

INTERIM REPORT

JANUARY – MARCH 2020



Interim Report

- Consort Medical Plc consolidated from February 2020
- Continued solid organic growth
- Net sales amounted to SEK 2,593 million (1,812), an increase of 43%
- EBITDA increased by 48% and amounted to SEK 431 million (291) corresponding to an EBITDA margin of 16.6% (16.1)
- EBITA increased by 56% and amounted to SEK 267 million (171) corresponding to an EBITA margin of 10.3% (9.4)
- Operating profit (EBIT) amounted to SEK -29 million (111), adjusted Operating profit amounted to SEK 164 (111).
- Profit after tax amounted to SEK -230 million (79) corresponding to a net margin of -8.9% (4.4)
- Non-recurring items affected operating profit with SEK -194 million (0) and profit after tax with SEK -211 million (0)
- Earnings per share amounted to SEK -3.40 (1.17) before dilution and SEK -3.40 (1.17) after dilution
- Sales and earnings impacted by the COVID-19 situation
- Board of Directors withdraw dividend proposal



KEY FIGURES

SEK million	Jan – Mar		Change in %	Apr 19 – Mar 20	Jan - Dec		Change in %
	2020	2019			2019	2019	
Net sales	2,593	1,812	+43	8,238	7,457	7,457	+10
EBITDA ^{1/2/}	431	291	+48	1,434	1,294	1,294	+11
EBITA ^{1/}	267	171	+56	884	788	788	+12
EBIT adjusted ^{1/}	164	111	+48	599	546	546	+10
EBIT ^{2/}	-29	111	-126	354	494	494	-28
EBITDA margin (%) ^{1/}	16.6	16.1		17.4	17.3	17.3	
EBITA margin (%) ^{1/}	10.3	9.4		10.7	10.6	10.6	
Core EPS (SEK) ^{1/}	1.56	1.27		7.38	7.09	7.09	
Earnings per share (SEK)	-3.40	1.17		0.49	5.06	5.06	
Return on operating capital ^{1/}	6.4	6.2					
Return on equity (%), adj ^{1/}	4.6	4.1					
Return on equity (%) ^{1/}	0.6	3.8					
Equity per share, adj (SEK) ^{1/}	85.3	82.3					
Equity per share (SEK) ^{1/}	82.7	82.3					
Equity/assets ratio, adj. (%) ^{1/}	24.1	41.7					
Equity/assets ratio (%) ^{1/}	23.4	41.7					
Net debt ^{1/}	12,459	3,976					
Net debt to EBITDA ^{1/} (Consort EBITDA only included Feb-Mar)	8.7	3.9					

1/ APM: Alternative Performance Measures, see financial definitions on page 24.

2/ See page 23 for a bridge from EBITA to EBIT

COMMENTS BY THOMAS ELDERED, CEO

Robust performance in unprecedented circumstances

"We continue to make good progress towards the long-term strategic objectives which have propelled Recipharm into a top 5 global CDMO. Our strong operational and financial foundations and deep expertise helped us deliver organic growth of 4 per cent in sales and no less than 21 per cent in EBITA, increase margin, progress our integration activities and adapt our business to respond to the dynamic situation COVID-19 presents.

A major event in the quarter was the completion of the acquisition of Consort Medical. My team and I visited the sites, met the teams, took time to more fully understand their operations and communicate with customers. I have been impressed by what I have seen - a committed team who takes pride in past achievements but also a team very much looking forward to becoming part of a larger, growing and more international group. Our main objectives for the short-term integration have been to ensure business continuity, define the new collective operating model and define a clear and executable road map to deliver cost and revenue synergies. This is now well underway. Of course, gradually in the quarter my focus became centred on responding to the escalating COVID-19 situation.

Our team is working hard to ensure our employees stay protected and supported. We have invested in and provided the resources our people need to adapt their working practices, but inevitably we experienced disruptions in our operations resulting from local restrictions. Our operations teams did a great job to ensure that we could continue to supply and service our customers without any major issues throughout the quarter. Customer demand remained largely unaffected. That said, short cycle development services noted a sharp drop in demand, mainly due to customers facing issues with performing clinical trials. Considering the unprecedented circumstances, I am very pleased to report a continued organic growth of 4 per cent resulting in our highest ever quarter one sales, excluding the benefit of the Consort acquisition. Each of the four new reporting segments faced high comparables in the year-earlier period. All except one of the segments noted organic sales increase. Of all the geographies we operate in, I am particularly pleased with the organic growth in Italy and India where conditions have been even more challenging than elsewhere.

In this challenging environment, I am satisfied with the speed with which we have been able to identify and implement various initiatives to mitigate potential cost increases, material supply delays, transport irregularities and high staff absenteeism. Our operating conditions will continue to be monitored and we will not hesitate to take further actions if necessary. We took decisive action to protect our supply chain in this time of operating uncertainty, we increased our stock levels and therefore working capital has increased, but overall declined as a percentage of sales. Maintenance capex remained stable at around 3 per cent of sales. Consequently, as a result of these actions, and with the Consort addition cash flow declined modestly.

In connection with the acquisition of Consort, Recipharm raised an acquisition credit and refinanced existing loans which, as planned, impacted leverage. In addition the COVID-19 situation has temporarily impacted it further. After the previously announced equity issues of approximately SEK 2.5 billion, leverage will again be at an acceptable level and then gradually reach a normal level for our industry in the medium term. We have a responsible approach to leverage and will retain the flexibility to meet our objectives and explore the highly value creating opportunities that the combination with Consort has brought.

In summary, our operations are performing as planned or better, but in the short to medium term, like most across the industry and wider, we face significant uncertainty and I cannot exclude further impact on our sales and profit. That said, our long-term prospects remain unchanged. Demand is stable or even increasing and we have seen operating conditions stabilize compared to March/April. I am confident that our great teams will be able to continue to mitigate the challenges the COVID-19 situation may bring. Our strong reputation for customer satisfaction, uninterrupted during these difficult times, will bring recognition and further benefits as we leverage our top five position in the global CDMO industry."



The company invites investors, analysts and media to a telephone conference with a web presentation (in English) on 7 May at 10.00 am CET where CEO Thomas Eldered and CFO Tobias Hägglöf will present and comment on the interim report and answer questions. Information about the conference can be found on the company website: www.recipharm.com.

REVENUES

NET SALES PER SEGMENT

SEK million	Jan – Mar		Change in %	Jan - Dec
	2020	2019		
Advanced Delivery Systems	505	229	+120	839
Steriles	660	588	+12	2,581
Solids & Other	1,034	692	+49	2,873
Development & Licensing	325	264	+23	1,006
Discontinued operations ^{1/}	116	69	+68	318
Eliminations and others	-47	-30		-160
Total	2,593	1,812	+43	7,457

^{1/} Discontinued operations refer to the manufacturing operations in Stockholm, Sweden and in Ashton-under-Lyne, United Kingdom.

