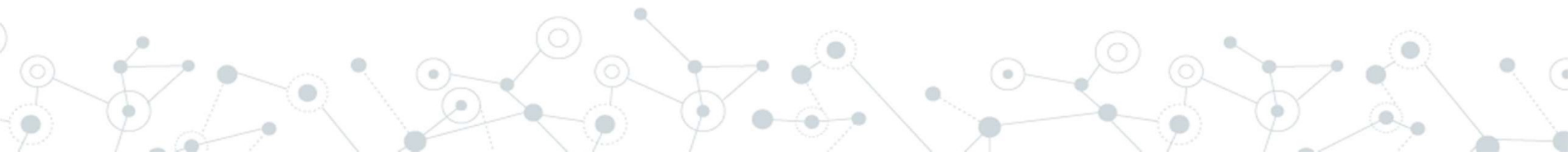
DEBT INSTRUMENTS (cont`d)

DP Notes - Rossini Investments S.à r.l. (EUR 750m) (cont`d)

Interest on the DP Notes accrues in cash at the rate of 2% per annum, as well as an additional 2% accrued as payment in kind interest (at the option of the DP Notes Issuer such payment in kind interest may be paid in cash at the end of each interest period). Cash pay interest shall be payable on 31 December 2019 and thereafter, annually.

Furthermore, in the event that the Recordati S.p.A. net leverage ratio (as defined in the DP Notes documentation) exceeds 3.0 to 1.0 and the look through net leverage ratio (as defined in the DP Notes documentation) for the DP Notes Issuer and its subsidiaries is greater than a ratio of 7.0 to 1.0 (with certain step downs after December 31, 2020 and with the calculation excluding the DP Notes) in line with the covenants governing the Company's Notes (such event a "Company Debt Incurrence Event"), the payment in-kind interest rate shall increase from 2% to 3% (but only for the period in which a Company Debt Incurrence Event exists).

Under the Company's Notes, the Company shall be permitted to distribute cash to the DP Notes Issuer as restricted payments in order to pay the cash pay component of the DP Notes.



Annex 1 - CAPITAL STRUCTURE AND DEBT INSTRUMENTS Rossini S.à r.l. (cont'd)

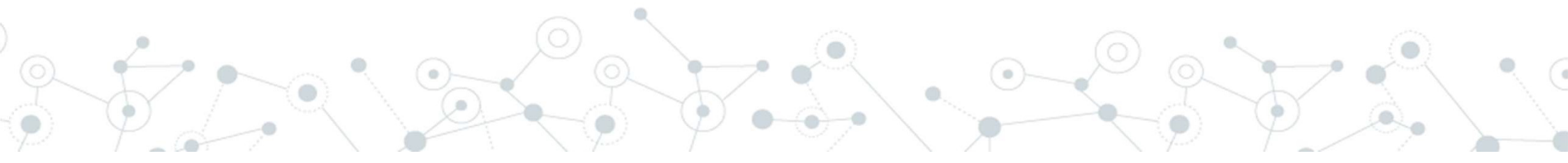
(EUR)	Subscribed capital	Share premium account	Result brought forward	Profit or loss for the financial period	Total
Balance as of 31 December 2018 (unaudited)	1,757	1,755,999	-	(82,723)	1,675,033
EGM - 14 February 2019	79	78,371			78,450
Allocation of previous year's result	-		(82,723)	82,723	-
Profit or Loss for the financial period				(23,354)	(23,354)
Balance as of 31 March 2019 (unaudited)	1,836	1,834,370	(82,723)	(23,354)	1,730,129

EQUITY

As of 31 December 2018, the subscribed and fully paid capital amounting to EUR 1,757 thousands is represented by 175,775,635 shares with a nominal value of EUR 0.01 each and the share premium account amounts to EUR 1,755,999 thousands.

During the extraordinary meeting held on 14 February 2019, the sole shareholder of Rossini S.à r.l. decided to increase the share capital of the Company by an amount of EUR 78 thousands by creating and issuing 7,845,000 new shares having a nominal value of EUR 0.01. In addition, an amount of EUR 78,372 thousands was allocated to the share premium account of Rossini S.à r.l.

As of 31 March 2019, the subscribed and fully paid capital amounting to EUR 1,836 thousands is represented by 183,620,635 shares with a nominal value of EUR 0.01 each and the share premium account amounts to EUR 1,834,370 thousands.



Annex 2 - FINANCIAL HIGHLIGHTS Rossini S.à r.l.

