

2021 First Half Results

Milano, 29 July 2021



First half 2021 highlights

- As expected, following 2020 stocking patterns, Q2 results were robust across both BUs:
 - SPC rebounding following gradual easing of restrictions
 - good contribution from Eligard, with transition from Astellas progressing ahead of schedule
 - continued double digit growth of Rare Diseases, led by good progress of Endo franchise
- 1H net revenue of €770.8 million was +1.4% vs P.Y. or +4.9% at CER; excluding Eligard® revenue of €36.8 million, growth in CER would be broadly flat, with strong progress of the Endo franchise off-setting weak Cough & Cold market and the full year impact of silodosin and pitavastatin 2020 LOEs
- Financial results are in line with expectations, with slight decline in operating results reflecting increased investment behind Endo and Eligard® and low activity levels in Q2 2020, and total non-recurring tax benefits in the quarter of €26.2 million more than off-setting higher financial charges (FX losses):
 - EBITDA⁽²⁾ €300.5 million or 39.0% of sales, -3.4%
 - Net Income €207.1 million or 26.9% of sales, +5.2%
 - Adjusted Net Income⁽³⁾ €209.8 million or 27.2% of sales, -7.0%
 - Free cash flow⁽⁴⁾ €204.5 million, an increase of € 7.7 million
- Full year guidance unchanged, with some uncertainty around recovery of cough and cold market in 2H; expect operating margins in 2H to be below 1H levels due to continued increase in activity levels
- As announced on July 16th, Rob Koremans will join the Group as Chief Executive Officer effective 1 December 2021; Andrea Recordati, current CEO, will be appointed Chairman and will remain involved in the development of the Group's strategy

(1) Acquired under license from Tolmar International Ltd. in January 2021

(2) Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, and non-recurring items

(3) Net income excluding the amortization and write-downs of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects

(4) Operating cash flow excluding financing items, milestones, dividends, purchases of treasury shares net of proceeds from exercise of stock options

Eligard[®] transition moving ahead of plan

- First half 2021 reported revenue of €36.8 million* trending above expectations thanks to earlier transition of distribution from Astellas
- This marks another successful integration with 20 Marketing Authorization Transfers completed before the end of June following contract completion in January
- 16 affiliates now directly promoting Eligard[®] as a Priority brand with encouraging feedback from customers
- Although early days, sales trend following start of active promotion in lead markets is promising
- FY revenue forecast now around €80 million behind earlier transition to direct selling



Signifor[®] & Signifor LAR[®] sales growth continues in 1H 2021

Isturisa[®] launch on track in US, EU and JP

Signifor[®] and Signifor[®] LAR commercialization on track



- 1H 2021 reported Net Revenue of ~€38 million
- Growth of in-market sales at constant exchange rate estimated to be >8% vs 2020*
- US Net Revenue limited by higher use of patient assistance programs
- Strong new patient acquisition in all Regions across all approved indications
- Transfer of Marketing Authorization progressing in wave 2 markets

Isturisa[®] launch and new patient acquisition progressing as planned



- Isturisa[®] 1H 2021 Net Revenue ~€18 million trending to expectations
- Robust patient uptake in US, France and other EU markets
- Launched in Japan on June 30th, 2021
- Higher rate of patients applying for patient assistance programs in the US
- Strong support from top KOLs and patient organizations continues

* Recordati books only margins on sales of Signifor[®] and Signifor LAR[®] until transfer of market authorizations and distribution from Novartis; in market sales performance estimated through net margin gross up for like for like comparison

Main products sales

Corporate products including drugs for rare diseases account for 70.8% of revenue