JANUARY – MARCH 2020

Net sales

Net sales increased by SEK 781 million to SEK 2,593 million, an increase of 43 per cent. The newly acquired operations in the UK contributed 37 percentage points. The organic growth of 4 per cent was primarily driven by improved sales performance for lyophilised injectables, blow-fill-seal products and oral solids, partially offset by lower sales of inhalation products and development services. The COVID-19 pandemic had a somewhat adverse impact on Recipharm's capacity and consequently sales towards the end of the quarter.

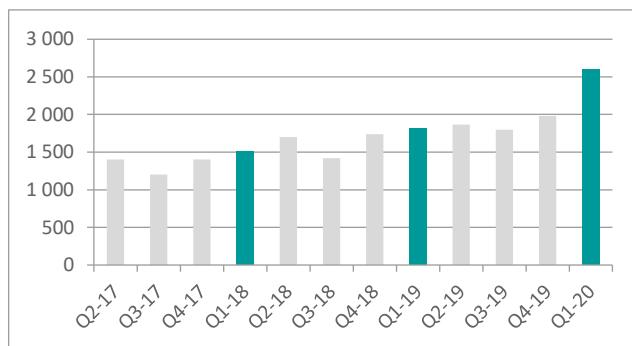
Other operating revenue

Other operating revenue increased to SEK 80 million (51), with positive contribution from operating exchange rate gains.

SALES BRIDGE, JAN – MAR

	SEK million	%
2019	1,812	
Currency	+39	+2
Acquisitions	+672	+37
Organic	+70	+4
Total	+781	+43
2020	2,593	

NET SALES BY QUARTER (SEKM)



RESULTS

EBITA PER SEGMENT	Jan – Mar		Jan – Dec	
	2020	2019	Change in %	2019
SEK million				
Advanced Delivery Systems	99	37	+169	166
Steriles	61	48	+27	227
Solids & Other	68	60	+13	347
Development & Licensing	74	72	+3	225
Discontinued operations ^{1/}	1	-14	+104	-57
Eliminations and others	-35	-32		-119
Total	267	171	+56	788

^{1/} Discontinued operations refer to the manufacturing operations in Stockholm, Sweden and in Ashton-under-Lyne, United Kingdom.

JANUARY - MARCH 2020

EBITA

EBITA amounted to SEK 267 million (171), an increase by 56 per cent, while the EBITA margin to sales increased by 0.9 percentage points to 10.3 per cent (9.4). The acquired operations in the UK contributed SEK 60 million. The COVID-19 pandemic had an adverse impact on profit and profitability in the quarter. The organic EBITA increased however with SEK 35 million, driven by higher sales volumes of lyophilised injectables and blow-fill-seal products, improved product mix and cost efficiency.

Raw materials and consumables

Raw materials and consumables amounted to SEK 854 million (526) with the increase primarily related to the recent acquisition. The material cost ratio to sales increased to 33 percentage points (29), mainly as a structural effect of the newly made acquisition.

EBITA BRIDGE, JAN – MAR

	SEK million	%
2019	171	
Currency	+1	+1
Acquisitions	+60	+35
Organic	+35	+21
Total	+97	+56
2020	267	

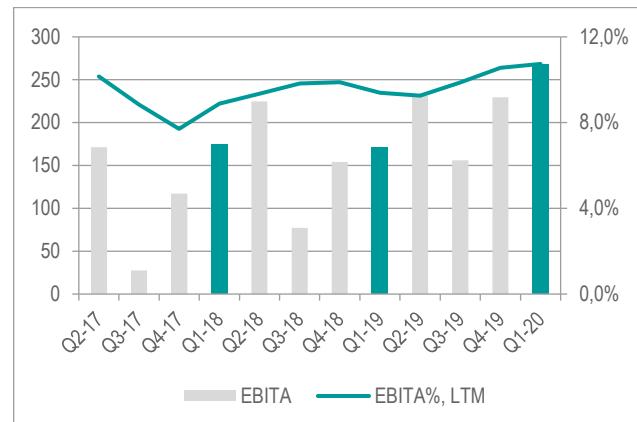
Other external costs

Other external costs amounted to SEK 615 million (385). The increase was mainly related to the acquired operations. The ratio to sales increased to 24 per cent (21) due to non recurring transaction costs.

Employee benefits expense

Employee benefits expense increased by SEK 245 million to SEK 892 million (647). The ratio of employee expenses to sales decreased to 34 per cent (36), partially as a structural effect of the newly made acquisition.

EBITA (SEK MILLION) AND LTM EBITA MARGIN



Depreciation, amortisation and impairment

Depreciation and amortisation increased to SEK 289 million (180), primarily driven by the acquired operations as well as higher amortisation resulting from the acquisition.

Financial items

Interest income and similar revenues amounted to SEK 12 million (40) of which SEK 12 million (40) were currency exchange rate gains. Interest expenses and similar costs amounted to SEK 207 million (42), of which SEK 99 million (33) were interest expenses, SEK 65 million (4) were currency exchange rate losses and SEK 36 million (0) were one time costs.

Tax

The income tax amounted to SEK 6 million (30).

Profit after tax

Profit after tax amounted to SEK -230 million (79). The profit after tax was impacted by non recurring costs of SEK 211 million (0).

ACQUISITIONS

The acquisition completed during the last 12 months was the integrated drug and delivery device company Consort Medical Plc. For additional information related to acquisitions, refer to note 3.

ADVANCED DELIVERY SYSTEMS

The *Advanced Delivery Systems* business segment produces inhalation products and devices, medical check valves and injection devices.

- Sales increased by 120%
- EBITA increased by 169%
- EBITA margin of 19.5% (16.0)



Net sales

JANUARY – MARCH 2020

Advanced Delivery Systems sales increased by SEK 276 million to SEK 505 million, an increase of 120 per cent, mainly as a result of the recent acquisition. The organic decline was driven by re-phasing of sales to later in the year, lower service sales and a temporary supply issue.

SALES BRIDGE, JAN – MAR

	SEK million	%
2019	229	
Currency	+7	+3
Acquisitions	+316	+138
Organic	-47	-20
Total	+276	+120
2020	505	

EBITA

JANUARY – MARCH 2019

EBITA for Advanced Delivery Systems increased by SEK 62 million to SEK 99 million, driven by the recently acquired operations in the UK and corresponding to an EBITA margin of 19.5 per cent (16.0). Despite lower sales, EBITA grew organically with positive contribution from temporarily lower material costs.

EBITA BRIDGE, JAN – MAR

	SEK million	%
2019	37	
Currency	+3	+7
Acquisitions	+54	+146
Organic	+6	+16
Total	+62	+169
2020	99	

MANUFACTURING SERVICES – STERILES

The *Steriles* business segment manufactures sterile products. It offers technologies for sterilisation, lyophilisation and blow-fill-seal (BFS).