Pro-forma Rossini S.à r.l. capitalization as of 31 March 2019

Rossini S.à r.l. Capitalisation	31 December 2018		31 March 2019	
	(€m)	x Proportional EBITDA	(€m)	x Proportional EBITDA
Cash and cash equivalents ⁽¹⁾	(63)	(0.2)x	(50)	(0.2)x
Senior secured fixed rate notes	650	2.5x	650	2.4x
Senior secured floating rate notes	650	2.5x	650	2.4x
Proportional Recordati net debt ⁽²⁾	313	1.2x	295	1.1x
Total net look-through debt	1,550	5.8x	1,545	5.7x
Undrawn SSRCF	225		225	
DP Notes ⁽⁵⁾	750		750	
Proportional LTM EBITDA ⁽³⁾		265		270

Recordati S.p.A. Capitalisation	31 December 2018		31 March 2019	
	(€m)	x Total EBITDA	(€m)	x Total EBITDA
FIMEI Shares ⁽⁴⁾	3,282	6.6x	3,761	7.4x
LTV		38%		33%
Public Market & Treasury Shares ⁽⁴⁾	3,052	6.1x	3,497	6.9x
Market Capitalisation at €34.71 per share⁽⁴⁾	6,334	12.7x	7,259	14.3x
Recordati net debt ⁽²⁾	588	1.2x	556	1.1x
Total Recordati capitalisation	6,923	13.9x	7,814	15.4x
Recordati LTM EBITDA		499		509

Note: Footnotes relate to 31st March 2019 numbers, for 31st December footnotes refer to the full year 2018 results presentation. Based on Rossini's ownership of Recordati at 51.82% on a fully diluted basis (53.024% net of treasury shares as of 31 March 2019).

(1) Calculated as €20.5m of cash at FIMEI S.p.A. plus €4.5m of cash at Rossini Investimenti S.p.A. plus €24.6m of cash at Rossini S.à r.l.

(2) Based on net financial position of €555.7m per Recordati Q1 2019 earnings release (dated 8th May 2019), and includes: cash and short-term financial investments less bank overdrafts and medium/long-term loans which include the measurement at fair value of hedging derivatives

(3) 53.024% (calculated net of 4,748,071 treasury shares as at 31st March 2019) of Recordati LTM EBITDA of €509m, Recordati EBITDA calculated as Q1 2019 EBITDA (as per release on 8th May 2019), plus FY 2018 EBITDA (as per page 49 of the 2018 annual report), less Q1 2018 EBITDA (as per release on 8th May 2018)

(4) Closing price as at 31st March 2019

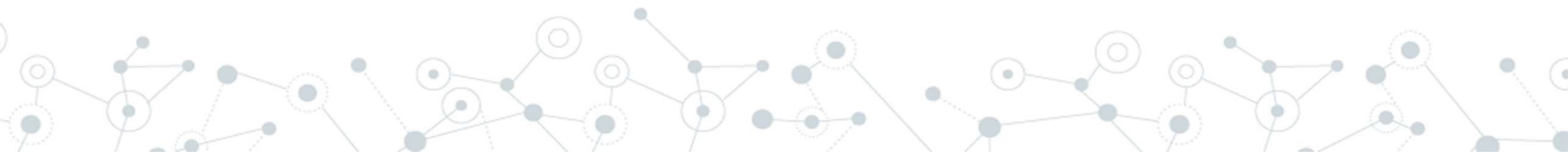
(5) DP Notes pay 2% cash / 2% PIK interest with first payment 31st December 2019

Annex 2 - FINANCIAL HIGHLIGHTS Rossini S.à r.l.

Consolidated EBITDA 31.03.2019

We report Consolidated QTD EBITDA as of 31.03.2019 and 31.03.2018 and Consolidated YTD EBITDA as of 31.12.2018 at the level of Recordati S.p.A., where EBITDA is defined as net income plus provision for income taxes plus financial income (expense), net plus amortization and depreciation. Below is a reconciliation table from net income to EBITDA for Recordati S.p.A., with all figures taken from the financial statements of Recordati S.p.A.

(EUR thousands)	QTD 31.03.2019 (unaudited)	QTD 31.03.2018 (unaudited)	YTD 31.12.2018 (unaudited)
Net income	92,112	86,592	312,422
Provision for Income Taxes	29,907	29,083	105,513
Financial Income (expense)	3,991	4,856	24,284
Depreciation	5,870	3,402	13,901
Amortization	12,059	10,440	42,959
Consolidated EBITDA	143,939	134,373	499,079



Annex 2 - FINANCIAL HIGHLIGHTS Rossini S.à r.l.