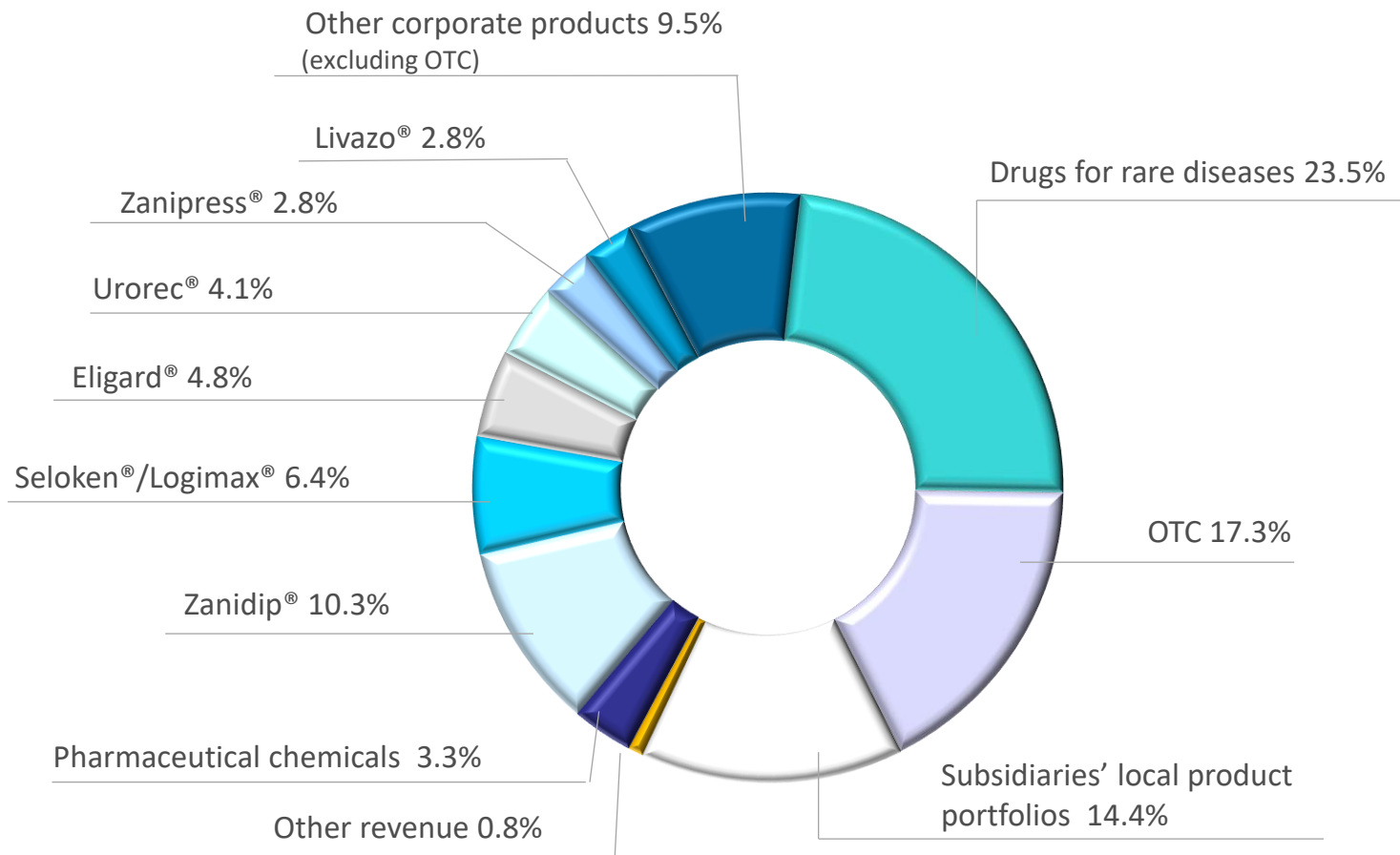
(million Euro)	1H 2021	1H 2020	Change %
Zanidip® (lercanidipine)	79.1	82.6	(4.2)
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	49.7	52.4	(5.2)
Eligard® ⁽¹⁾	36.8	-	n.a.
Urorec® (silodosin)	31.4	42.3	(25.8)
Livazo® (pitavastatin)	21.4	30.2	(29.3)
Zanipress® (lercanidipine+enalapril)	21.8	26.9	(18.9)
Other corporate products ⁽²⁾	124.8	136.6	(8.6)
Drugs for rare diseases	181.1	152.7	18.5
of which Endo franchise ⁽³⁾	56.3	32.8	71.6

(1) Eligard® net revenue includes margins booked as net revenue until transfer of market authorizations and distribution

(2) Includes the OTC corporate products for an amount of € 51.4 million in 2021 and € 52.8 million in 2020

(3) Endo franchise net revenue 2020 includes margins on sales of Signifor® and Signifor® LAR until transfer of market authorizations