- Sales increased by 12%
- EBITA increased by 27%
- EBITA margin of 9.2% (8.2)



Net sales

JANUARY – MARCH 2020

Sales for Steriles increased by SEK 73 million to SEK 660 million, an increase of 12 per cent. The organic growth of 10 per cent was driven by higher sales volumes of lyophilised injectables and blow-fill-seal products, including a successful reduction of temporary backlog caused by delivery delays last quarter, combined with higher service sales.

SALES BRIDGE, JAN – MAR

	SEK million	%
2019	588	
Currency	+16	+3
Acquisitions	-	-
Organic	+57	+10
Total	+73	+12
2020	660	

EBITA

JANUARY – MARCH 2020

EBITA for Steriles increased by SEK 13 million to SEK 61 million, equivalent to an EBITA margin of 9.2 per cent (8.2). The increase was driven by higher sales, product and service mix improvement as well as higher cost efficiency, partly offset by the COVID-19 situation.

EBITA BRIDGE, JAN – MAR

	SEK million	%
2019	48	
Currency	+2	+3
Acquisitions	-	-
Organic	+11	+24
Total	+13	+27
2020	61	

MANUFACTURING SERVICES – SOLIDS & OTHERS

The *Solids & Others* business segment produces tablets, capsules, semi-solids and non-sterile liquids.

- Sales increased by 49%
- EBITA increased by 13%
- EBITA margin of 6.6% (8.7)



Net sales

JANUARY – MARCH 2020

Solids & Others sales increased by SEK 341 million to SEK 1,034 million, an increase of 49 per cent, primarily driven by the recently acquired operations in UK. The organic growth was driven by higher sales of oral solids, including a new manufacturing contract.

SALES BRIDGE, JAN – MAR

	SEK million	%
2019	692	
Currency	+11	+2
Acquisitions	+321	+46
Organic	+9	+1
Total	+341	+49
2020	1,034	

EBITA

JANUARY – MARCH 2020

EBITA for Solids & Others increased by SEK 8 million to SEK 68 million, driven by the acquired operations and corresponding to an EBITA margin of 6.6 per cent (8.7). The lower margin was partly acquisition-related, with lower margin for the acquired operations but also due to the COVID-19 situation.

EBITA BRIDGE, JAN – MAR

	SEK million	%
2019	60	
Currency	+1	+1
Acquisitions	+14	+24
Organic	-7	-11
Total	+8	+13
2020	68	

DEVELOPMENT & LICENSING

The business segment *Development & Licensing* provides pharmaceutical development services. It also includes Recipharm's patents, technologies and product rights.

- Sales increased by 23%
- EBITA increased by 3%
- EBITA margin of 22.8% (27.2)



Net sales

JANUARY – MARCH 2020

Development & Licensing sales increased by SEK 61 million to SEK 325 million, an increase of 23 per cent. Apart from acquisition and currency rate effects, net sales increased organically by 8 per cent, driven by higher sales of own products, partly offset by the COVID-19 situation.

SALES BRIDGE, JAN – MAR

	SEK million	%
2019	264	
Currency	+6	+2
Acquisitions	+35	+13
Organic	+20	+8
Total	+61	+23
2020	325	

EBITA

JANUARY – MARCH 2020

EBITA for Development & Licensing increased by SEK 2 million to SEK 74 million, equivalent to an EBITA margin of 22.8 per cent (27.2). The positive effect from higher sales of own products was offset by the COVID-19 situation.

EBITA BRIDGE, JAN – MAR

	SEK million	%
2019	72	
Currency	+1	+2
Acquisitions	+1	+1
Organic	+0	+0
Total	+2	+3
2020	74	

CASH FLOW

SEK million	Jan - Mar		Jan - Dec
	2020	2019	2019
Cash flow from operating activities before changes in working capital	105	218	870
Cash flow from changes in working capital	-114	0	-62
Cash flow from investing activities	-6,053	-64	-726
Cash flow from financing activities	6,112	-30	285
Total	50	124	367

JANUARY – MARCH 2020

Cash flow from operating activities before changes in working capital was SEK 105 million (218) while changes in working capital was SEK -114 million (0).

Cash flow from investing activities was SEK -6,053 million (-64) of which SEK -91 million (-53) was investments in property, plant and equipment and SEK -5,957 million related to the acquisition of Consort Medical Plc.

Cash flow from financing activities was SEK 6,112 million (-30) and the change compared to last year is related to new loan facilities due to the acquisition of Consort Medical Plc.

FINANCING AND RETURN

KEY FIGURES AND RETURN

SEK million	Jan - Mar		Jan - Dec
	2020, adjusted	2019, adjusted	2019, adjusted
Return on operating capital ^{1/} (%)	6.4	6.2	8.3
Return on equity ^{1/}	4.6	4.1	6.7
Net debt to EBITDA ^{1/} (Consort only included Feb-Mar)	8.7	3.9	3.2
Net debt to equity ^{1/}	2.2	0.7	0.7
Equity to assets ^{1/} (%)	24.1	41.7	42.6

1/ APM: Alternative Performance Measures, see financial definitions on page 23.

The return on operating capital increased to 6.4 from 6.2 in the same quarter in the previous year.

Return on equity increased to 4.6 per cent from 4.1 per cent in the same quarter in the previous. The increase from last year is mainly due to higher adjusted profit in the period.

The net debt to EBITDA ratio increased to 8.7 from 3.9 compared to the same quarter in the previous year, which is due to the higher net debt in conjunction with the acquisition of Consort Medical Plc. The EBITDA for Consort is only included for February and March 2020.

Net debt in relation to equity was 2.2 (0.7) also due to the acquisition of Consort Medical Plc during Q1 2020.

The equity to assets ratio decreased compared to the same quarter last year, mainly due to the acquisition of Consort Medical.

PARENT COMPANY

Recipharm AB (publ) includes Group management and functions that provide services to the business. The parent company's net sales was SEK 55.5 million (40.0) and operating result was SEK -21.4 million (-34.4) during the period. Investments amounted to SEK 1.4 million (4.8), a decrease from last year due to the serialisation project being finalised.

EMPLOYEES

The number of employees (equivalent to full-time employees "FTE") during the period was 7,290 (5,279).

SIGNIFICANT EVENTS DURING THE PERIOD

Acquisition of Consort Medical plc

On 4 February 2020, Recipharm declared the cash offer of GBP 505 million (approximately SEK 6,284 million) to acquire Consort Medical plc unconditional. As a result, Consort's 9 facilities across the UK, Italy and Germany became part of Recipharm.

Consort is an integrated drug and delivery device company providing advanced delivery technologies, formulation and manufacturing services for drugs. Consort had 2018/2019 annual pro forma revenue of GBP 292 million (SEK 3,633 million) and pro forma EBITDA of GBP 47 million (SEK 587 million). Consort employs approximately 2,000 people globally of which approximately 1,400 are located in the UK. Consort's financials are consolidated into Recipharm's accounts from February 2020 and included in Recipharm's Q1 2020 interim report.

