Recordati S.p.A.

"Full Year 2025 Preliminary Results Conference Call"

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OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome, and thank you for joining the Recordati Full Year 2025 Preliminary Results Conference Call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

At this time, I would like to turn the conference over to Ms. Eugenia Litz, Investor Relations of Recordati. Please go ahead, madam.

EUGENIA LITZ: Thank you, and good afternoon, everyone. I'm pleased to be here today with Rob Koremans, our CEO and Mike McClellan, our CFO, who will present preliminary results for full year 2025. Scott Pescatore, Executive Vice President of Rare Diseases, will then provide an update on the exciting Isturisa opportunity as well as a recent deal with Moderna. Also joining for the Q&A session will be Alberto Martinez, Executive Vice President of Specialty and Primary Care; and Milan Zdravkovic, Executive Vice President of R&D.

As always, the presentation is available in the investors section of our website. It is now my pleasure to pass the call over to Rob. Please go ahead.

ROBERT KOREMANS: Thank you, Eugenia, and good morning, good afternoon wherever you are in the world. Thank you for joining us today. We're delighted to share our strong results for the full year of 2025. Last year, we once again delivered on our financial targets, executed across the business and further strengthened our foundation for continued growth in the years ahead.

Starting with net revenue. We reached €2.62 billion, an increase of 11.8% versus last year or 8.3% like-for-like at constant exchange rates. Growth was driven by the sustained momentum in SPC and an

exceptional performance in rare disease. As expected, and already guided before, we saw a strong currency impact with minus 2.7%, primarily due to the US dollar and also the Turkish lira.

Turning to profitability, EBITDA came in at €991 million, up 14.5%, sustaining sector-leading margins of 37.8%, thanks to strong operating performance, positive business mix and very disciplined cost management.

Adjusted net income increased 14.5% to €651 million, while net income grew 6.5%, highlighting the underlying strength of our business. With €559 million of free cash flow in '25, we ended the year with a leverage just below 2.1 times, providing us with a solid financial flexibility.

2025 was also a pivotal year for business development across SPC and rare disease. We signed the Vazkepa licensing agreement with Amarin last June. And in December, we further expanded our rare disease footprint in Japan through a regional agreement with Impact Biomedicines, a Bristol Myers Squibb subsidiary, to commercialize Inrebic for myelofibrosis.

In January of this year, we entered a global partnership with Moderna for the development and commercialization of mRNA-3927, that Scott will allude to a bit further on in the presentation. On the commercial side, we're encouraged by the continued progress of Enjaymo and the progress and significant opportunity ahead for Isturisa, which Scott will also expand upon shortly.

With that, it's now my pleasure to hand over to Mike for his first basically performance update on Recordati's behalf and to walk you through full year '25 financial results.

MICHAEL MCCLELLAN: Great. Thanks, Rob. Happy to be here. Starting with rare diseases, we delivered a robust performance in 2025 with strong double-digit growth, up 29.7% year-on-year despite increasing US dollar headwinds, or 16.6% like-for-like at constant exchange rates.

The endocrinology franchise grew 22.5%, driven primarily by Isturisa, which increased almost 30%. This reflects an acceleration of patient uptake in the US in the second half of the year as well as solid growth across all geographies. Signifor also delivered good growth of 11.2% driven by higher volumes across regions.

For hemo-oncology, Qarziba and Sylvant both grew by double-digits. And Enjaymo achieved a strong performance with sales reaching €146 million, representing 26.7% growth versus last year at constant exchange rates despite a significant adverse FX impact in the US.

Lastly, it's great to see the metabolic franchise delivering solid mid-single-digit growth in what was an exceptional year, driven by Panhematin and Carbaglu. Overall, Rare Diseases remains a key driver of the group's performance, supported by strong execution, expanding patient access and continued demand for our therapies across all major markets.

Now, I'll turn the call over to Scott to elaborate on the exciting Isturisa opportunity and our new Moderna partnership.

SCOTT PESCATORE: Great. Thank you, Mike. It gives me great pleasure to provide a bit more color on Slide 5 around the performance of Isturisa in the last quarter of 2025. We continued the strong patient uptake that we saw post the FDA approval of the expanded label in April and we closed the year with just around 1,400 net active patients on therapy.

I think, importantly, to mention that not only do we see additional patients that are being put on to Isturisa, but also that the patients that

we have on therapy continue to up-titrate to the appropriate levels to maintain their treatment, which is allowing us to achieve also our financial objectives with the product.

