

INTERIM REPORT

SECOND QUARTER 2020



INTERIM REPORT

APRIL – JUNE 2020

- Net sales amounted to SEK 3,081 million (1,867), an increase of 65%
- EBITA increased by 83% and amounted to SEK 423 million (232) corresponding to an EBITA margin of 13.7% (12.4)
- Strong profitable organic growth
- Net positive COVID-19 impact on sales and earnings
- Operating profit (EBIT) amounted to SEK 340 million (171) and was affected by non-recurring items of SEK +17 million (0)
- Profit after tax amounted to SEK 300 million (94) corresponding to a net margin of 9.7% (5.0)
- Earnings per share amounted to SEK 4.22 (1.38) before dilution and SEK 4.05 (1.38) after dilution. Adjusted for non-recurring items earnings per share amounted to SEK 4.02 (1.38)
- Share issues of SEK 2.5 billion in total completed
- Leverage³ decreased from 8.7 end of March to 5.6
- No material financial support received for COVID-19

JANUARY – JUNE 2020

- Consort Medical Plc consolidated from February 2020
- Net sales amounted to SEK 5,674 million (3,679), an increase of 54%
- EBITA increased by 72% and amounted to SEK 690 million (402) corresponding to an EBITA margin of 12.2% (10.9)
- Operating profit (EBIT) amounted to SEK 310 million (282) and was affected by non-recurring items of SEK -177 million (0)
- Profit after tax amounted to SEK 70 million (173) corresponding to a net margin of 1.2% (4.7)
- Non-recurring items affected profit after tax with SEK -197 million (0)
- Earnings per share amounted to SEK 1.00 (2.55) before dilution and SEK 1.00 (2.55) after dilution

65%
Sales increase

600
SEKM, EBITDA

19.5%
EBITDA margin

KEY FIGURES

SEK million	Apr – Jun			Jan – Jun			Jul 19– Jun 20		Jan – Dec
	2020	2019	Change in %	2020	2019	Change in %	2020	2019	
Net sales	3,081	1,867	+65	5,674	3,679	+54	9,452	7,457	
EBITDA ^{1/2/}	600	354	+69	1,031	645	+60	1,680	1,294	
EBITA ^{1/}	423	232	+83	690	402	+72	1,076	788	
EBIT adjusted ^{1/}	323	171	+89	487	282	+73	751	546	
EBIT ^{2/}	340	171	+99	310	282	+10	522	494	
EBITDA margin (%) ^{1/}	19.5	19.0		18.2	17.5		17.8	17.3	
EBITA margin (%) ^{1/}	13.7	12.4		12.2	10.9		11.4	10.6	
Core EPS (SEK) ^{1/}	3.58	2.05		5.12	3.32		8.90	7.09	
Earnings per share (SEK)	4.22	1.38		1.00	2.55		3.51	5.06	
Return on operating capital ^{1/}	8.1	6.9							
Return on equity (%), adj ^{1/}	6.5	4.1							
Return on equity (%) ^{1/}	3.7	2.2							
Equity per share, adj (SEK) ^{1/}	112.9	83.0							
Equity per share (SEK) ^{1/}	74.7	83.0							
Equity/assets ratio, adj. (%) ^{1/}	33.7	41.7							
Equity/assets ratio (%) ^{1/}	33.1	41.7							
Net debt ^{1/}	9,430	4,002							
Net debt to EBITDA ^{1/3/}	5.6	3.7							

1/ APM: Alternative Performance Measures, see financial definitions on page 26

2/ See page 24 for a bridge from EBITA to EBIT

3/ Net Debt/EBITDA with Consort's EBITDA included from Feb 2020

COMMENTS BY THOMAS ELDERED, CEO

An exceptional quarter

“We have delivered our best quarter ever, in a tough environment. Organic growth was 12 per cent in sales and 34 per cent in EBITA, net profit has never been higher, cash flow was good, and leverage decreased materially. Our COVID-19 strategy has been effective in protecting our employees and safeguarding business continuity. After a challenging start, with lockdowns and other COVID-19 related issues, operating conditions stabilized gradually, and we managed to successfully mitigate these challenges. In addition, we supplied the backlog from the first quarter. Operating costs in locations highly affected by COVID-19 have been higher, mainly affecting our Sterile Liquids segment. However, we estimate net effects on results from COVID-19 during the quarter to be overall positive for the group.

Our customers’ clinical development activities are normalizing. Product mix has been favourable with increased demand for COVID-19 related products and services. This has significantly increased results in the Development & Licensing segment.

During the quarter we have continued to execute on our road map to deliver cost and revenue synergies from the merger with Consort Medical. After some delays due to COVID-19 we are now well underway. The previously communicated cost synergies of at least SEK 125 million will be achieved according to plan. Operationally the Consort entities are now integrated into Recipharm’s organisation. In the Solids & Others segment Consort operating companies, as expected, dilute our margins and several efficiency improvement activities are now being implemented. In Cramlington where a manufacturing department has been shut down since an incident last year, we are implementing several process improvements. Certain limited manufacturing has started, and full restart is expected towards the end of the year.

Compared to the previous year, operating cash flow during the quarter increased 31% to SEK 339 million. Net debt decreased significantly during the quarter by SEK 3,029 million whereof approximately SEK 2,500 million was due to equity issues. Our ambition is to continue to decrease leverage. Available liquidity amounted to SEK 2,061 million. We retain the flexibility to meet our objectives and explore the highly value-creating opportunities from the combination with Consort.

Uncertainty from COVID-19 pandemic is continuing and we maintain our enhanced safety protocols. However, we estimate operating conditions to continue to stabilize as increasing number of countries are lifting their restrictions. Overall demand continues to be largely unaffected and we are confident about the long-term favourable trends in our industry. Our efforts during past years to build a resilient top 5 CDMO with global reach will continue to bring benefits to customers and patients. We will deliver on our strategy and explore the value creating opportunities we see in the market.

Finally, I would like to sincerely thank all our employees around the world for their tremendous work despite very difficult circumstances. I am proud and impressed of the level of commitment I have seen.”