Finance and share issue

All external bank loans were repaid in February 2020 and replaced with a new loan structure in conjunction with the acquisition of Consort Medical Plc. The facilities include a bridge facility of SEK 2,000 million with a maturity in November 2020, a term loan of SEK 1,300 million, a term loan of EUR 290 million, a term loan of GBP 250 million as well as a multi-currency rolling credit facility of SEK 3,000 million, all with maturity in 2024.

In order to repay the bridge facility, and to lower net debt, Recipharm intends to carry out one or several rights issues of approximately SEK 2,500 million, subject to approval by the annual general meeting.

Integration of Consort Medical plc

The integration of Consort Medical Group plc has progressed during the first quarter. Annual cost synergies of SEK 125 million is estimated be realized within 18

months after completion with potential for additional cost and revenue synergies in the medium to long term.

New segment structure from January 1, 2020

As of January 1, 2020, a revised segment reporting have been implemented.

The new Advanced Delivery Systems segment includes the previous inhalation operations in Recipharm and the acquired operations of devices under the Bespak brand.

The new segment Steriles includes all current operations in the Steriles & Inhalation segment, with the exception of inhalation operations.

The new Solids & Others segment includes all current operations within Solids & Others and the corresponding acquired Aesica operations.

The new Development & Licensing segment, with the exception of the inhalation operations, includes all current operations in Development & Technology and the corresponding acquired Aesica operations.

COVID-19

The impact of the COVID-19 on Recipharm's worldwide operations is constantly monitored. Production performance is impacted at most locations due to staff absence. Production activities are prioritised to optimise output in order to support customer needs in the most effective manner. All factories were operating at the end of March but with reduced capacity and delays caused by material supply interruptions. Significant effort and resources are invested to ensure continued supply to our customers and patients. Measures include adapting work schedules, shifts patterns and overtime work whilst putting non-manufacturing activities on hold. The demand for Recipharm's products is not expected to be significantly affected but the uncertainty for all businesses is making the future difficult to predict. The pharmaceutical industry is in most countries, a prioritised industry and Recipharm is focused on maintaining a reliable supply. Recipharm continues to follow all governmental recommendations whilst at the same time working to mitigate any disruptions.

SIGNIFICANT EVENTS AFTER THE PERIOD END

COVID-19

The impact of the COVID-19 may continue on Recipharm's worldwide operations. Production performance may be impacted by COVID-19 at most locations due to staff absence, reduced capacity and delays caused by material supply interruptions.

FINANCIAL CALENDAR

Annual General Meeting 2020
Interim report Apr – Jun 2020
Interim report Jul – Sep 2020
Interim report Oct– Dec 2020

May 12, 2020
July 24, 2020
November 5, 2020
February 19, 2021

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Stockholm, May 7, 2020

On behalf of the Board of Directors of Recipharm AB (publ)

Thomas Eldered (CEO)

This information is information that Recipharm AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 07:45 CET on May 7, 2020. This interim report and other financial information about Recipharm AB (Publ) are available at www.recipharm.com. This report is prepared in Swedish and thereafter translated into English. Should any differences occur between the Swedish and the English version, the Swedish version shall prevail. This report has not been reviewed by the company's auditors.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

SEK million	Note	Jan – Mar		Jan – Dec	
		2020	2019	2019	2019
Operating income					
Net sales		2,592.9	1,811.8	7,457.1	
Other operating revenue		79.8	50.9	252.2	
		2,672.6	1,862.7	7,709.3	
Operating expenses					
Raw materials and consumables		-854.3	-525.8	-2,172.2	
Other external costs		-615.4	-385.3	-1,635.4	
Employee benefits expense		-892.1	-646.8	-2,578.0	
Depreciation and amortisation		-288.7	-180.0	-747.8	
Other operating expenses		-51.5	-13.2	-81.6	
Share of result in participations		-0.1	-0.6	-0.5	
		-2,702.2	-1,751.6	-7,215.4	
Operating profit					
Interest income and similar revenues		12.1	40.4	98.0	
Interest expenses and similar costs		-207.4	-42.0	-219.8	
		-195.3	-1.6	-121.8	
Profit before tax					
Income tax		-5.6	-30.4	-29.1	
		-224.8	109.4	372.1	
Profit for the period		-230.4	79.2	343.0	

OTHER COMPREHENSIVE INCOME:

SEK million	Note	Jan – Mar		Jan – Dec	
		2020	2019	2019	2019
Items that may be reclassified subsequently to profit or loss					
Translation differences		160.4	157.0	117.9	
Gains/losses from fair value valuation of financial instruments		-19.8	4.9	4.7	
Deferred tax relating to items that may be reclassified		4.2	-1.1	-1.0	
Total		144.8	160.8	121.6	
Items that will not be reclassified to profit or loss					
Actuarial gains/losses on pensions		-5.3	0.6	-50.9	
Deferred tax relating to items that will not be reclassified		1.0	-0.1	15.8	
Total		-4.3	0.5	-35.2	
Other comprehensive income for the period		140.5	161.2	86.4	
Comprehensive income for the period		-89.9	240.4	429.4	
Net profit distributed to:					
Parent company's shareholders		-230.4	79.2	343.1	
Non-controlling interest		0.0	-0.1	-0.1	
		-230.4	79.2	343.0	
Group comprehensive income distributed to:					
Parent company's shareholders		-90.0	240.4	429.7	
Non-controlling interest		0.1	0.0	-0.3	
		-89.9	240.4	429.4	
Earnings per share before dilution (SEK)	2	-3.40	1.17	5.06	
Earnings per share after dilution (SEK)	2	-3.40	1.17	5.06	