Rossini S.à r.l. holdings structure financial highlights as of 31 March 2019

	Revenues	Expenses	Cash
Rossini S.à r.l. <i>Notes Issuer</i> 100%	~€0.0m	~€23.3m mainly related to interest expenses (incl. accrued) on the Floating Rate Notes (~€10.1m) and Fixed Rate Notes (~€10.9m)	- Cash Balance: €24.6m ~€34m received from Rossini Investimenti S.p.A. - Inter quarter use of RCF (~€10.8m) to pay interest on the Floating Rates Note, RCF subsequently repaid
Rossini Investimenti S.p.A. 100%	~€0.0m	~€0.6m mainly related to cash confirmation expenses for the MTO (~€0.3m) and RCF commitment fees (~€0.1m)	- Cash Balance: €4.5m - No payments received from FIMEI S.p.A. ~€34m paid to Rossini S.à r.l.
FIMEI S.p.A. 51.82%¹	~€0.0m (no dividends paid in Q1 2019 from Recordati, next dividend paid on 25th April 2019)	~€0.1m mainly related to audit fees for the entity	- Cash Balance: €20.5m - No payments to Rossini Investimenti S.p.A.
Recordati S.p.A.			

1) Based on Rossini's ownership of Recordati at 51.82% on a fully diluted basis (53.024% net of treasury shares as of 31 March 2019);

Annex 3 – MANAGEMENT AND SHAREHOLDERS Rossini S.à r.l.

BOARD OF DIRECTORS

The board of directors (*conseil de gérance*) of Rossini S.à r.l. (the “Board”) comprises five directors appointed by CVC Funds¹. Members of the Board are appointed for an indefinite term. The Board will be responsible for managing Rossini S.à r.l. in accordance with applicable laws, constitutional documents and resolutions of the shareholders’ meeting. The principal functions of the Board will be to carry out the business of Rossini S.à r.l. and to legally represent Rossini S.à r.l. in its dealings with third parties. The persons set forth below constitute the Board.

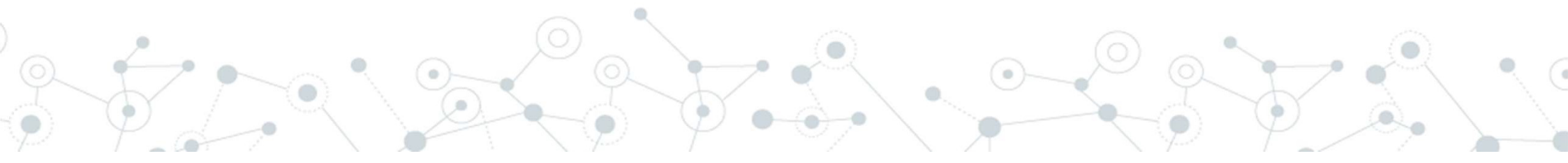
Name	Title
Mrs. Emanuela Brero	Director
Mrs. Cathrin Petty	Director
Mrs. Katia Panichi	Director
Ms. Carmen André	Director
Mr. Philip Robertson	Director

The following is biographical information for each of the members of the Board:

Emanuela Brero. Emanuela Brero was appointed to the Board of Rossini S.à r.l. on July 31, 2018. She is Head of Group Corporate Administration at CVC Advisers (Luxembourg) S.à r.l, which she joined in 2005. Mrs. Brero serves on the board of certain CVC Capital Partners related companies. Mrs. Brero has a degree in business administration from Università Bocconi (Milan).

Cathrin Petty. Cathrin Petty was appointed to the Board of Rossini S.à r.l. on July 31, 2018. Partner and European Head of Healthcare, Cathrin joined CVC in 2016 and is based in the London office. She joined CVC from JP Morgan where she was Head of Healthcare in the EMEA region. Prior to this, she was a Special Partner at Vitruvian Partners, a Partner at Apax Partners in London and New York, and an associate at Schroder Ventures. She has also held numerous non-executive positions, including the NHS (Strategic Health Authority for Greater London), Circassia, Icon Plc, Qualitest Inc, Zeneus Pharma Ltd, Theramex Ltd & Sebia. She has an MA in Natural Sciences and a Diploma in Management.