Just to provide a little bit more color also on some of the investments that we had mentioned we're making in 2026 to capture the broader Cushing's syndrome market. We are in the process of expanding our field force in the US. We're adding additional field personnel on the commercial side, but also importantly, additional MSLs to support medical education and diagnosis of these non-overt patients, which should be in place by the end of Quarter 2 of this year.

We're also working extensively on improving our medical education and plans with CME events and medical congresses to support also the expanded opportunity. We're also continuously improving our high-touch patient services at our specialty pharmacy partner, Anovo. And finally, we're initiating new and innovative digital NIA initiatives that will continue to raise the awareness of patients that are not only suffering from the overt severe hypercortisolemia, but also the non-overt less severe version of the disease.

So if you move to Slide 6, I'm also very pleased to have the chance to talk to you a little bit about the deal that Rob had mentioned that we closed earlier this year with Moderna to develop and commercialize mRNA-3927 for propionic acidemias.

A few words on what propionic acidemias are? They are very rare inherited metabolic disorder that basically prevents the body from processing and breaking down certain parts of proteins and fatty acids. This leads to a buildup of toxic metabolites and basically allows patients who...particularly neonates to failure to thrive, causing seizures and all kinds of other issues and systematic complications that eventually can lead to death or complications in adulthood.

There are no disease-modifying treatment options at the moment, but mRNA-3927, which is an investigational product still, is aimed at restoring this PCC enzyme activity in patients with propionic acidemias.

We're excited about this deal because it fully complements our existing rare disease metabolic portfolio. As many of you know, we have Carbaglu that we've had in the market for many, many years now. And this is certainly an innovative new approach to treating these patients that builds on our legacy in rare diseases with the specialists treating these metabolic disorders.

We expect that the patient enrollment for the ongoing clinical trial to read out by the end of this year. And you can see a bit of the deal terms on the slide. We paid an upfront of €50 million with some additional near-term milestones that totaled to about €110 million.

And I think important to mention that we don't expect any significant impact on our EBITDA prior to the potential launch of this product. As we know, Moderna will continue to lead the development of mRNA-3927. And if approved, we'll then be the commercial stewards for this product moving forward.

So with that, I'll hand it back over to Mike for the rest of the presentation.

MICHAEL MCCLELLAN: Great. Thanks, Scott. Turning to Slide 7. Specialty and Primary Care, we delivered resilient growth of 3.8% at constant exchange rates, excluding Vazkepa. This result was driven by the continued strong performance of our promoted portfolio compared to the reference markets across most countries. Importantly, this momentum held despite a softer cough and cold season in key markets such as Russia and Italy, as well as a broader slowdown in reference market growth.

Shifting to Turkey, we're very pleased that we secured a 17% price increase at the start of 2026, as the last increase was in Q4 2024. Broadly speaking, I am encouraged by the performance of many of our prescription and OTC products across therapeutic areas. Both the urology and cardiovascular franchises delivered stable growth, while gastrointestinal franchise achieved high single-digit growth. Meanwhile, Vazkepa continues to track fully in line with expectations, reaching €9 million in sales in 2025.

Taken together, these results highlight the strength, resilience, and diversification of the franchise. Our promoted brands continue to be the primary engine of growth, demonstrating the effectiveness of our commercial execution and market strategy.

We go to Slide 8, looking at the revenue by geography. It is nice to see that, overall, there was growth across most of the regions, with a few expected headwinds in Italy and Turkey. The US grew almost 32%, driven by the Isturisa ramp up in Enjaymo and in local currency grew even higher at 38% versus the previous year. There was a solid growth across the European countries, with the exception of Italy, which was impacted by several factors, including a softer growth in the reference markets.

Strong growth in Russia and Central and Eastern Europe were driven by both volume and select price increases. Turkey continues to deliver strong volume growth. However, the full year 2025 performance reflects less impact of the late 2024 price increase as compared to the significant currency devaluation during the year. In local currency, revenue grew 28%, confirming the operational performance remains strong. Finally, strong growth of international markets reflects the continued broad-based expansion of our portfolio globally.

We move on to Slide 9. On the P&L, we are pleased to report double-digit growth across net revenue, EBITDA, and adjusted net income. If we look down the P&L at the increases in operating expenses, SG&A increase is the investments to support Isturisa and the integration of Enjaymo.

R&D is mainly driven by the amortization of Enjaymo as well as medical investments in the rare disease businesses. And other expenses are mainly driven by a one-off expense related to Urorec. Costs for optimizing our commercial organization, SPC, and a minor Q4 impact from the liquidation of our rare disease subsidiary in China, following the denial of Isturisa's inclusion in the national reimbursement drug list.

