

**RECORDATI: STRONG PRELIMINARY 2022 FINANCIAL RESULTS
REVENUE +17.3%, EBITDA⁽¹⁾ +11.7%, ADJUSTED NET INCOME⁽²⁾ +11.5%
2023-2025 THREE-YEAR PLAN APPROVED; 2025 REVENUE TARGET BETWEEN
€ 2,250 AND € 2,350 MILLION**

FY 2022 preliminary results confirm continued strong performance of the Group:

- Consolidated net revenue € 1,853.3 million, +17.3% or +8.1% organic⁽³⁾ growth at constant exchange rate
- Recently acquired oncology franchise fully integrated and contributing € 136.0 million revenue
- EBITDA⁽¹⁾ € 672.8 million, +11.7%, margin of 36.3%
- Adjusted net income⁽²⁾ € 473.3 million, +11.5%
- Non-recurring costs of € 48.9 million, mainly related to EUSA Pharma acquisition and right sizing of Specialty & Primary Care
- Reported operating income and net income impacted by non-recurring items and the non-cash fair value adjustments associated with the acquisition of EUSA Pharma
- Strong Free cash flow⁽⁴⁾ at € 439.0 million, over 90% of adjusted net income⁽²⁾
- Net debt⁽⁵⁾ at € 1,419.9 million, with ratio to EBITDA of just over 2
- Shareholders' equity € 1,546.2 million
- ESG effort further recognized, with MSCI rating A confirmed, upgrade to "Robust" level in ESG overall score by Moody's ESG Research, upgrade to "Platinum" rating by EcoVadis and inclusion in the Euronext MIB ESG index confirmed.

The approved three-year plan foresees continuous organic growth combined with new development initiatives, with the Group aiming to reach the following targets:

- 2023 revenue between € 1,970 and € 2,030 million and EBITDA⁽¹⁾ between € 700 and € 730 million
- 2025 revenue between € 2,250 and € 2,350 million and EBITDA⁽¹⁾ between € 810 and € 850 million (including new BD and M&A)
- peak sales expectations upgraded for key rare disease products of Endo and Oncology franchises

Milan, 21 February 2023 – The Board of Directors of Recordati S.p.A. reviewed and approved the preliminary consolidated financial statements for 2022 and the 2023-2025 three-year plan update. The Company's final consolidated annual financial statements for 2022 will be submitted to the Board of Directors for approval on 16 March 2023.

2022 Financial highlights

- **Consolidated net revenue** in 2022 was € 1,853.3 million, up 17.3% compared to the previous year, including € 136.0 million revenue from the rare and niche oncology product portfolio acquired with EUSA Pharma, consolidated since the second quarter. Organic⁽³⁾ revenue growth was 8.1%, which reflects broadly neutral FX year on year of -0.2% (-€ 3.5 million) driven by the devaluation of the Turkish lira partially offset by the appreciation of the U.S. dollar and the rouble. In the Specialty & Primary Care segment, the Group recorded continued strong growth in sales of medical specialties for seasonal flu and gastrointestinal diseases, in addition to higher contribution of Eligard®. In the Rare Diseases segment, growth was underpinned by the contribution of new oncology products, together with the continued progress of the

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endocrinology franchise (revenue of € 171.9 million versus € 126.6 million in 2021) and the strong performance, in rare metabolic portfolio, of Panhemathin® and Cystadrops®.