REVENUES

NET SALES PER SEGMENT

SEK million	Apr – Jun			Jan-Jun			Jan - Dec	
	2020	2019	Change in %	2020	2019	Change in %	2019	
Advanced Delivery Systems	653	202	+223	1,159	432	+168	839	
Steriles	672	662	+2	1,333	1,249	+7	2,581	
Solids & Other	1,259	710	+77	2,293	1,402	+64	2,873	
Development & Licensing	404	252	+60	729	516	+41	1,006	
Discontinued operations ^{1/}	134	81	+65	250	150	+66	318	
Eliminations and others	-41	-41		-89	-71		-160	
Total	3,081	1,867	+65	5,674	3,679	+54	7,457	

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

APRIL - JUNE 2020

Net sales

Net sales increased by SEK 1,214 million to SEK 3,081 million, an increase of 65 per cent. The recently acquired operations in the UK contributed 54 percentage points. The organic growth of 12 per cent was primarily driven by a substantial increase in demand for COVID-19 related products and services as well as improved sales performance for oral solids. A successful supply of the backlog from the previous quarter also contributed positively to the organic sales growth.

Other operating revenue

Other operating revenue decreased to SEK 39 million (44).

JANUARY - JUNE 2020

Net sales

Net sales increased by SEK 1,995 million to SEK 5,674 million, an increase of 54 per cent. The recently acquired operations in the UK contributed 46 percentage points. The organic growth of 8 per cent was mainly driven by increased demand for COVID-19 related products and services along with improved sales performance for oral solids and blow-fill-seal products, partially offset by lower sales of inhalation products.

Other operating revenue

Other operating revenue increased to SEK 118 million (95) with positive contribution from operating exchange rate gains.

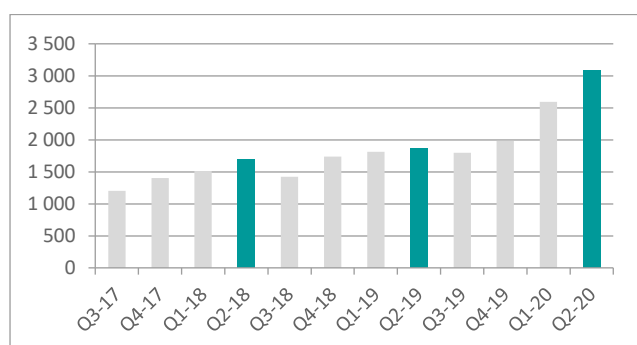
SALES BRIDGE, APR – JUN

	SEK million	%
2019	1,867	
Currency	-6	0
Acquisitions	+999	+54
Organic	+221	+12
Total	+1,214	+65
2020	3,081	

SALES BRIDGE, JAN – JUN

	SEK million	%
2019	3,679	
Currency	+33	+1
Acquisitions	+1,674	+46
Organic	+288	+8
Total	+1,995	+54
2020	5,674	

NET SALES BY QUARTER (SEKM)



RESULTS

EBITA PER SEGMENT

SEK million	Apr – Jun			Jan – Jun			Jan – Dec	
	2020	2019	Change in %	2020	2019	Change in %	2019	
Advanced Delivery Systems	122	23	+430	221	60	+270	166	
Steriles	72	77	-7	133	125	+6	227	
Solids & Other	134	92	+45	202	152	+33	347	
Development & Licensing	108	76	+43	182	148	+23	225	
Discontinued operations ^{1/}	21	-13	+264	21	-27	+180	-57	
Eliminations and others	-33	-24		-69	-56		-119	
Total	423	232	+83	690	402	+72	788	

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

APRIL - JUNE 2020

EBITA

EBITA amounted to SEK 423 million (232), an increase of 83 per cent, while the EBITA margin to sales increased by 1.3 percentage points to 13.7 per cent (12.4). The acquired operations in the UK contributed SEK 111 million. EBITA increased organically by SEK 78 million, mainly driven by higher volumes and improved mix with substantially increased sales of COVID-19 related products and services. Higher volumes for oral solids and increased prices for semi-solids also contributed positively.

EBITA BRIDGE, APR – JUN

	SEK million	%
2019	232	
Currency	+3	+1
Acquisitions	+111	+48
Organic	+78	+34
Total	+191	+83
2020	423	

Raw materials and consumables

Raw materials and consumables amounted to SEK 933 million (508) with the increase primarily related to the recent acquisition. The material cost ratio to sales increased to 30 percentage points (27), mainly as a structural effect of the newly made acquisition.

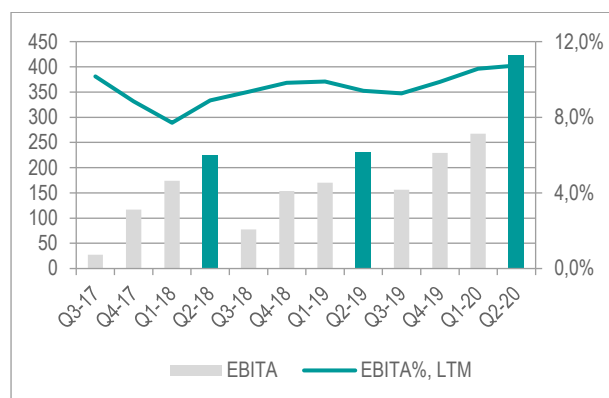
Other external costs

Other external costs amounted to SEK 571 million (383). The increase was mainly related to the acquired operations. The ratio to sales decreased to 19 per cent (21).

Employee benefits expense

Employee benefits expense increased by SEK 324 million to SEK 978 million (654). The ratio of employee expenses to sales decreased to 32 per cent (35), 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 277 million (183), 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 81 million (14) of which SEK 76 million (-5) were currency exchange rate gains. Interest expenses and similar costs amounted to SEK 53 million (53), of which SEK 104 million (40) were interest expenses and a positive amount of SEK 69 million (-7) were currency exchange rate gains.

Tax

The income tax amounted to SEK 68 million (38).

Profit after tax

Profit after tax amounted to SEK 300 million (94).

JANUARY - JUNE 2020

EBITA

EBITA amounted to SEK 690 million (402), an increase by 72 per cent, while the EBITA margin to sales increased by 1.2 percentage points to 12.2 per cent (10.9). The acquired operations in the UK contributed SEK 171 million. EBITA increased organically by SEK 114 million, mainly driven by increased demand for COVID-19 related products and services along with higher sales volumes of oral solids and blow-fill-seal products, improved product mix and higher cost efficiency.