Importantly, our EBITDA margin reached 37.8%, driven by strong operating performance across both business units, and despite significant foreign exchange headwinds. Overall, we are very pleased with this year's financial performance and with our continued track record of consistently delivering on our targets.

Now, if we turn to cash flow, we delivered another strong year of cash generation with free cash flow of €559 million, up €24 million versus last year. This was driven by solid EBITDA performance, but partially offset by an intentional increase in working capital to continue building US inventory. With this effort, we are now covered for the majority of 2026 sales, and with the uncertainty around potential tariff implementation, we are proactively securing additional stock there. We closed the year with leverage just below 2.1 times net debt to EBITDA, reflecting both the increased inventory levels and the continued share repurchase activity during the year.

So if we now move on to Slide 11, our guidance for 2026, we expect revenue in the range of €2.73 billion to €2.8 billion. For rare diseases, we expect high teen organic growth at constant exchange rate, driven

primarily by the continued acceleration of Isturisa patient uptake in the US, but also by continued strong performance of other key growth drivers in Endocrinology and Hemo-oncology.

For SPC, we expect low single-digit organic growth at constant exchange rates, reflecting some of the one-off headwinds. The fundamentals of the business remain strong, and we are confident to return to mid-single-digit growth at constant exchange rates in 2027. We note that our net revenue guidance is significantly affected by the projected FX rates. We are estimating an approximately negative 3.5% impact, driven mostly by the US dollar, given the external bank consensus view of an average of around US $120 to the euro for 2026.

For EBITDA, we expect a range of €9.95 million to €1.30 billion, including the investments behind the Isturisa opportunity in the US and the FX headwinds of around 4%. This still leads us with sector-leading margins of approximately 36.5% for the year.

And for adjusted net income, we expect a range of €655 million to €685 million with a margin of approximately 24%. For 2027, our targets remain unchanged with strong organic growth expected to be complemented by ongoing BD and M&A, despite facing currency headwinds.

And with that, I will turn the call back over to Rob for some closing remarks.

ROBERT KOREMANS: Thanks, Mike. So to summarize, our equity story remains clear and unchanged. And I believe we are exceptionally well-positioned for continued success. First, we continue to drive strong organic growth across our diversified portfolio, with excellent momentum in rare disease and a solid contribution from specialty and primary care to our growth.

We consistently delivered sector-leading profitability, maintaining both high margins and a very disciplined cost management across the business. We are focused on pursuing targeted pipeline opportunities, advancing lifecycle management programs and strengthening our R&D engine, but also delivering meaningful innovation in areas where we can lead.

And then we have a very disciplined capital allocation framework that remains unchanged. This includes progressive dividend policy and the financial flexibility to pursue selective bolt on M&A while maintaining balanced sheet strength. M&A remains crucial to what we have been doing and will continue to be important in '26. Underlying all of this is a business that generates strong and reliable cash flow. This gives us the strategic flexibility and positions us well to capture future opportunities.

And then finally, as this year we mark our 100th anniversary, we are extremely proud of the heritage and strength of our business. This milestone reflects a century of consistent execution, a resilient business model, and strong relationships with the medical community. Looking ahead, we will continue to build upon our solid foundation of delivering disciplined growth and achieving operational excellence to support the next 100 years of growth and success.

Now, together with the team, we are very happy to take your questions.

Q&A

OPERATOR: This is the Chorus Call conference operator. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1"on their touchtone telephone. To remove yourself from the question queue, please press "*" and "2." Please pick-up the receiver when asking questions. Anyone who has a question may press "*" and "1" at this time.

First question is from Sophia Graeff Buhl-Nielsen, JP Morgan.

SOPHIA GRAEFF BUHL-NIELSEN: Good afternoon, thanks for taking my questions. Firstly, just on Isturisa, could you give any further color on the proportion of patient adds you are seeing coming specifically from Cushing syndrome following the label expansion, particularly what proportion might already be coming from that non-overt patient population and how you expect this mix to develop in 2026 and beyond? And then I think we are also awaiting your go, no-go decision for Enjaymo and ITP by the end of this quarter. Maybe you could give us some insight into your latest considerations on this and what would be the next steps and timelines in the event of a positive decision?

SCOTT PESCATORE: Hi, Sophia. Scott Pescatore. I am happy to take the question on Isturisa. So, it is a very important question, and I am glad that you asked it because the market split is still heavily weighted towards the overt population. And this is something that, you know, as much as we talk about the opportunity in non-overt, that's an opportunity that the market is still in its immature phase and needs development and focus. So the majority of our patients that we will see this year and into the foreseeable future will come from the overt split.