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION,
CONDENSED**

SEK million	Note	March 31		Dec 31 2019		
		2020	2019			
ASSETS						
Non-current assets						
Product rights		675.0	275.2	258.6		
Goodwill		5,896.4	2,672.8	2,719.8		
Customer relations		3,850.1	2,265.1	2,086.4		
Other intangible assets		597.7	230.4	269.3		
Property, plant and equipment		6,072.9	3,728.8	3,727.8		
Non-current financial assets		784.4	330.3	475.9		
Total non-current assets		17,876.5	9,502.5	9,537.8		
Current assets						
Inventories		2,112.0	1,381.0	1,401.5		
Accounts receivable		2,224.0	1,311.2	1,432.3		
Other receivables		356.8	236.4	216.1		
Prepaid expenses and accrued income		274.9	126.8	119.2		
Cash and cash equivalents		1,144.8	816.8	1,054.9		
Total currents assets		6,112.5	3,872.1	4,224.0		
TOTAL ASSETS		23,989.1	13,374.5	13,761.9		
SHAREHOLDERS EQUITY AND LIABILITIES						
Share capital		33.9	33.9	33.9		
Other paid-in capital		4,592.2	4,592.2	4,592.2		
Reserves		427.7	322.2	283.2		
Retained earnings (including net profit)		550.4	632.1	781.5		
Equity attributable to Parent Company shareholders		5,604.2	5,580.5	5,690.8		
Equity attributable to Non-Controlling interest		-0.1	-0.1	-0.4		
Total equity		5,604.1	5,580.4	5,690.4		
Non-current liabilities						
Interest-bearing liabilities		13,475.3	4,681.2	5,069.6		
Provisions		1,089.1	598.0	658.5		
Deferred tax liability		1,109.3	860.6	733.3		
Other non-current liabilities		46.5	43.0	46.0		
Total non-current liabilities		15,720.3	6,182.8	6,507.4		
Current liabilities						
Interest-bearing liabilities		87.3	106.6	101.5		
Overdraft facility		41.0	5.0	36.2		
Account payable		1,228.5	860.8	808.3		
Tax liabilities		182.0	53.8	23.7		
Other liabilities		354.4	87.9	105.9		
Accrued expenses and prepaid income		771.4	497.4	488.6		
Total current liabilities		2,664.7	1,611.4	1,564.1		
TOTAL EQUITY AND LIABILITIES		23,989.1	13,374.5	13,761.9		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Share-capital	Other paid-in capital	Reserves	Equity attr. to parent company			Total equity
				Retained earnings incl. net profit	share-holders	Non-contr. interest	
Equity at 1 January 2019	33.9	4,592.2	161.5	549.6	5,337.1	-0.1	5,337.1
Profit for the period 2019				343.1	343.1	-0.1	343.0
Other comprehensive income			121.8	-35.2	86.6	-0.2	86.4
Transactions with owners:							
Share-based incentive program				8.1	8.1		8.1
Dividend				-84.2	-84.2		-84.2
Equity at 31 December 2019	33.9	4,592.2	283.2	781.5	5,690.8	-0.4	5,690.4
Profit for the period 2020				-230.4	-230.4	-0.0	-230.4
Other comprehensive income			144.5	-4.3	140.2	0.3	140.5
Transactions with owners:							
Share-based incentive program				3.6	3.6		3.6
Equity at 31 March 2020	33.9	4,592.2	427.7	550.4	5,604.2	-0.1	5,604.1

CONSOLIDATED CASH FLOW STATEMENT

SEK million	Note	Jan – Mar		Jan - Dec 2019
		2020	2019	
Operating activities				
Profit before tax		-224.8	109.4	372.1
Adjustments for items not affecting cash				
- Depreciation, amortisation and impairment of assets		288.7	180.0	747.8
- Changes in provisions		22.3	-39.1	20.8
- Gains from disposal of non-current assets		-0.1	-0.6	-22.0
- Share of result of associated companies		0.0	0.5	0.5
- Other		28.3	-6.0	-63.7
		339.2	244.2	1,055.4
Income taxes paid		-9.6	-26.3	-185.1
Operating cash flow before changes in working capital		104.8	217.9	870.3
<i>Cash flow from changes in working capital</i>				
Change in inventories		17.0	-40.0	-57.7
Change in operating receivables		-58.0	-36.8	-138.0
Change in operating liabilities		-73.0	76.8	133.4
Operating cash flow		-9.2	217.9	808.0
<i>Investing activities</i>				
Acquisition of property, plant and equipment		-91.2	-52.8	-394.0
Disposal of property, plant and equipment		0.0	0.6	1.2
Acquisition of intangible assets		-2.9	-9.3	-71.2
Disposal of intangible assets		-	-	-
Acquisition of subsidiaries/operations, net of cash acquired		-5,957.3	-	-128.6
Acquisition of financial assets		-4.1	-2.1	-154.1
Disposal of short-term investment		3.0	-	20.8
Cash flow from investing activities		-6,052.6	-63.6	-725.9
<i>Financing activities</i>				
Dividend paid to Parent Company shareholders		-	-	-84.2
New share issue		-	-	-
Change in overdraft facility		6.6	-7.5	23.8
Loans raised		12,648.7	50.0	920.0
Repayment of borrowings		-6,543.3	-72.7	-574.5
Cash flow from financing activities		6,112.0	-30.2	285.1
Total cash flow for the period		50.3	124.1	367.2
Cash and cash equivalents at beginning of period		1,054.9	681.4	681.4
Translation difference on cash and cash equivalents		39.6	11.3	6.3
Cash and cash equivalents at end of period		1,144.8	816.8	1,054.9
Interest received		0.4	0.3	3.4
Interest paid		-72.1	-13.3	-135.9

PARENT COMPANY STATEMENT OF PROFIT AND LOSS,
CONDENSED
SEK million

	Jan – Mar	Jan - Dec
	2020	2019
Operating income		
Net sales	55.5	40.0
Other operating revenue	3.6	4.2
	59.1	44.3
Operating expenses		
Other external costs	-40.7	-40.7
Employee benefits expense	-31.7	-30.3
Depreciation and amortisation	-7.9	-7.6
Other operating expenses	-0.3	-0.1
	-80.5	-78.7
Operating profit/loss	-21.4	-34.4
Financial items	-162.0	25.0
Profit/loss after financial items	-183.4	-9.4
Appropriations and tax	-	-
Profit/loss for the period	-183.4	-9.4
		266.6
		45.3

OTHER COMPREHENSIVE INCOME

	Jan – Mar	Jan – Dec
	2020	2019
SEK million		
Items that may be reclassified subsequently to profit or loss		
Translation differences	0.1	-2.7
Other comprehensive income for the period	0.1	-2.7
Total comprehensive income for the period	-183.3	-12.1
		45.1

PARENT COMPANY STATEMENT OF FINANCIAL POSITION,
CONDENSED

	Mar 31	Dec 31
	2020	2019
SEK million		
ASSETS		
Non-current assets		
Intangible assets	24.8	6.9
Property, plant and equipment	231.2	252.0
Non-current financial assets	15,660.6	7,144.7
Current assets	2,277.8	1,706.1
TOTAL ASSETS	18,194.4	9,109.7
SHAREHOLDERS EQUITY AND LIABILITIES		
Equity	3,735.7	3,941.3
Liabilities	14,458.7	5,168.4
TOTAL EQUITY AND LIABILITIES	18,194.4	9,109.7
		9,910.9

ACCOUNTING PRINCIPLES, RISKS, DEFINITIONS AND NOTES

Accounting principles

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) which have been approved by the European Commission for application within the EU. This interim report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR2, Accounting for Legal Entities.

The accounting principles and calculations in this report are the same as those used for the 2019 Annual Report, except for the amendment that exchange rate differences related to borrowings in foreign currency with certain subsidiaries where the loans represent a permanent part of the Parent Company's financing are recognized in other comprehensive income. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Significant risks and uncertainties

A detailed description of risks is provided in the 2019 Annual Report on page 39. No new significant risks are considered to have arisen since the publication of the annual report.