EBITA BRIDGE, JAN – JUN

	SEK million	%
2019	402	
Currency	+3	+1
Acquisitions	+171	+43
Organic	+114	+28
Total	+288	+72
2020	690	

Raw materials and consumables

Raw materials and consumables amounted to SEK 1,787 million (1,034) with the increase primarily related to the recent acquisition. The material cost ratio to sales increased to 31 percentage points (28), mainly as a structural effect of the newly made acquisition.

Other external costs

Other external costs amounted to SEK 1,186 million (768). The increase was mainly related to the acquired operations. The ratio to sales remained constant at 21 per cent (21).

Employee benefits expense

Employee benefits expense increased by SEK 570 million to SEK 1,870 million (1,301). The ratio of employee expenses to sales decreased to 33 per cent (35), primarily as a structural effect of the newly made acquisition.

Depreciation, amortisation and impairment

Depreciation and amortisation increased to SEK 566 million (363), 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 93 million (55) of which SEK 89 million (35) were currency exchange rate gains. Interest expenses and similar costs amounted to SEK 260 million (95), of which SEK 203 million (72) were interest expenses, SEK 7 million (12) were currency exchange rate losses and SEK 36 million (0) were one time costs.

Tax

The income tax amounted to SEK 73 million (68).

Profit after tax

Profit after tax amounted to SEK 70 million (173). The profit after tax was impacted by non recurring costs of SEK 197 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 223%
- EBITA increased by 430%
- EBITA margin of 18.7% (11.4)



APRIL – JUNE 2020

Net sales

Advanced Delivery Systems sales increased by SEK 451 million to SEK 653 million, an increase of 223 per cent resulting from the recent acquisition. The organic sales growth was flat in the quarter.

SALES BRIDGE, APR – JUN

	SEK million	%
2019	202	
Currency	-2	-1
Acquisitions	+452	+223
Organic	+1	+1
Total	+451	+223
2020	653	

EBITA

EBITA for Advanced Delivery Systems increased by SEK 99 million to SEK 122 million, mainly driven by the recently acquired operations in the UK and corresponding to an EBITA margin of 18.7 per cent (11.4). Despite flat organic sales growth, EBITA grew organically with positive contribution from lower material costs.

EBITA BRIDGE, APR – JUN

	SEK million	%
2019	23	
Currency	-0	-1
Acquisitions	+92	+400
Organic	+7	+31
Total	+99	+430
2020	122	

JANUARY – JUNE 2020

Net sales

Advanced Delivery Systems sales increased by SEK 727 million to SEK 1,159 million, an increase of 168 per cent. The acquired operations contributed 179 per cent. The organic decline was driven by re-phasing of sales, lower service sales and a temporary supply issue.

EBITA

EBITA for Advanced Delivery Systems increased by SEK 161 million to SEK 221 million, primarily driven by the recently acquired operations in the UK and corresponding to an EBITA margin of 19.0 per cent (13.8). Despite lower sales, EBITA grew organically with positive contribution from temporarily lower material costs.

MANUFACTURING SERVICES – STERILES

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

- Sales increased by 2%
- EBITA decreased by -7%
- EBITA margin of 10.7% (11.7)



APRIL – JUNE 2020

Net sales

Sales for Steriles increased by SEK 11 million to SEK 672 million, an increase of 2 per cent. The organic growth of 1 per cent was driven by higher sales volumes of lyophilised injectables and blow-fill-seal products, partially offset by temporarily reduced production due to the COVID-19 situation.

SALES BRIDGE, APR – JUN

	SEK million	%
2019	662	
Currency	+2	+0
Acquisitions	-	-
Organic	+8	+1
Total	+11	+2
2020	672	

EBITA

EBITA for Steriles decreased by SEK 5 million to SEK 72 million, equivalent to an EBITA margin of 10.7 per cent (11.7). The decrease was driven by temporarily higher operational costs and adverse product mix.

EBITA BRIDGE, APR – JUN

	SEK million	%
2019	77	
Currency	+1	+1
Acquisitions	-	-
Organic	-6	-8
Total	-5	-7
2020	72	

JANUARY – JUNE 2020

Net sales

Sales for Steriles increased by SEK 83 million to SEK 1,333 million, an increase of 7 per cent. The organic growth of 6 per cent was driven by higher sales volumes of lyophilised injectables and blow-fill-seal products, including an improvement in delivery efficiency, combined with higher service sales.

EBITA

EBITA for Steriles increased by SEK 7 million to SEK 133 million, equivalent to an EBITA margin of 10.0 per cent (10.0). The increase was mainly driven by higher sales volumes.

MANUFACTURING SERVICES – SOLIDS & OTHERS

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

- Sales increased by 77%
- EBITA increased by 45%
- EBITA margin of 10.6% (13.0)



APRIL– JUNE 2020

Net sales

Solids & Others sales increased by SEK 550 million to SEK 1,259 million, an increase of 77 per cent, primarily driven by the recently acquired operations in UK. The organic growth was driven by higher sales of oral solids combined with higher service sales.

SALES BRIDGE, APR – JUN

	SEK million	%
2019	710	
Currency	-9	-1
Acquisitions	+476	+67
Organic	+82	+12
Total	+550	+77
2020	1,259	

EBITA

EBITA for Solids & Others increased by SEK 42 million to SEK 134 million, driven by the acquired operations, organic volume growth for oral solids and increased prices for semi-solids, corresponding to an EBITA margin of 10.6 per cent (13.0). The margin decline was due to lower margin for the acquired operations, partially offset by margin improvement from the organic EBITA growth.

EBITA BRIDGE, APR – JUN

	SEK million	%
2019	92	
Currency	+3	+3
Acquisitions	+20	+22
Organic	+19	+20
Total	+42	+45
2020	134	

JANUARY –JUNE 2020

Net sales

Solids & Others sales increased by SEK 891 million to SEK 2,293 million, an increase of 64 per cent. The acquired operations contributed 57 per cent. The organic growth was driven by higher sales of oral solids, including a new manufacturing contract.

EBITA

EBITA for Solids & Others increased by SEK 50 million to SEK 202 million, driven by both the acquired operations and the organic sales increase of oral solids, corresponding to an EBITA margin of 8.8 per cent (10.9). The margin decline was due to lower margin for the acquired operations, partially offset by margin improvement from the organic EBITA growth.