¹CVC Funds means, collectively, funds, vehicles or limited partnerships managed or advised by any of CVC Capital Partners SICAV-FIS S.A. and each of its subsidiary undertakings from time to time and CVC Capital Partners Advisory Group Holding Foundation and each of its subsidiary undertakings from time to time;



Annex 3 - MANAGEMENT AND SHAREHOLDERS Rossini S.à r.l. (cont`d)

Katia Panichi. Katia Panichi was appointed to the Board of Rossini S.à r.l. on July 13, 2018. Ms Panichi holds an LLM in international business, trade and tax law from King's College, London (UK) and a Maîtrise in international business law from the Université Paris 1 Panthéon-Sorbonne (France). Ms Panichi has been a lawyer since 1999 and her principal fields of activity are corporate law, mergers and acquisitions, capital markets, finance, structured finance and securitisation.

Carmen André. Carmen André was appointed to the Board of Rossini S.à r.l. on July 13, 2018. She is Manager of Corporate Administration with CVC Advisers (Luxembourg) S.à r.l., having joined in May 2018. She previously worked as Senior Associate for 10 years in the Corporate, Finance and Capital Market department at Dentons Luxembourg (f.k.a. OPF Partners). Ms. André also serves on the board of certain CVC Capital Partners related companies. She holds a Bachelor Degree in Law from the HELMo St Martin (Belgium).

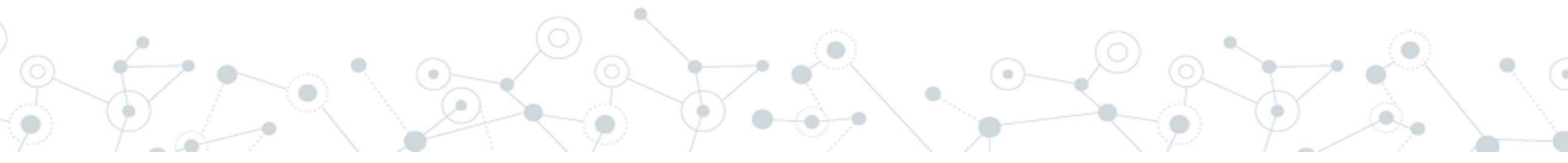
Phil Robertson. Phil Robertson was appointed to the Board of Rossini S.à r.l. on July 31, 2018. Mr. Robertson holds a degree in mathematics with economics from University College London. From 2003 to 2012, Mr. Robertson worked in the Investment and Merchant Banking divisions of Goldman Sachs in London and Sydney, focusing on M&A, private equity and leveraged finance. In 2012, Mr. Robertson joined the capital markets team at CVC in London.

SHAREHOLDERS

As of 31 March 2019, the CVC Funds¹ indirectly own (through intermediate holding companies) approximately 61.54% of the entire share capital of Rossini S.à r.l., the Co-Investors indirectly own (through intermediate holding companies) approximately 30.87% of the entire share capital of Rossini S.à r.l. and Recordati managers investment vehicle indirectly owns (through intermediate holding companies) approximately 7.59% of the entire share capital of Rossini S.à r.l..

¹CVC Funds means, collectively, funds, vehicles or limited partnerships managed or advised by any of CVC Capital Partners SICAV-FIS S.A. and each of its subsidiary undertakings from time to time and CVC Capital Partners Advisory Group Holding Foundation and each of its subsidiary undertakings from time to time;

²Co-Investors means (i) PSP Investments Holding Europe Ltd, (ii) StepStone AMP Opportunities Fund, L.P., StepStone Capital Partners IV, L.P., StepStone Capital Partners IV Offshore Holdings, L.P., StepStone Capital Partners IV Europe Holdings SCSp, StepStone H Opportunities Fund, L.P., StepStone K Strategic Opportunities Fund III, L.P., and Sunstone PE Opportunities Fund, LLC. and (iii) Finance Street SSMA C.V., AlInvest LIVE Co C.V., ACIF VII C.V., ACIF (Euro) VII C.V., AG Co-Investment C.V., AJ Co C.V., and AlInvest GA Co 2018 C.V.



Annex 4 - SUBSEQUENT EVENTS Rossini S.à r.l.

On 25 April 2019, Recordati S.p.A. distributed a dividend to FIMEI S.p.A. for an aggregate amount of EUR 50,933 thousands.

On 30 April 2019, the Company made an interest payment on the Fixed Notes for an aggregate amount of EUR 22,425 thousands.

On 30 April 2019, the Company made an interest payment on the Floating Notes for an aggregate amount of EUR 10,153 thousands.