NOTE 1 NUMBER OF SHARES AND POTENTIAL SHARES

	A-shares	B-shares	D-shares	Total
Number of shares as of 31 December 2019	15,222,858	52,552,935	-	67,775,793
Number of shares as of 31 March 2020	15,222,858	52,552,935	-	67,775,793

Of the total number of shares, the company holds 266,226 B-shares in order to secure delivery of shares to participants in the Share-based incentive programs.

NOTE 2 EARNINGS PER SHARE

SEK million	Note	Jan - Mar		Jan- Dec 2019
		2020	2019	
Parent company's shareholders:				
Earnings per share before dilution (SEK)		-3.40	1.17	5.06
Earnings per share after dilution (SEK)		-3.40	1.17	5.06
Profit before dilution (SEK thousand)		-230,381	79,250	343,136
Effect from potential shares (SEK thousand)		10,260	10,148	40,707
Profit after dilution (SEK thousand)		-220,121	89,397	383,843
Average number of shares before dilution (thousand)	1	67,776	67,776	67,776
Potential shares (thousand)	1	5,496	5,496	5,496
Average number of shares after dilution (thousand)		73,272	73,272	73,272

NOTE 3 BUSINESS COMBINATIONS

Acquisition of Consort Medical plc

November 18, 2019 Recipharm announced its offer to acquire Consort Medical Plc. and February 4, 2020 the cash offer of GBP 505 million (approximately SEK 6,300 million) was declared wholly unconditional. As a result of the offer being declared unconditional, Consort's 9 facilities across the UK, Italy and Germany became part of the Recipharm Group. Consort is an integrated drug and delivery device company providing advanced delivery technologies, formulation and manufacturing services for drugs and was listed on the London Stock Exchange. Consort had 2018/2019 annual pro forma revenue of GBP 292 million (SEK 3,633 million) and pro forma EBITDA adjusted of GBP 47 million (SEK 587 million). Consort employs approximately 2,000 people globally of which approximately 1,400 are located in the UK. The combination of Recipharm and Consort is highly complementary given that both organisations provide different products and services within the same value chain for a number of customers. The acquisition will add significant technology, IP and know-how to Recipharm's existing operations. Consort's financials are consolidated into Recipharm's accounts from February 2020 and is included in Recipharm's Q1 2020 interim report.

SEK million	Carrying amount	Fair value adjustment ¹⁾	Fair value in the group
Preliminary balance sheet as of acquisition date			
Goodwill	1,583.6	1,784.3	3,367.9
Other intangible assets	368.4	2,173.1	2,541.5
Property, plant & equipment	2,047.0	314.0	2,361.0
Other fixed assets	163.6	17.4	181.0
Inventories	676.9	2.6	679.5
Accounts receivables and other current assets	729.4	–	729.4
Cash and cash equivalent	233.7	–	233.7
Total identifiable assets	5,802.6	4,291.4	10,094.0
Provisions	482.0	449.5	931.5
Long term liabilities	2,071.3	–	2,071.3
Other operating liabilities	790.0	–	790.0
Total identifiable liabilities	3,343.3	449.5	3,792.8
Total			6,301.2

1) The goodwill refers to, among others, future customers, market position and workforce. The purchase price allocation has not been finalized and consequently the fair value adjustment presented above is preliminary. Acquisition related costs of 65 MSEK has been charged to Other operating expenses in the consolidated income statement for 2020 and 14 MSEK in 2019. The preliminary purchase price allocation presented in the annual report for 2019 have been adjusted due to updated tax calculations. Consort contributed to Recipharm's Net Sales with SEK 672 million and for EBITA with SEK 60 million.

NOTE 4 SEGMENT REPORTING

Reclassification of segment reporting

As of January 1, 2020, a revised segment reporting have been implemented to better reflect the internal reporting. Recipharm reports in accordance with the new segment structure from the first quarter of 2020. See below for the reclassification of the segments.

Net sales, SEK million	Jan - Mar 2019			Jan - Dec 2019		
	Old segment structure	Change	New segment structure	Old segment structure	Change	New segment structure
ADS	-	229.2	229.2	-	838.9	838.9
Steriles	803.3	-215.5	587.7	3,362.9	-781.5	2,581.4
Solids & Others	692.3	-	692.3	2,872.9	-	2,872.9
D&L	277.9	-13.6	264.3	1,063.0	-57.3	1,005.7

EBITA, SEK million	Jan - Mar 2019			Jan - Dec 2019		
	Old segment structure	Change	New segment structure	Old segment structure	Change	New segment structure
ADS	-	36.6	36.6	-	165.8	165.8
Steriles	86.6	-38.5	48.0	405.7	-179.1	226.6
Solids & Others	60.3	-	60.3	347.3	-	347.3
D&L	70.1	1.9	71.9	212.2	13.3	225.5

For control purposes Recipharm is separated into four segments from 1 January 2020: Advanced Delivery Systems (ADS), Manufacturing Steriles (MFG-S), Manufacturing Solids & Others (MFG-SO) and Development & Licensing (D&L).

The Advanced Delivery Systems segment includes the previous inhalation operations in Recipharm and the acquired operations of devices under the Bespak brand.

The business segment MFG-S includes manufacturing of products on behalf of pharmaceutical companies and covers sterile technologies including vials and ampoules, lyophilisates and blow-fill-seal products.

The business segment MFG-SO includes manufacturing of products on behalf of pharmaceutical companies and covers tablets, capsules, semi-solids and non-sterile liquids. The segment includes the acquired Aesica operations.

The business segment D&L provides pharmaceutical development services. It also includes patents, technologies and product rights and sales of own products through distributors.

Discontinued operations and non-recurring items are reported separately. Discontinued operations refer to the manufacturing operations in Stockholm, Sweden and in Ashton-under-Lyne, United Kingdom. The segment reporting is based on the structure the management follow the business. Transactions between segments are based on same conditions as for external customers.