DEVELOPMENT & LICENSING

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

- Sales increased by 60%
- EBITA increased by 43%
- EBITA margin of 26.7% (30.0)



APRIL – JUNE 2020

Net sales

Development & Licensing sales increased by SEK 151 million to SEK 404 million, an increase of 60 per cent. The organic growth of 28 per cent was primarily driven by a substantial increase in demand for COVID-19 related products and services.

SALES BRIDGE, APR – JUN

	SEK million	%
2019	252	
Currency	+4	+1
Acquisitions	+76	+30
Organic	+72	+28
Total	+151	+60
2020	404	

EBITA

EBITA for Development & Licensing increased by SEK 32 million to SEK 108 million, equivalent to an EBITA margin of 26.7 per cent (30.0). The positive EBITA effect from increased sales of COVID-19 related products and services was partially offset by temporarily lower earnings from certain other own products.

EBITA BRIDGE, APR – JUN

	SEK million	%
2019	76	
Currency	+2	+2
Acquisitions	+10	+13
Organic	+21	+27
Total	+32	+43
2020	108	

JANUARY – JUNE 2020

Net sales

Development & Licensing sales increased by SEK 212 million to SEK 729 million, an increase of 41 per cent. The organic growth of 18 per cent was primarily driven by a substantial increase in demand for COVID-19 related products and services.

EBITA

EBITA for Development & Licensing increased by SEK 34 million to SEK 182 million, equivalent to an EBITA margin of 25.0 per cent (28.6). The positive EBITA effect from increased sales of COVID-19 related products and services was partially offset by temporarily lower earnings from certain other own products in the second quarter.

CASH FLOW

SEK million	Apr - Jun		Jan - Jun		Jan - Dec
	2020	2019	2020	2019	2019
Cash flow from operating activities before changes in working capital	358	245	463	463	870
Cash flow from changes in working capital	-18	14	-132	13	-62
Cash flow from investing activities	-145	-174	-6,197	-237	-726
Cash flow from financing activities	21	-103	6,133	-133	285
Total	216	-18	266	106	367

APRIL - JUNE 2020

Cash flow from operating activities before changes in working capital was SEK 358 million (245) while changes in working capital was SEK -18 million (14).

Cash flow from investing activities was SEK -145 million (-174) of which SEK -104 million (-71) was investments in property, plant and equipment.

Cash flow from financing activities was SEK 21 million (-103). During the period both a new share issue was made but also amortisation of a loan facility of approximately SEK 2,500 million.

JANUARY - JUNE 2020

Cash flow from operating activities before changes in working capital was SEK 463 million (463) while changes in working capital was SEK -132 million (13).

Cash flow from investing activities was SEK -6,197 million (-237) of which SEK -195 million (-123) 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 6,133 million (-133) 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 - Jun		Jan - Dec
	2020, adjusted	2019, adjusted	2019, adjusted
Return on operating capital ^{1/} (%)	8.1	6.9	8.3
Return on equity ^{1/}	6.5	4.1	6.7
Net debt to EBITDA ^{1/} (Consort only included Feb-Jun)	5.6	3.7	3.2
Net debt to equity ^{1/}	1.2	0.7	0.7
Equity to assets ^{1/} (%)	33.7	41.7	42.6

1/ APM: Alternative Performance Measures, see financial definitions on page 26.

The return on operating capital increased to 8.1 from 6.9 in the same period last year.

Return on equity increased to 6.5 per cent from 4.1 per cent. The increase from last year is mainly due to higher adjusted profit in the period.

The net debt to EBITDA ratio increased to 5.6 from 3.7 compared to the same period 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 to June, 2020.

Net debt in relation to equity was 1.2 (0.7) also due to the acquisition of Consort Medical Plc during Q1 2020.

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

PARENT COMPANY

Recipharm AB (publ) includes Group management and functions that provide services to the business. The parent company's net sales was SEK 112 million (86) and operating result was SEK -50 million (-61) during the period. Investments amounted to SEK 10 million (14), 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 7,511 (5,327). The increase from previous year is mainly related to the acquisition of the operations of Consort Medical Plc.

SIGNIFICANT EVENTS DURING THE PERIOD

Directed share issue

On 19 May 2020, Recipharm has, with the support of the authorization from the Annual General meeting, resolved on a directed share issue of 4,524,886 class B shares which provided proceeds of approximately SEK 500 million before deduction of costs related to the transaction.

Through the Directed Share Issue, the Company's share capital have increased by SEK 2,262,443.00, from SEK 33,887,896.50 to SEK 36,150,339.50, by new issue of 4,524,886 class B shares, resulting in the total number of shares increasing from 67,775,793 shares to 72,300,679 shares, whereof 15,222,858 are class A shares and 57,077,821 are class B shares.

Share issue with preferential rights

On 27 May 2020, Recipharm has, with the support of the authorization from the Annual General meeting, resolved on a new issue of shares with preferential rights for existing shareholders of approximately SEK 2,017 million before deduction of costs related to the transaction.

The result of the new share issue shows that 6,089,140 series A shares and 22,600,368 series B shares, corresponding to approximately 99.6 per cent of the offered series A and series B shares was subscribed for by the exercise of subscription rights. The remaining 125,496 shares, corresponding to approximately 0.4 per cent of the offered shares, have been allotted without subscription rights. The rights issue was thus fully subscribed and Recipharm received proceeds amounting to approximately SEK 2,017 million before deduction of costs related to the rights issue.

Through the rights issue share capital increased by SEK 14,407,502.00 from SEK 36,150,339.50 to SEK 50,557,841.50 by issue of 6,089,142 new series A shares and 22,725,862 new series B shares. After the rights

issue, the number of shares in Recipharm amounts to 21,312,000 series A shares and 79,803,683 series B shares.

Finance and loan structure

As a result of the directed share issue and new share issue, the bridge facility of SEK 2,000 million with a maturity in November 2020, was fully repaid at 30 June 2020.

COVID-19

Production performance was impacted at most locations due to staff absence. Production activities have been prioritised to optimise output in order to support customer needs in the most effective manner. All factories have been operating but with reduced capacity and delays caused by material supply interruptions. Significant effort and resources were invested to ensure continued supply to our customers and patients. Measures included adapting work schedules, shifts patterns and overtime work whilst putting non-manufacturing activities on hold.