A diversified product portfolio



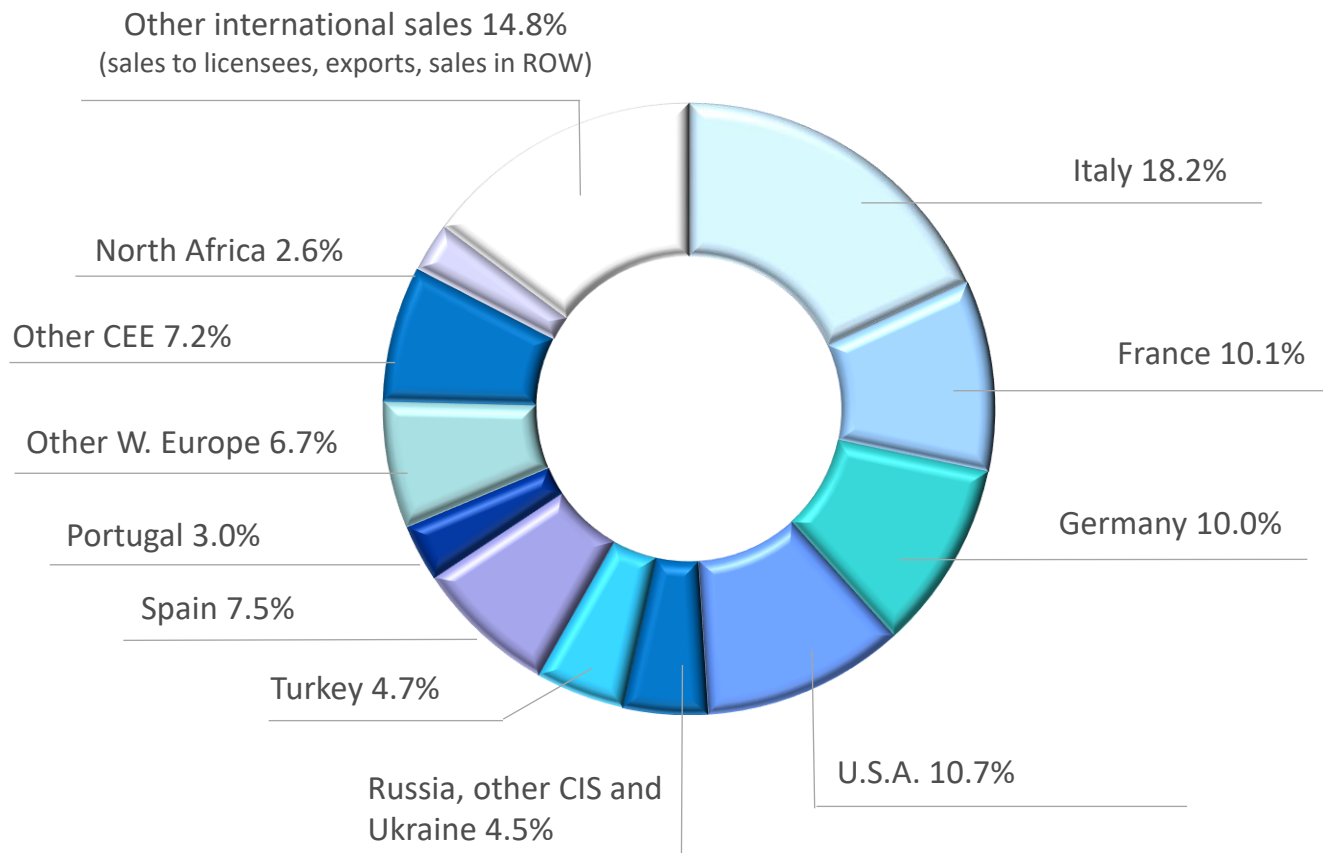
Data: First half 2021

Total revenue € 770.8 m

Composition of revenue by geography

(million Euro)	1H 2021	1H 2020	Change %
Italy	135.7	144.5	(6.1)
France	75.1	73.4	2.2
Germany	74.2	67.4	10.0
Spain	55.9	43.0	29.9
Portugal	22.3	22.3	-
Turkey	35.1	44.8	(21.5)
Russia, other CIS countries and Ukraine	33.3	46.1	(27.8)
U.S.A.	79.9	60.1	33.0
Other CEE countries	53.8	44.2	21.7
Other W. Europe countries	50.3	44.6	12.7
North Africa	19.1	22.8	(16.2)
Other international sales	110.6	119.6	(7.5)
TOTAL PHARMACEUTICALS	745.2	732.8	1.7
CHEMICALS	25.6	27.4	(6.5)
(In local currency, millions)	1H 2021	1H 2020	Change %
Russia (RUB) ⁽¹⁾	1,963.8	2,722.8	(27.9)
Turkey (TRY) ⁽¹⁾	308.2	303.7	1.5
U.S.A. (USD)	96.3	66.1	45.5

Geographical breakdown of pharmaceutical* revenue



Data: First half 2021
Pharmaceutical* revenue € 745.2 m

* Excluding sales of pharmaceutical chemicals which are € 25.6 million, down by 6.5% and represent 3.3% of total revenue.