If your question is around the difference between Cushing's disease and Cushing's syndrome patients, I mean, we have a majority of the patients that are Cushing's syndrome patients post the label update that we had in April last year. But we are seeing more and more non-overt patients that are coming on therapy post-label update. And the split is somewhere around 80%, 20%, 15%, 85%. So it's a majority of them are the non-overt patients versus the overt.

But as you had asked, that population will continue to evolve. And certainly, that split will continue to grow more in favor of the non-overt population as that patient pool population grows. It's heavily

dependent upon the factors that I had mentioned in the investment that we are making, of course, the education, the diagnosis, the awareness of these patients, the benefit to treatment, and then, of course, the referrals of getting them into the endocrinologist, I will take a bit of time, but that will be the evolution of the market over time.

MILAN ZDRAVKOVIC: Milan Zdravkovi*c,* I'll try to answer your question around ITP, so the basis for the ITP distortion that we are having, as you can say, very, very strong Phase I data in highly treatment-resistant patients, where we saw very strong response rates also on platelet counts with, you can say, an ability to address a potentially very significant unmet medical need.

On the strength of those data, in addition to, you can say, the already existing experience within the cat indication, we had a very encouraging meeting with the FDA, essentially being able to agree on a single Phase III trial to potentially allow for a registrational pathway. Now we are putting the last hands, you can say, on the business case, and on the strength of that, we will take a decision in Q1, which we are well on track to delivering on.

SOPHIA GRAEFF BUHL-NELSON: Thanks very much.

OPERATOR: Next question is from Shan Hama, Jefferies.

SHAN HAMA: Hi, thank you so much for taking my questions. Just 2 from me, please. Could you perhaps speak to the main pushes and pulls to the guide, as in what factors could drive you more towards the lower end and the higher end of the revs and EBITDA ranges? That's my first question.

And then my second question is, for Signifor in PBH, how easy or difficult is it to penetrate this patient population, particularly given

there are currently no approved treatments to my knowledge? Thank you.

MICHAEL MCCLELLAN: Yes. Thanks, Shan. So, I'll take the first one on pushes and pulls. So, of course, in revenue, we need to ramp up Isturisa. That will be one of the things that we'll be looking at very closely. We also have currency impacts. We've tried to model what we think is a reasonable consensus, but last year, we saw that that can go one way or the other.

In terms of the EBITDA, it's really going to be around that mix between Rare Disease and SPCs. So, the strength of those 2 businesses are slightly different in margins. So, depending on which one is doing better or less well, that will affect the mix. And of course, we can always potentially add M&A if something comes along. We are looking at different opportunities, but too early to put anything in the mix there.

SCOTT PESCATORE: And then maybe I'll start on the Signifor PBH question, and then hand over to Milan for additional commentary. I mean, this is a market that there's clearly an unmet need for treatment of patients that are coming out of bariatric surgery that have hypoglycaemia. A large majority of those patients that have bariatric surgery suffer from hypoglycaemia. We know that we have some of the existing data in this space, and as you know, we're working on the Phase II at the moment. But this market continues to evolve. Patients that are going into bariatric surgery continue to rise.

We're targeting countries that have the highest rates of bariatric surgery, which would be the US, which would be Brazil, which would be some countries in Europe, like Germany. And this market, we see it as a tremendous amount of potential there. Now the guidance that we've already given, I think several calls ago, which is about €150 million peak year for the PBH indication, we still believe in that

market space as we continue to develop the trials. Maybe I'll hand over to Milan for additional insight.

MILAN ZDRAVKOVIC: Yes. Now, I think it's clear that the obesity market has been evolving. I think there is, to Scott's point, a very significant unmet medical need in patients that develop hypoglycaemia after bariatric surgery. We are focusing on the more severe forms of hypoglycaemia, so-called Level 2 and Level 3. I think we have seen encouraging enrolment into our clinical trial once we got it going.

So…and I think one way or the other, I guess, the interesting aspect here is that you somehow need to start with those that have had bariatric surgery and you don't need to, you can say, to carpet canvas everyone. So, I think we're encouraged by this opportunity. We look forward to seeing the Phase II data. On the strength of that, we will take a decision, but we're very much driven by the unmet need in this disease.

SHAN HAMA: Thanks very much.

OPERATOR: Next question is from Niccolo Storer, Kepler Cheuvreux.

NICCOLO STORER: Good afternoon, everyone. Thanks for taking my 2 questions. The first one is on Isturisa. We have had the news of a potential competing drug being knocked out by the FDA. And so. how has this changed your assessment on the Isturisa opportunity in the US?

Second one is on…again, on Isturisa in China, I guess. This is not moving much the needle in terms of targets. Can you confirm that?