The pharmaceutical industry is in most countries, a prioritised industry and Recipharm has been focused on maintaining a reliable supply. Recipharm has followed all governmental recommendations whilst at the same time working to mitigate any disruptions.

The demand for COVID-19 related products has increased and the net effects on results from COVID-19 during the quarter are estimated to be overall positive for the group. Recipharm has not received any material financial support for COVID-19. Payments from customers have not been affected negatively and there has not been any increase in expected credit losses.

SIGNIFICANT EVENTS AFTER THE PERIOD END

COVID-19

Uncertainty from Covid-19 pandemic is continuing, but as an increasing number of countries are lifting their restrictions, Recipharm estimates that operating conditions will continue to stabilize.

FINANCIAL CALENDAR

Interim report Jul – Sep 2020 November 5, 2020
Interim report Oct– Dec 2020 February 19, 2021

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Stockholm, July 27, 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 July 27, 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	Apr – Jun		Jan – Jun		Jan – Dec
	2020	2019	2020	2019	2019
Operating income					
Net sales	3,081.2	1,866.9	5,674.1	3,678.7	7,457.1
Other operating revenue	38.6	43.8	118.4	94.7	252.2
	3,119.8	1,910.7	5,792.4	3,773.4	7,709.3
Operating expenses					
Raw materials and consumables	-932.8	-507.9	-1,787.1	-1,033.7	-2,172.2
Other external costs	-570.6	-382.9	-1,186.0	-768.2	-1,635.4
Employee benefits expense	-978.4	-653.9	-1,870.5	-1,300.7	-2,578.0
Depreciation and amortisation	-277.2	-183.2	-565.9	-363.2	-747.8
Other operating expenses	-21.2	-12.5	-72.7	-25.7	-81.6
Share of result in participations	-0.1	0.5	-0.2	-0.1	-0.5
	-2,780.2	-1,739.9	-5,482.3	-3,491.6	-7,215.4
Operating profit	339.6	170.8	310.1	281.8	493.9
Interest income and similar revenues	81.4	14.2	93.5	54.5	98.0
Interest expenses and similar costs	-53.0	-53.0	-260.4	-95.0	-219.8
Net financial income/expense	28.4	-38.8	-166.9	-40.4	-121.8
Profit before tax	368.0	132.0	143.2	241.4	372.1
Income tax	-67.9	-38.2	-73.5	-68.5	-29.1
Profit for the period	300.2	93.7	69.8	172.9	343.0
OTHER COMPREHENSIVE INCOME:					
SEK million	Apr – Jun		Jan – Jun		Jan – Dec
	2020	2019	2020	2019	2019
Items that may be reclassified subsequently to profit or loss					
Translation differences	-861.8	46.5	-701.4	203.4	117.9
Gains/losses from fair value valuation of financial instruments	12.2	-1.7	-7.6	3.1	4.7
Deferred tax relating to items that may be reclassified	-2.6	0.4	1.6	-0.7	-1.0
Total	-852.2	45.1	-707.4	205.9	121.6
Items that will not be reclassified to profit or loss					
Actuarial gains/losses on pensions	16.7	-16.8	11.4	-16.2	-50.9
Deferred tax relating to items that will not be reclassified	-3.8	5.6	-2.8	5.5	15.8
Total	12.9	-11.2	8.6	-10.8	-35.2
Other comprehensive income for the period	-839.3	33.9	-698.8	195.1	86.4
Comprehensive income for the period	-539.1	127.6	-629.0	368.1	429.4
Net profit distributed to:					
Parent company's shareholders	300.2	93.7	69.8	172.9	343.1
Non-controlling interest	0.0	0.1	0.0	0.0	-0.1
	300.2	93.7	69.8	172.9	343.0
Group comprehensive income distributed to:					
Parent company's shareholders	-538.9	127.3	-628.9	367.7	429.7
Non-controlling interest	-0.2	0.3	-0.1	0.3	-0.3
	-539.1	127.6	-629.0	368.1	429.4
Earnings per share before dilution (SEK)	4.22	1.38	1.00	2.55	5.06
Earnings per share after dilution (SEK)	4.05	1.38	1.00	2.55	5.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED

SEK million	Jun 30		Dec 31
	2020	2019	2019
ASSETS			
Non-current assets			
Product rights	614.7	271.7	258.6
Goodwill	5,540.9	2,689.9	2,719.8
Customer relations	3,537.9	2,220.8	2,086.4
Other intangible assets	566.1	245.8	269.3
Property, plant and equipment	5,651.6	3,709.6	3,727.8
Non-current financial assets	701.7	354.6	475.9
Total non-current assets	16,612.8	9,492.3	9,537.8
Current assets			
Inventories	2,038.4	1,467.5	1,401.5
Accounts receivable	2,010.8	1,365.4	1,432.3
Other receivables	572.3	229.5	216.1
Prepaid expenses and accrued income	279.7	135.6	119.2
Cash and cash equivalents	1,289.8	806.0	1,054.9
Total current assets	6,191.2	4,004.0	4,224.0
TOTAL ASSETS	22,803.9	13,496.3	13,761.9
SHAREHOLDERS EQUITY AND LIABILITIES			
Share capital	50.5	33.9	33.9
Other paid-in capital	7,055.9	4,592.2	4,592.2
Reserves	-424.1	367.0	283.2
Retained earnings (including net profit)	866.6	632.3	781.5
Equity attributable to Parent Company shareholders	7,548.9	5,625.4	5,690.8
Equity attributable to Non-Controlling interest	-0.5	0.3	-0.4
Total equity	7,548.4	5,625.6	5,690.4
Non-current liabilities			
Interest-bearing liabilities	10,600.3	4,695.5	5,069.6
Provisions	997.0	602.9	658.5
Deferred tax liability	1,043.9	846.2	733.3
Other non-current liabilities	21.4	40.4	46.0
Total non-current liabilities	12,662.6	6,185.0	6,507.4
Current liabilities			
Interest-bearing liabilities	103.2	104.0	101.5
Overdraft facility	16.7	8.0	36.2
Account payable	1,184.6	905.7	808.3
Tax liabilities	208.8	82.1	23.7
Other liabilities	356.1	102.7	105.9
Accrued expenses and prepaid income	723.5	483.3	488.6
Total current liabilities	2,593.0	1,685.7	1,564.1
TOTAL EQUITY AND LIABILITIES	22,803.9	13,469.3	13,761.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Share capital	Other paid-in capital	Reserves	Retained earnings incl. net profit	Equity attr. to parent company share-holders	Non-contr. interest	Total equity
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				69.8	69.8	0.0	69.8
Other comprehensive income			-707.3	8.6	-698.7	-0.1	-698.8
Transactions with owners:							
Share-based incentive program				6.7	6.7		6.7
New share issue	16.7	2,463.7			2,480.4		2,480.4
Equity at 30 June 2020	50.5	7,055.9	-424.1	866.6	7,548.9	-0.5	7,548.4