- The application of standard IAS29 “Financial Reporting in Hyperinflationary Economies” in Turkey, for the period from 1st January 2022 has had a slightly dilutive effect on margins, with around € 1 million uplift to revenue and an adverse impact on operating and net profits between €7-9 million (at different levels of the P&L). Application of the standard also resulted in a monetary revaluation of the net assets of the business in Turkey of around € 80 million (net of impairment of € 5 million).
- As noted in previously quarterly updates, given the material adjustments to reported results arising from the EUSA Pharma acquisition (Purchase Price Allocation per IFRS 3), in order to provide information in line with best practice in the sector, two additional disclosures have been introduced: **adjusted gross profit**⁽⁷⁾ and **adjusted operating income**⁽⁸⁾, which exclude these effects.
- **Gross profit** was € 1,286.6 million, up 11.6% compared to the previous year, with a ratio to sales of 69.4%. The result includes € 49.8 million non-cash charge arising from the unwind of the fair value step up of acquired inventory of EUSA Pharma; net of this effect, the **adjusted gross profit**⁽⁷⁾ was € 1,336.4 million, up 16.0%, with margin of 72.1% reflecting the slightly dilutive effect of the gradual shift to the direct sales model for Eligard® in the first half of 2021 and the effect of the application of IAS 29, as pointed out above.
- **Adjusted operating income**⁽⁸⁾ was € 536.1 million, up 6.2% over the previous year, with a ratio to sales of 28.9%, with strong revenue growth in part offset by return of activities in the field, investment behind new franchises and increased amortisation charges for € 26.2 million. **Operating income** was € 437.3 million, down 10.8% over the same period of the previous year. In addition to the charges arising from the fair value adjustment of the acquired EUSA Pharma inventory, operating income reflects € 48.9 million of non-recurring costs, of which around € 20.3 million related to the acquisition of EUSA Pharma and approximately € 23.5 million for actions to improve the efficiency of the sales force in the Specialty & Primary Care segment, mainly in Italy, Germany and France, affecting around 170 FTEs.
- **EBITDA**⁽¹⁾ was € 672.8 million, increasing by 11.7% compared to 2021 and with a ratio to revenue of 36.3%, reflecting the strong growth of the business and actions taken to sustain margins. As already mentioned, the strong EBITDA performance absorbs an adverse impact from the application of IAS 29 in Turkey of approximately € 7 million and reflects consolidation of EUSA.
- **Net income** at € 312.3 million, was down 19.1% compared with 2021. The strong positive operating performance of the Group is offset by the material non-recurring costs and IFRS 3 adjustments, due mainly to EUSA Pharma acquisition and organisational restructuring costs of the Specialty & Primary Care segment, and to the higher incidence of financial charges, with most of the FX losses incurred in 1H of 2022 reversing in Q4. To note, 2021 results also included €27.8 million non-recurring tax benefits.
- **Adjusted net income**⁽²⁾ was € 473.3 million, up 11.5% compared to 2021, at 25.5% of revenue.

- **Free cash flow** ⁽⁴⁾ in the period was € 439.0 million, over 90% of adjusted net income⁽²⁾, down € 30.9 million compared to 2021; this result absorbed the non-recurring costs incurred in the year and increase in working capital (particularly stock levels) behind the growth of the business, compared to a reduction of working capital in 2021.
- The **net financial position**⁽⁵⁾ at 31st December 2022 recorded net debt of € 1,419.9 million compared to net debt of € 736.5 million as of 31st December 2021. The significant increase is mainly attributable to the cash-out of € 707.0 million to acquire EUSA Pharma, which was completed on 16th March 2022, and to the acquired net debt of € 28.4 million. During the period € 35.0 million was paid to Tolmar International Ltd. related to the development of a new device to make administration of Eligard[®] easier, 24.0 million US dollars to Novartis, of which 14 million in the context of the agreements for the transfer of the assets related to Signifor[®] LAR microparticle production phase, € 7.5 million in the context of the licence agreements with Helsinn for Ledaga[®]. In addition, on 21st December 2022, the acquisition of trademark and marketing authorization for Italy of the Telefil[®] brand (tadalafil) was completed, with around € 20.0 million consideration paid. Treasury shares were purchased for a total of € 38.6 million, net of proceed from sales for exercises of stock options, and dividends of € 230.6 million were paid.
- Thanks to excellent operating results and strong cash generation, the **Group's net debt to EBITDA ratio** as of 31 December was just over 2, down from around 2.4 immediately post close of the EUSA acquisition.
- **Shareholders' equity** was € 1,546.2 million.
- In addition to the swift integration of EUSA into Recordati Rare Diseases organization, a number of other milestones were achieved during 2022 that set the base for continued future growth of the Group:
 - Isturisa[®] reimbursement agreed with authorities in Italy and France (following Germany and Spain).
 - Eligard[®] new device variation approved and national registration and transition on-going.
 - Promising new life cycle management opportunities identified within current portfolio.

2023-2025 three-year plan update

The Board of Directors of Recordati S.p.A. also approved the plan for the 2023-2025 three-year period. Recordati group will continue to pursue its strategy focused on driving organic growth of its current product portfolio, complemented with accretive M&A and business development, investing behind both businesses, with Rare Disease expected to growth to 35-40% of total revenue by 2025. Furthermore, the Group intends to pursue affordable pipeline opportunities, investing behind new capabilities and low risk lifecycle management (new indications) to accelerate future growth beyond 2025, while aiming to sustain high level of profitability.

For 2023, targets are revenue between € 1,970 and € 2,030 million, EBITDA⁽¹⁾ between € 700 and € 730 million, EBITDA margin of around 36% and adjusted net income⁽²⁾ between € 470 and € 490 million.

For 2025, including the contribution of acquisitions and new licenses that could be finalized over the plan period, this forecasts revenue between € 2,250 and € 2,350 million, EBITDA⁽¹⁾ between € 810 and

€ 850 million, EBITDA margin of around 36% and adjusted net income⁽²⁾ between € 550 and € 580 million. Net debt expected to be between 1.7-2.0x EBITDA.