SEK million	Jan - Mar 2020						Non-rec. items	Total
	ADS	MFG-S	MFG-SO	D&L	Eliminations & Other	Total		
Net sales, external	503.5	647.8	1,023.9	325.1		2,500.3	92.6	2,592.9
Net sales, internal	1.9	12.5	9.6	0.1	-47.3	-23.3	23.3	
EBITA	98.7	60.8	68.3	74.2	-35.3	266.7	0.6	-193.8 73.5
EBITA %	19.5	9.2	6.6	22.8		10.7	0.3	2.8
EBIT	64.1	41.8	26.9	66.1	-35.3	163.7	0.6	-193.8 -29.5
Goodwill	1,849.2	1,373.4	1,809.9	814.1		5,896.4		5,896.4
Non-current assets	2,598.6	2,748.7	10,050.5	1,803.0	597.6	17,798.4	78.2	17,876.5
Total assets	4,258.3	4,483.7	12,239.6	2,826.7	-308.3	23,500.1	489.0	23,989.1

Jan – Mar 2019

SEK million	ADS	MFG-S	MFG-S0	D&L	Eliminations & Other	Total	Discontinued operations	Non-rec. items	Total
Net sales, external	227.6	576.3	684.4	263.0		1,751.2	60.5		1,811.8
Net sales, internal	1.6	11.4	7.9	1.3	-30.6	-8.3	8.3		
EBITA	36.6	48.0	60.3	71.9	-32.2	184.7	-14.2		170.5
EBITA %	16.0	8.2	8.7	27.2		10.6	-20.6		9.4
EBIT	33.1	25.4	34.2	64.7	-32.2	125.2	-14.2		111.0
Goodwill	52.0	1,340.7	693.5	586.5		2,672.8			2,672.8
Non-current assets	556.6	3,969.7	3,010.5	1,494.6	372.7	9,404.1	98.3		9,502.5
Total assets	1,007.7	5,234.5	4,727.2	2,079.5	-209.1	12,839.9	534.6		13,374.5

Jan – Dec 2019

SEK million	ADS	MFG-S	MFG-S0	D&L	Eliminations & Other	Total	Discontinued operations	Non-rec. items	Total
Net sales, external	831.0	2,511.2	2,834.8	1,000.6		7,177.6	279.5		7,457.1
Net sales, internal	7.9	70.2	38.1	5.1	-159.6	-38.3	38.3		
EBITA	165.8	226.6	347.3	225.5	-119.5	845.2	-57.4	-51.9	735.9
EBITA %	19.8	8.8	12.1	22.4		11.6	-30.1		3.4
EBIT	151.3	134.4	241.7	195.9	-119.5	603.1	-57.4	-51.9	493.9
Goodwill	113.6	1,499.4	656.8	450.0		2,719.8			2,719.8
Non-current assets	575.2	4,018.0	3,115.5	1,316.2	426.4	9,451.2	86.6		9,537.8
Total assets	1,004.6	5,304.0	4,978.9	2,133.5	-185.2	13,235.9	526.0		13,761.9

Geographical area	Net sales			Non-current assets		
	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019	Mar 31 2020	Mar 31 2019	Dec 31 2019
SEK million						
Italy	376.0	299.2	1,328.3	2,215.3	1,993.1	1,959.4
Sweden	387.5	334.4	1,359.6	1,715.1	1,705.6	1,751.0
France	307.9	298.0	1,132.2	859.8	796.3	823.1
India	184.6	178.4	833.1	2,415.3	2,486.4	2,410.7
UK	642.0	221.9	812.1	8,321.5	558.4	587.2
Spain	190.0	204.8	788.0	190.7	163.6	186.4
Portugal	179.0	152.2	660.5	1,071.6	978.4	1,019.4
Germany	300.9	107.8	473.2	1,048.4	782.1	762.6
Other	25.0	15.1	70.1	38.8	38.6	38.0
Total	2,592.9	1,811.8	7,457.1	17,876.5	9,502.5	9,537.8

NOTE 5 DISAGGREGATION OF REVENUE

Jan – Mar 2020

SEK million	Revenue recognition	ADS	MFG-S	MFG-S0	D&L	Discontinued operations	Total
Pharmaceutical manufacturing	Revenue recognised at point in time	503.5	645.2	985.5		92.6	2,226.8
Pharmaceutical manufacturing	Revenue recognised over time		0.6	1.2			1.8
Product sales	Revenue recognised at point in time				243.8		243.8
Total sales of products		503.5	645.8	986.7	243.8	92.6	2,472.4
Service sales	Revenue recognised over time		2.0	37.2	81.3		120.5
Total sales of services			2.0	37.2	81.3		120.5
Total net sales		503.5	647.8	1,023.9	325.1	92.6	2,592.9

Recipharm only accepts creditworthy counterparts in financial transactions and, when needed, uses a system for managing overdue invoices. Long-term contracts and customers' dependence on their CDMO suppliers are important factors that reduce credit risk. Recipharm has many financially solid customers and few credit losses. Payment terms for issued invoices vary from 1 to 3 months.

Jan – Mar 2019

SEK million	Revenue recognition	ADS	MFG-S	MFG-S0	D&L	Discontinued operations	Total
Pharmaceutical manufacturing	Revenue recognised at point in time	215.6	576.3	672.4		60.5	1,524.9
Pharmaceutical manufacturing	Revenue recognised over time			12.0			12.0
Product sales	Revenue recognised at point in time	12.0			194.3		206.3
Total sales of products		227.6	576.3	684.4	194.3	60.5	1,743.1
Service sales	Revenue recognised over time				68.7		68.7
Total sales of services					68.7		68.7
Total net sales		227.6	576.3	684.4	263.0	60.5	1,811.8

Jan – Dec 2019

SEK million	Revenue recognition	ADS	MFG-S	MFG-S0	D&L	Discontinued operations	Total
Pharmaceutical manufacturing	Revenue recognised at point in time	781.4	2,523.8	2,729.1		279.5	6,288.6
Pharmaceutical manufacturing	Revenue recognised over time		2.3	2.4			4.7
Product sales	Revenue recognised at point in time	49,6			718.8		768.4
Total sales of products		831.0	2,521.5	2,731.4	718.8	279.5	7,061.7
Service sales	Revenue recognised over time		10.3	103.3	281.8		395.4
Total sales of services			10.3	103.3	281.8		395.4
Total net sales		831.0	2,511.2	2,834.8	1,000.6	279.5	7,457.1

NOTE 6 BRIDGE FROM EBITDA TO EBIT

SEK million	Jan - Mar		Jan - Dec	
	2020	2019	2019	2019
EBITDA	431.1	291.0	1,293.5	
Amortisation	-9.8	-8.9	-37.8	
Depreciation	-153.8	-111.6	-468.0	
EBITA	267.3	170.5	787.8	
Amortisation arising from business combinations	-103.1	-59.5	-242.0	
Non-recurring item – restructuring related costs	-	-	-38.4	
Non-recurring item – profit from divestment of ThyroSafe®	-	-	0.7	
Non-recurring item – acquisition costs	-96.4	-	-14.2	
Non-recurring item – achieving synergy costs and other	-97.3	-	-	
EBIT	-29.5	111.0	493.9	

NOTE 7 BRIDGE FROM CORE EPS TO EARNING PER SHARE

SEK	Jan - Mar		Jan - Dec	
	2020	2019	2019	2019
Core EPS	1.56	1.27	7.09	
Amortisation arising from business combinations, net of tax	-1.16	-0.62	-1.85	
Non-recurring items – net of tax	-3.18	-	-0.82	
F/X rate in Finance Net, net of tax	-0.62	0.52	0.64	
Earnings per share	-3.40	1.17	5.06	

NOTE 8 PROFORMA RESULTS RECIPHARM AND CONSORT

SEK million	Jan - Mar 2019			Jan - Dec 2019		
	Recipharm	Consort	Total Group Pro forma	Recipharm	Consort	Total Group Pro forma
Net sales	1,811.8	882.4	2,694.2	7,457.1	3,506.9	10,964.0
EBITA ^{1/}	170.5	136.9	307.4	787.8	345.6	1,133.4
EBITDA ^{1/}	291.0	183.8	474.8	1,293.6	536.3	1,829.9

SEK million	Jan - Mar 2020		
	Recipharm	Consort (Jan)	Total Group Pro Forma
Net sales	2,592.9	309.5	2,902.4
EBITA ^{1/}	267.3	45.7	313.0
EBITDA ^{1/}	431.1	57.7	488.8

1/ APM: Alternative Performance Measures, see financial definitions on page 23.