First half 2021 results

(million Euro)	1H 2021	1H 2020	Change %
Revenue	770.8	760.2	1.4
Gross Profit	564.9	548.4	3.0
as % of revenue	73.3	72.1	
SG&A Expenses	230.8	210.9	9.5
as % of revenue	29.9	27.7	
R&D Expenses	81.1	71.2	13.9
as % of revenue	10.5	9.4	
Other Income (Expense), net	(2.6)	(4.8)	(46.5)
as % of revenue	(0.3)	(0.6)	
Operating Income	250.4	261.5	(4.3)
as % of revenue	32.5	34.4	
Financial income/(expenses), net	(14.9)	(7.1)	n.m.
as % of revenue	(1.9)	(0.9)	
Net Income	207.1	196.9	5.2
as % of revenue	26.9	25.9	
Adjusted Net Income ⁽¹⁾	209.8	225.6	(7.0)
as % of revenue	27.2	29.7	
EBITDA ⁽²⁾	300.5	311.1	(3.4)
as % of revenue	39.0	40.9	

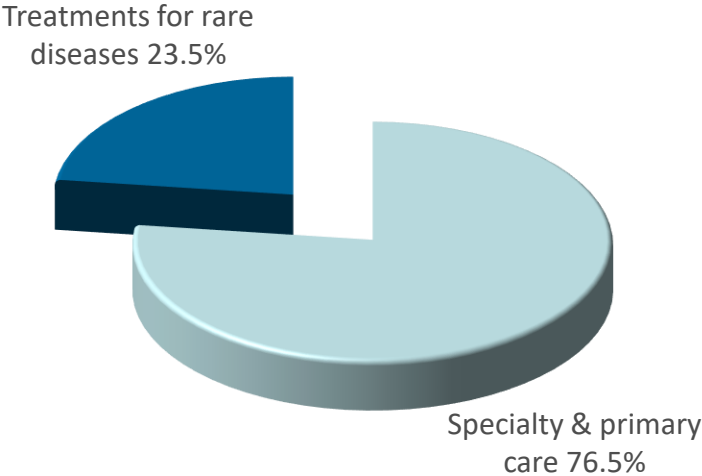
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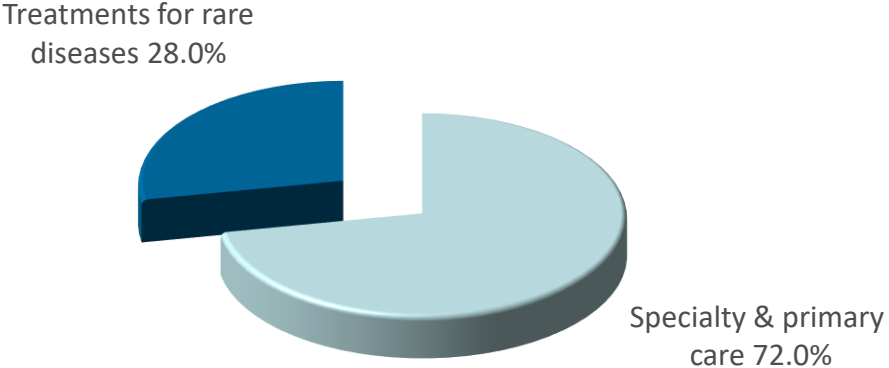
First half 2021 results

Operating Segments

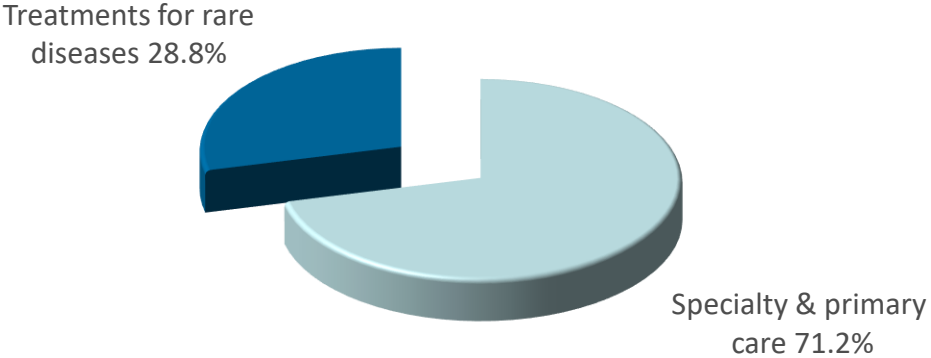
Revenue



EBIT



EBITDA



Margin on sales:
Treatments for rare diseases: EBITDA 47.8%, EBIT 38.8%
Specialty & primary care: EBITDA 36.3%, EBIT 30.6%