CONSOLIDATED CASH FLOW STATEMENT

SEK million	Apr – Jun		Jan – Jun		Jan - Dec
	2020	2019	2020	2019	2019
Operating activities					
Profit before tax	368.0	132.0	143.2	241.1	372.1
Adjustments for items not affecting cash					
- Depreciation, amortisation and impairment of assets	277.2	183.2	565.9	363.2	747.8
- Changes in provisions	-65.8	3.6	-43.5	-35.5	20.8
- Gains from disposal of non-current assets	-	-18.3	-0.1	-18.9	-22.0
- Share of result of associated companies	0.1	0.1	0.2	0.5	0.5
- Other	-162.0	-4.8	-133.7	-10.8	-63.7
	417.3	295.7	531.7	539.9	1,055.4
Income taxes paid	-59.2	-50.6	-68.8	-76.9	-185.1
Operating cash flow before changes in working capital	358.1	245.1	462.9	463.0	870.3
<i>Cash flow from changes in working capital</i>					
Change in inventories	-51.0	-80.3	-34.0	-120.3	-57.7
Change in operating receivables	-110.8	-53.0	-168.8	-89.9	-138.0
Change in operating liabilities	143.3	146.9	70.3	223.6	133.4
Operating cash flow	339.6	258.6	330.4	476.5	808.0
<i>Investing activities</i>					
Acquisition of property, plant and equipment	-104.0	-70.5	-195.2	-123.3	-394.0
Disposal of property, plant and equipment	0.2	0.3	0.2	0.9	1.2
Acquisition of intangible assets	-14.2	-21.8	-17.1	-31.1	-71.2
Disposal of intangible assets	-	-	-	-	-
Acquisition of subsidiaries/operations, net of cash acquired	-22.0	-64.1	-5,979.3	-64.1	-128.6
Acquisition of financial assets	-4.7	-17.7	-8.8	-19.8	-154.1
Disposal of short-term investment	-	-	3.0	-	20.8
Cash flow from investing activities	-144.7	-173.8	-6,197.2	-237.4	-725.9
<i>Financing activities</i>					
Dividend paid to Parent Company shareholders	-	-84.2	-	-84.2	-84.2
New share issue	2,480.4	-	2,480.4	-	-
Change in overdraft facility	-22.5	4.3	-15.9	-3.2	23.8
Loans raised	39.1	-	12,687.8	50.0	920.0
Repayment of borrowings	-2,475.9	-22.6	-9,019.2	-95.3	-574.5
Cash flow from financing activities	21.1	-102.5	6,133.1	-132.7	285.1
Total cash flow for the period	216.0	-17.7	266.3	106.3	367.2
Cash and cash equivalents at beginning of period	1,144.8	816.8	1,054.9	681.4	681.4
Translation difference on cash and cash equivalents	-71.0	6.9	-31.4	18.2	6.3
Cash and cash equivalents at end of period	1,289.8	806.0	1,289.8	806.0	1,054.9
Interest received	1.8	0.8	2.2	1.1	3.4
Interest paid	-112.6	-53.8	-184.7	-66.1	-135.9

PARENT COMPANY STATEMENT OF PROFIT AND LOSS, CONDENSED

SEK million	Apr - Jun		Jan - Jun		Jan - Dec
	2020	2019	2020	2019	2019
Operating income					
Net sales	56.1	45.7	111.6	85.8	183.3
Other operating revenue	-1.0	2.0	2.6	6.2	7.5
	55.1	47.7	114.2	92.0	190.8
Operating expenses					
Other external costs	-43.6	-37.8	-84.3	-78.5	-179.3
Employee benefits expense	-30.8	-28.0	-62.5	-58.3	-118.7
Depreciation and amortisation	-7.5	-7.7	-15.4	-15.3	-31.0
Other operating expenses	-1.8	-0.4	-2.1	-0.5	-1.8
	-83.7	-73.9	-164.2	-152.6	-330.8
Operating profit/loss	-28.6	-26.2	-50.0	-60.6	-140.0
Financial items	-228.1	22.2	-390.0	47.1	-81.3
Profit/loss after financial items	-256.7	-4.1	-440.1	-13.4	-221.3
Appropriations and tax	-	-	-	-	266.6
Profit/loss for the period	-256.7	-4.1	-440.1	-13.4	45.3

OTHER COMPREHENSIVE INCOME

SEK million	Apr - Jun		Jan - Jun		Jan - Dec
	2020	2019	2020	2019	2019
Items that may be reclassified subsequently to profit or loss					
Translation differences	0.2	1.3	0.3	-1.4	-0.2
Other comprehensive income for the period	0.2	1.3	0.3	-1.4	-0.2
Total comprehensive income for the period	-256.5	-2.7	-439.8	-14.8	45.1

PARENT COMPANY STATEMENT OF FINANCIAL POSITION, CONDENSED

SEK million	Jun 30		Dec 31
	2020	2019	2019
ASSETS			
Non-current assets			
Intangible assets	32.8	9.1	24.2
Property, plant and equipment	224.1	250.0	238.3
Non-current financial assets	14,623.3	7,094.3	7,243.4
Current assets	2,691.2	1,734.2	2,405.0
TOTAL ASSETS	17,571.4	9,087.5	9,910.9
SHAREHOLDERS EQUITY AND LIABILITIES			
Equity	5,966.6	3,856.8	3,915.7
Liabilities	11,604.8	5,230.6	5,995.3
TOTAL EQUITY AND LIABILITIES	17,571.4	9,087.5	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
Directed share issue		4,524,886		4,524,886
New share issue	6,089,508	14,344,754		20,434,262
Number of shares as of 30 June 2020	21,311,998	79,678,189	-	100,990,187