The incident at the Aesica Cramlington API Facility in July 2019 has had an impact on the proforma results for Consort. The proforma result for Recipharm and Consort have been adjusted for any intercompany sales between Recipharm and Consort. The result has not been adjusted for future synergy effects but are adjusted for non-recurring items. For the period January – March 2020, Recipharm includes Consort for February and March.

GLOSSARY

CDMO	Contract, Development and Manufacturing Organisation
CER	Constant Exchange Rate
CMO	Contract Manufacturing Organisation
LTM	Latest Twelve (12) Months

**FINANCIAL DEFINITIONS
ALTERNATIVE PERFORMANCE
MEASURES**

	INDICATORS DEFINITION AND REASON FOR USE
Adjusted for non-recurring items	Ratio or amount adjusted for costs related to discontinuing of operations, profit from divestment of rights and one-off items which arise from business combinations.
Core EPS	Earnings per share adjusted for amortisation of intangible assets which arise from business combinations, non-recurring items and F/X-effects in finance net, net of tax. <i>Core EPS shows earnings per share for the core business.</i>
Debt/equity ratio	Interest-bearing liabilities divided by shareholder's equity <i>The debt/equity ratio is an indication of financial strength, relationship between debt and equity</i>
EBITA	Profit before financial items, taxes and amortisation of intangible assets which arise from business, combinations, adjusted for non-recurring items. <i>EBITA shows operating profit for the core business</i>
EBITA margin	EBITA divided by net sales <i>The EBITA margin shows operating profit for the core business in relation to net sales</i>
EBITDA	Profit before financial items, taxes, depreciation and amortisation, adjusted for non-recurring items <i>EBITDA shows operating profit, which is also used in combination with other data for measurement purposes</i>
EBITDA margin	EBITDA divided by net sales <i>The EBITDA margin shows operating profit in relation to net sales</i>
Equity per share	Shareholders' equity on the balance-sheet date divided by the number of shares (balance-sheet date) <i>Equity per share shows the equity generated to the shareholders per share</i>
Equity/assets ratio	Shareholders' equity divided by total assets
Equity/assets ratio, adjusted	Total equity adjusted for non-recurring items divided by total assets adjusted for non-recurring items <i>The adjusted equity/assets ratio shows how much of total assets are financed using total equity</i>
Interest-coverage ratio	Operating profit plus financial income divided by financial expenses <i>Measures the company's ability to cover its interest expenses</i>
Net debt	Interest-bearing liabilities less cash and cash equivalents <i>Net debt is calculated to show the net of interest-bearing liabilities and cash</i>
Net debt/equity ratio	Net debt divided by shareholders' equity <i>The debt/equity ratio is an indication of financial strength, relationship between net debt and equity</i>
Net debt in relation to EBITDA	Net debt divided by EBITDA (rolling 12-month basis) <i>Net debt in relation to EBITDA shows the impact of and risk level for liabilities</i>
Net sales (CER)	CER: Constant Exchange Rates <i>Net sales (CER) shows net sales without the impact of currency exchange rates and, in many cases, this comparison is a fairer measure</i>
Non-interest-bearing liabilities	Includes deferred tax liability <i>Measures non-interest-bearing liabilities</i>
Operating capital (average)	Net debt plus shareholders' equity (average opening and closing balance for the period) <i>Measures the use and efficiency of capital</i>
Operating cash flow per share	Cash flow from operating activities (12 months) divided by the weighted average number of shares (12-month rolling basis) <i>Cash flow per share provides an indication of value; how much cash and cash equivalents each share generates</i>
Operating margin	Operating profit divided by net sales <i>Measures the profitability of operations</i>
Operating profit	Operating profit before financial items and tax <i>Operating profit shows the earnings from operations, including depreciation/amortisation and impairment losses</i>
Return on equity	The equity/assets ratio shows how much of total assets are financed using shareholders' equity <i>Profit for the year (12-month period) divided by average shareholders' equity</i>
Return on equity, adjusted	Return on equity shows the return on the company's equity <i>Net profit for the year (12-month period) adjusted for non-recurring items divided by average total equity also adjusted for non-recurring items</i> <i>Return on equity, adjusted, shows the return on the company's equity adjusted for non-recurring items</i>
Return on operating capital	EBITA (12-month period) divided by average operating capital <i>Return on operating capital shows the return disregarding financial assets and financing</i>
Return on operating capital, adjusted	EBITA adjusted for non-recurring items (12-month period) divided by average operating capital adjusted for non-recurring items. <i>Return on operating capital shows the return disregarding financial assets and financing</i>

THE PHARMACEUTICAL CDMO MARKET

CDMOs, such as Recipharm, provide pharmaceutical companies with diverse manufacturing and development services – from managing a product's transition from laboratory to full-scale commercialisation. Outsourcing development and manufacturing services enables pharmaceutical companies to focus on their core business, such as R&D and marketing, and can crucially reduce costs, time-to-market, and risk.

In addition, CDMOs can provide access to technology due to their highly specialised knowledge. In a world of increasingly technological and supply chain complexity, CDMOs with their focussed operations are typically well equipped to assimilate, develop and master the latest technologies.

ABOUT RECIPHARM

Recipharm is a leading Contract Development and Manufacturing Organisation (CDMO) in the pharmaceutical industry employing around 9,000 employees. Recipharm offers manufacturing services of pharmaceuticals in various dosage forms, production of clinical trial material and APIs, and pharmaceutical product development. Recipharm manufactures several hundred different products to customers ranging from big pharma to smaller research and development companies. Recipharm's turnover is approximately SEK 7.5 billion and the company operates development and manufacturing facilities in France, Germany, India, Israel, Italy, Portugal, Spain, Sweden, the UK and the US and is headquartered in Stockholm, Sweden. The Recipharm B-share (RECI B) is listed on Nasdaq Stockholm.

For more information on Recipharm and our services, please visit www.recipharm.com.