1H Cash flow

(million Euro)	1H 2021	1H 2020	Change
EBITDA	300.5	311.1	(10.6)
Movements in working capital	(13.6)	(50.6)	37.0
Changes in other assets & liabilities	(14.0)	(16.3)	2.3
Interest received/(paid)	(9.0)	(8.5)	(0.5)
Income Tax Paid	(46.6)	(32.1)	(14.5)
Other	(4.0)	0.7	(4.7)
Cashflow from Operating activities	213.3	204.3	9.0
Capex (net of disposals)	(8.8)	(7.5)	(1.3)
Free cash flow	204.5	196.8	7.7
Increase in intangible assets (net of disposals)	(57.7)	(81.0)	23.3
Dividends paid	(108.7)	(110.4)	1.7
Purchase of treasury shares (net of proceeds)	(40.5)	(22.5)	(18.0)
Other financing cash flows ⁽¹⁾	86.0	47.6	38.4
Change in cash and cash equivalents	83.6	30.5	53.1

Net financial position

(million Euro)	30 June 2021	31 Dec 2020	Change
Cash and cash equivalents	271.9	188.2	83.7
Short-term debts to banks and other lenders	(29.1)	(12.6)	(16.5)
Loans and leases – due within one year	(222.8)	(270.2)	47.4
Loans and leases – due after one year ⁽¹⁾	(887.4)	(771.2)	(116.2)
NET FINANCIAL POSITION	(867.4)	(865.8)	(1.6)

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

FY 2021 Financial projections - Update

Guidance range for FY 2021 confirmed

2021 Targets Assumptions

- **Revenue €1570-1620 million** (growth around 10%):
 - Continued adverse FX of roughly -2%
 - Specialty & Primary Care returning to low single digit organic growth, with expected improvement in market demand in 2H of the year
 - Eligard® Revenue of over € 70 million*, subject to exact timing of in market distribution
 - High double-digit growth of the Rare Diseases business, driven by continued strong uptake of Endo franchise, expected to reach revenue of € 120-140m
- **EBITDA €600-620 million with margin of > 38%**, reflecting partial normalization of activities post Covid-19 and transition costs on Eligard®
- **Financing costs of around €22-24 million** (no FX gains/losses assumed)
- **Tax rate to be around 20%**, reflecting also €12.9 million non-recurring ACE benefit

Latest view

- **Revenue on track, with some headwind due to weak Cough & cold market:**
 - FX slightly adverse to plan (USD, TRY)
 - SPC returning to growth in Q2; some weakness and uncertainty in Cough & Cold market in 2H
 - Eligard® transition ahead of schedule (revenue of around €80 million*)
 - Robust growth of current portfolio across all Regions; Endo uptake on track
- **EBITDA margin on track;** expect 2H margin <1H, with activities in field progressively returning to normality
- **Financing costs of around €26-28 million** (reflecting €4 million FX losses)
- **Tax rate to be around 17%**, reflecting also additional Q2 non-recurring benefit of €13 million from Magnesium Supremo® step up

* Refers to booked sales; only margins on sales of Eligard® will be booked until SOTC transfer from Astellas

Company declarations, disclaimers and profile

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

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

Statements contained in this presentation, other than historical facts, are "forward-looking statements" (as such term is defined in the Private Securities Litigation Reform Act of 1995). These statements are based on currently available information, on current best estimates, and on assumptions believed to be reasonable. This information, these estimates and assumptions may prove to be incomplete or erroneous, and involve numerous risks and uncertainties, beyond the Company's control. Hence, actual results may differ materially from those expressed or implied by such forward-looking statements.

All mentions and descriptions of Recordati products are intended solely as information on the general nature of the company's activities and are not intended to indicate the advisability of administering any product in any particular instance.

Recordati, established in 1926, is an international pharmaceutical group, listed on the Italian Stock Exchange (Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271), with a total staff of more than 4,300, dedicated to the research, development, manufacturing and marketing of pharmaceuticals. Headquartered in Milan, Italy, Recordati has operations in Europe, Russia and the other C.I.S. countries, Ukraine, Turkey, North Africa, the United States of America, Canada, Mexico, some South American countries, Japan and Australia. An efficient field force of medical representatives promotes a wide range of innovative pharmaceuticals, both proprietary and under license, in several therapeutic areas including a specialized business dedicated to treatments for rare diseases. Recordati is a partner of choice for new product licenses for its territories. Recordati is committed to the research and development of new specialties with a focus on treatments for rare diseases. Consolidated revenue for 2020 was € 1,448.9 million, operating income was € 469.0 million and net income was € 355.0 million.

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