We upgraded peak sales expectations for key products of Endo and Oncology franchises. We estimate that Isturisa® could exceed total peak sales of € 400 million and Signifor® could reach, total peak sales of between € 100 and 150 million (excluding potential new PBH indication). The Oncology franchise is expected to reach peak sales of between € 250m and € 300 million (including Qarziba US).

No significant change foreseen in capital allocation and dividend policy.

Management Comments

“The strong underlying performance across the business, supported by rigorous cost discipline, delivered results ahead of targets set at the start of 2022 and in line with the recent guidance update, confirming the Group’s impressive ability to consistently deliver outstanding results. Our priority is to continue with the strategy successfully implemented so far. The objective is to continue to drive profitable organic growth of our current portfolio, enhanced by accretive and growth M&A, and targeted business development while also capturing low risk growth opportunities within our own pipeline,” commented Rob Koremans, Chief Executive Officer. “We are well placed to build on our strong momentum in 2023 and beyond, maintaining our commitment to performance. The three-year plan approved today has the right ambitions and, given the opportunities, I’m confident we will continue on our journey of profitable growth,” concluded Mr Koremans.

Renewed ESG commitment

The Group has strengthened its long-term commitment for a sustainable future. Recordati is once again included in the MIB ESG Index, promoted by Euronext and Borsa Italiana and dedicated to blue-chip companies with the best ESG practices. The Group’s inclusion in the index is a further proof of its commitment to environmental, social and governance (ESG) issues. The inclusion in the FTSE4Good Index Series has been also confirmed.

Our focus and efforts in driving our ESG strategy have been further recognized, our total overall ESG Assessment was declared “Robust” by Moody’s ESG Solutions, and our rating was upgraded from “Gold” to “Platinum” by EcoVadis. Furthermore, the A rating awarded by MSCI ESG Research was reconfirmed.

Emergency support in Türkiye and Syria

Recordati is close to the populations impacted by the earthquake, with the health and safety of colleagues affected by this disaster being its top priority.

The Company has promptly provided emergency accommodation and immediate financial support and activated an internal fundraising initiative, to support our colleagues who have been most impacted by the crisis.

To provide further essential assistance, Recordati has also donated medicines and medical supplies to areas of need according to the requirements list and rules determined by the Ministry of Health (MoH) and the Turkish Medicines and Medical Devices Agency (TITCK), while also making a donation to the

Disaster and Emergency Management Authority in Turkey (AFAD), which is providing essential aid to earthquake victims.

Recordati is closely monitoring the situation and evaluating how to support further local relief organizations and NGOs in their efforts on the ground.

⁽¹⁾ Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, non-recurring items and non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory (IFRS 3).

⁽²⁾ Net income excluding amortization and write-downs of intangible assets (except software) and goodwill, non-recurring items, non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory (IFRS 3), monetary net gains/losses from hyperinflation (IAS 29), net of tax effects.

⁽³⁾ Revenue excluding newly acquired rare oncology franchise (EUSA Pharma) and considering like for like sales treatment for Eligard® in 2022 vs 2021 (pre SOTC transition), at constant exchange rate.

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

⁽⁵⁾ Cash and cash equivalents, less bank debts and loans, which include the measurement at fair value of hedging derivatives.

⁽⁶⁾ Please note that Italian Legislative Decree 25/2016, which implements Directive 2013/50/EU, no longer stipulates the submission of an interim management report, which was previously required in terms of paragraph 5 of Art. 154-ter of Italian Legislative Decree 58/1998.

⁽⁷⁾ Gross profit adjusted from impact of non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory according to IFRS 3.

⁽⁸⁾ Net income before income taxes, financial income and expenses, non-recurring items and non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory (IFRS 3).

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 press release corresponds to the documentation evidence, books and accounting records.

Presentation to the financial community

As already announced on 16th January 2023, today, **21st February**, at **4:00 p.m. CET (3:00 p.m. GMT)**, Recordati management will be hosting a **meeting with the financial community** to present the **2022 preliminary full-year results and the 2023-2025 three-year plan update**.

For in person:

Location: Borsa Italiana - Milan (Italian Stock Exchange) piazza Affari, 6 Milan

- 3:30 pm CET – Welcome & Registration
- 4:00 pm CET – Presentation

For virtual attendance:

The live webcast will also be available at the following [link](#)

Please note: You will only be able to ask questions via the conference call:

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Password

Quote Recordati when prompted by the operator.



The slides that will be referenced during the event will be available at www.recordati.com under Investors/Company Presentations.

Recordati (Reuters RECI.MI, Bloomberg REC IM), established in 1926, is an international pharmaceutical group listed on the Italian Stock Exchange (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 other countries of the CIS, Ukraine, Turkey, North Africa, the United States, 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 licence, from a number of therapeutic areas, including a specialised business dedicated to rare diseases. Recordati is a partner of choice for new product licences 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 2021 was €1,580.1 million, operating income was €490.2 million and net income was €386.0 million.

Further information:

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