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	Apr - Jun		Jan - Jun		Jan - Dec
		2020	2019	2020	2019	2019
Parent company's shareholders:						
Earnings per share before dilution (SEK)		4.22	1.38	1.00	2.55	5.06
Earnings per share after dilution (SEK)		4.05	1.38	1.00	2.55	5.06
Profit before dilution (SEK thousand)		300,152	93,683	69,771	172,933	343,136
Effect from potential shares (SEK thousand)		10,237	10,159	20,497	20,307	40,707
Profit after dilution (SEK thousand)		310,389	103,842	90,267	193,240	383,843
Average number of shares before dilution (thousand)	1	71,192	67,776	69,484	67,776	67,776
Potential shares (thousand)	1	5,496	5,496	5,496	5,496	5,496
Average number of shares after dilution (thousand)		76,688	73,272	74,980	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 is 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	1,583.4	1,579.2	3,162.6
Other intangible assets	367.7	2,173.8	2,541.5
Property, plant & equipment	2,047.8	313.2	2,361.0
Other fixed assets	163.6	17.4	181.0
Inventories	676.5	3.0	679.5
Accounts receivables and other current assets	785.8	-	785.8
Cash and cash equivalent	343.7	-	343.7
Total identifiable assets	5,968.5	4,086.6	10,055.1
Provisions	482.0	449.5	931.5
Long term liabilities	2,071.3	-	2,071.3
Other operating liabilities	751.1	-	751.1
Total identifiable liabilities	3,304.4	449.5	3,753.9
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 61 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 and in the interim report for the first quarter 2020, have been adjusted due to more detailed analyses of Consort's internal accounts.

NOTE 4 SEGMENT REPORTING

Reclassification of segment reporting

As of January 1, 2020, a revised segment reporting has 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	Apr - Jun 2019		Jan - Jun 2019			Jan - Dec 2019			
	Old segment structure	Change	New segment structure	Old segment structure	Change	New segment structure	Old segment structure	Change	New segment structure
ADS	-	202.4	202.4	-	431.6	431.6	-	838.9	838.9
Steriles	847.8	-186.1	661.7	1,651.1	-401.7	1,249.4	3,362.9	-781.5	2,581.4
Solids & Others	709.8	-	709.8	1,402.2	-	1,402.2	2,872.9	-	2,872.9
D&L	268.5	-16.3	252.2	486.6	-29.9	516.5	1,063.0	-57.3	1,005.7

EBITA, SEK million	Apr - Jun 2019		Jan - Jun 2019			Jan - Dec 2019			
	Old segment structure	Change	New segment structure	Old segment structure	Change	New segment structure	Old segment structure	Change	New segment structure
ADS	-	23.1	23.1	-	59.7	59.7	-	165.8	165.8
Steriles	102.6	-25.2	77.4	188.9	-63.5	125.4	405.7	-179.1	226.6
Solids & Others	91.9	-	91.9	152.2	-	152.2	347.3	-	347.3
D&L	73.5	2.1	75.7	143.3	3.8	147.6	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 Bepak 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	Apr - Jun 2020					Total	Discontinued operations	Non-rec. items	Total
	ADS	MFG-S	MFG-SO	D&L	Eliminations & Other				
Net sales, external	651.1	657.2	1,251.5	394.9		2,954.8	126.4		3,081.2
Net sales, internal	2.2	15.1	7.9	8.6	-41.4	-7.7	7.7		
EBITA	122.0	71.9	133.8	107.8	-33.4	402.2	20.8	16.6	439.6
EBITA %	18.7	10.7	10.6	26.7		13.6	15.5		14.3
EBIT	89.9	55.3	91.0	99.4	-33.4	302.2	20.8	16.6	339.6

Apr – Jun 2019

SEK million	ADS	MFG-S	MFG-S0	D&L	Eliminations & Other	Total	Discontinued operations	Non-rec. items	Total
Net sales, external	200.5	646.6	698.2	249.9		1,795.2	71.6		1,866.9
Net sales, internal	1.9	15.1	11.6	2.3	-40.7	-9.8	9.8		
EBITA	23.1	77.4	91.9	75.7	-23.7	244.4	-12.7		231.6
EBITA %	11.4	11.7	13.0	30.0		13.7	-15.6		12.4
EBIT	19.3	54.3	65.5	68.2	-23.7	183.5	-12.7		170.8

Jan – Jun 2020

SEK million	ADS	MFG-S	MFG-S0	D&L	Eliminations & Other	Total	Discontinued operations	Non-rec. items	Total
Net sales, external	1,154.6	1,305.0	2,275.4	720.0		5,455.1	219.0		5,674.1
Net sales, internal	4.1	27.6	17.5	8.5	-88.7	-31.0	31.0		
EBITA	220.6	132.7	202.1	182.0	-68.7	668.9	21.4	-177.2	513.1
EBITA %	19.0	10.0	8.8	25.0		12.3	8.6		9.0
EBIT	154.1	97.2	117.9	165.5	-68.7	465.9	21.4	-177.2	310.1
Goodwill	1,742.7	1,283.6	1,746.4	785.8		5,540.9			5,540.9
Non-current assets	2,316.0	2,733.5	8,925.5	1,958.6	622.0	16,555.6	57.2		16,612.8
Total assets	4,151.1	5,284.5	10,526.5	2,935.6	-495.6	22,402.1	401.8		22,803.9

Jan – Jun 2019

SEK million	ADS	MFG-S	MFG-S0	D&L	Eliminations & Other	Total	Discontinued operations	Non-rec. items	Total
Net sales, external	428.1	1,222.9	1,382.6	512.9		3,546.5	132.2		3,678.7
Net sales, internal	3.5	26.5	19.6	3.6	-71.3	-18.1	18.1		
EBITA	59.7	125.4	152.2	147.6	-55.9	428.9	-26.9		402.1
EBITA %	13.8	10.0	10.9	28.6		12.2	-17.9		10.9
EBIT	52.4	79.7	99.7	132.9	-55.9	308.7	-26.9		281.8
Goodwill	50.6	1,350.4	696.8	592.0		2,689.9			2,689.9
Non-current assets	533.3	3,872.2	3,125.3	1,473.6	396.5	9,401.0	91.3		9,492.3
Total assets	917.9	5,264.9	4,940.5	2,079.0	-254.3	12,948.0	548.3		13,496.3

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

SEK million	Net sales			Non-current assets		
	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019	June 30 2020	June 30 2019	Dec 31 2019
UK	1,524.1	419.3	812.1	7,624.6	535.9	587.2
Italy	889.8	637.7	1,328.3	2,051.8	1,999.2	1,959.4
Sweden	817.6	680.9	1,359.6	1,723.1	1,726.7	1,751.0
Germany	662.2	242.8	473.2	981.8	780.7	762.6
France	592.8	568.5	1,132.2	799.4	805.3	823.1
Spain	403.4	400.4	788.0	182.1	165.8	186.4
India	378.3	386.4	833.1	2,212.2	2,474.9	2,410.7
Portugal	357.5	308.2	660.5	1,003.8	965.7	1,019.4
Other	48.3	34.4	70.1	34.0	37.9	38.0
Total	5,674.1	3,678.7	7,457.1	16,612.8	9,492.3	9,537.8

NOTE 5 DISAGGREGATION OF REVENUE

Jan –Jun 2020

SEK million	Revenue recognition	ADS	MFG-S	MFG-S0	D&L	Discontinued operations	Total
Pharmaceutical manufacturing	Revenue recognised at point in time	1,104.1	1,153.2	1,978.3		219.0	4,454.7
Pharmaceutical manufacturing	Revenue recognised over time		1.5	134.2			135.7
Product sales	Revenue recognised at point in time				623.7		623.7
Total sales of products		1,104.1	1,154.7	2,112.5	623.7	219.0	5,214.1
Service sales	Revenue recognised over time	50.5	150.3	162.9	96.3		460.0
Total sales of services		50.5	150.3	162.9	96.3		460.0
Total net sales		1,154.6	1,305.0	2,275.4	720.0	219.0	5,674.1

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 – Jun 2019

SEK million	Revenue recognition	ADS	MFG-S	MFG-S0	D&L	Discontinued operations	Total
Pharmaceutical manufacturing	Revenue recognised at point in time	431.6	1,189.5	1,320.5		132.2	3,073.9
Pharmaceutical manufacturing	Revenue recognised over time		1.1	2.3			3.5
Product sales	Revenue recognised at point in time				397.1		397.1
Total sales of products		431.6	1,190.5	1,322.9	397.1	132.2	3,474.4
Service sales	Revenue recognised over time		2.3	59.7	142.3		204.2
Total sales of services			2.3	59.7	142.3		204.2
Total net sales		431.6	1,192.8	1,382.6	539.4	132.2	3,678.7

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	Apr - Jun		Jan - Jun		Jan - Dec
	2020	2019	2020	2019	2019
EBITDA	600.2	354.0	1,031.3	645.2	1,293.5
Amortisation	-9.5	-8.8	-19.3	-17.8	-37.8
Depreciation	-167.7	-113.7	-321.5	-225.2	-468.0
EBITA	423.0	231.5	690.3	402.0	787.8
Amortisation arising from business combinations	-100.0	-60.7	-203.1	-120.2	-242.0
Non-recurring item – restructuring related costs	-	-	-	-	-38.4
Non-recurring item – profit from divestment of ThyroSafe®	0.4	-	0.4	-	0.7
Non-recurring item – acquisition costs	4.6	-	-91.8	-	-14.2
Non-recurring item – achieving synergy costs and other	11.6	-	-85.7	-	-
EBIT	339.6	170.8	310.1	281.8	493.9

NOTE 7 BRIDGE FROM CORE EPS TO EARNING PER SHARE

SEK million	Apr - Jun		Jan - Jun		Jan - Dec
	2020	2019	2020	2019	2019
Core EPS	3.58	2.05	5.12	3.32	7.09
Amortisation arising from business combinations, net of tax	-1.07	-0.70	-2,22	-1.32	-1.85
Non-recurring items – net of tax	0.20	0.21	-2,83	0,21	-0.82
F/X rate in Finance Net, net of tax	1.51	-0.18	0,93	0,34	0.64
Earnings per share	4.22	1.38	1.00	2.55	5.06

NOTE 8 PROFORMA RESULTS RECIPHARM AND CONSORT

SEK million	Apr - Jun 2019			Jan - Dec 2019		
	Recipharm	Consort	Total Group Pro forma	Recipharm	Consort	Total Group Pro Forma
Net sales	1,866.9	934.0	2,800.9	7,457.1	3,510.9	10,968.0
EBITA^{1/}	231.5	192.2	423.7	787.8	345.6	1,133.4
EBITDA^{1/}	354.1	239.0	593.1	1,293.6	536.3	1,829.9

SEK million	Jan - Jun 2019			Jan - Jun 2020		
	Recipharm	Consort	Total Group Pro forma	Recipharm	Consort (Jan)	Total Group Pro Forma
Net sales	3,678.7	1,816.4	5,495.1	5,674.1	309.5	5,983.6
EBITA^{1/}	402.0	329.1	731.1	690.3	45.7	736.0
EBITDA^{1/}	645.1	422.8	1,067.9	1,031.3	57.7	1,089.0

1/ APM: Alternative Performance Measures, see financial definitions on page 26.

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 – June 2020, Recipharm includes Consort for February – June. Consort contributed to Recipharm's Net Sales with 1,674 million and for EBITA SEK 171 million for the period Jan-Jun 2020.

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	<i>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 shows the return on the company's equity</i>
Return on equity, adjusted	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>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 RECI PHARM

Recipharm is a leading Contract Development and Manufacturing Organisation (CDMO) in the pharmaceutical industry employing almost 9,000 employees. Recipharm offers manufacturing services of pharmaceuticals in various dosage forms, production of clinical trial material and APIs, pharmaceutical product development and development and manufacturing of medical devices. Recipharm manufactures several hundred different products to customers ranging from big pharma to smaller research and development companies. Recipharm’s annual turnover is approximately SEK 11 billion. 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.