And the last one is about the agreement with Moderna. If you can share more colors in particular about the role that you're going to play from now up to the approval of this new drug. And also if you can

give us some insights about expected peak sales and margins thereafter. Thank you.

ROBERT KOREMANS: Thanks for your 3 questions, Niccolo. The…on Isturisa, I'll ask Scott afterwards to give a little bit more colour. But on your question on China, now it's…following the decision of the…on lack of national reimbursement in China, we didn't see the right conditions going there to pursue and continue to, in essence, invest in a market with a little…very little expectancy of a good return. We continue to help the Chinese patients and want to help patients anywhere in the world. But financially and business-wise, this was, for us, not the right thing to continue to invest, where we have this big opportunity for Isturisa in the US, where we are really putting our investments behind. And yes, you're right to assume that the €1.2 billion peak year sales did already include the fact that we would not be commercializing in China. So, it doesn't alter our outlook there.

On Moderna, we are very happy with this deal, and I think also in a way that we negotiated it so that Moderna will continue to do the clinical development and bring this product. If the clinical trial Phase III is…where the data are expected end of this year, if the results are positive, we would continue to pursue a registration for this product initially in the US, but also globally, it remains really an important product.

And then we will do the global commercialization, which means that for…in terms of impact on the EBITDA, for instance, in '26, we expect basically none. And it should really help us to start generating, if successful and the data are positive, revenues from early '28 onwards. So, that's something that we're excited about. There's a huge unmet medical need, and we will position to have field force in the market and know the space really well.

So, we see it as a fantastic strategic fit, and an important partnership with a company like Moderna where we are quite proud to be able to take this product, if successful in clinical development, to market, right? So maybe, Scott, do you want to give a little bit of extra color also on Isturisa?

SCOTT PESCATORE: Sure. Thanks, Rob. So, I can't comment directly on what Corcept's strategy is post the CRL, but what I can tell you is that our own strategy, we're very confident in the strategy. We're very confident in the numbers that we already communicated. We already see that in the uptake and in some of the commentary we already made around the non-overt segment. We're also confident that that market is still a market where there's tremendous opportunity moving forward. We had many conversations with external physicians around this opportunity post the CRL and they remain very, very bullish in their approach to this, and they see a lot of benefit for the use of Isturisa in non-overt patients.

Certainly, we need to continue to educate and develop that market, as I had mentioned, but we remain very confident and positive towards the strategy that we have in place, the investments that we're making and our peak year guidance. I think if anything, on the back of the CRL, we see positive benefit to that, but nothing that would allow us to change our guidance at this point.

NICCOLO STORER: Thank you.

OPERATOR: Next question is from Charles Pitman-King, Barclays.

CHARLES PITMAN-KING: Questions. Firstly, just coming back on the mRNA-3927, just wonder if I could push you a little bit more in giving us a few more steering points on how large you think this asset could be. I mean you'd kind of highlighted a huge unmet medical need. But like what

are you assuming the addressable patient population is as far as kind of the modeling that we should be looking out for this asset?

And then just secondly, on Isturisa. I'm just wondering if you could give us a bit more detail on the titration that you're seeing in the market. I mean, what level are patients typically reaching on average within that kind of 2 to 7 mg range or how many patients are you seeing titrate to higher levels than that and how long is it typically taking them? Maybe if I could just sneak in a little third one up for Turkey. You kind of mentioned the slightly later pricing negotiation coming in January this year. Are you expecting a further price negotiation in '26 for Turkey? Thank you.

ROBERT KOREMANS: Alberto, you might want to comment on Vazkepa and also Turkey?

ALBERTO MARTINEZ: Sorry, on Turkey, I mean, it's essentially not a price negotiation, it's Ministry of Health granting price increases for all companies. As you probably know, during 2025, there were no price increases in Turkey and that has led to our Turkish business in SPC to decline in euros despite relevant volume growth of 10% last year. And we saw a decision from the health authorities to increase prices on an average of 17% in January. And we are waiting to see whether there would be further increases, but this is not confirmed at this stage. We certainly lobby with all other pharmaceutical industries in the country, but that is not within our control.

I didn't get the question on Vazkepa, there wasn't a question on Vazkepa. It was on Isturisa as far as I know.

SCOTT PESCATORE: Hi, Charles, it's Scott. Maybe I can provide a bit more color on the dosing strategy for Isturisa. It's a little bit tough to tell you on average how the patients titrate. But what we know that in the US, I mean, they follow the label, which is to start at 2 milligrams per day, and then dose-titrate, if appropriate, every 2 weeks thereafter. So what we're

seeing now is our patients that have been on the product for quite some time that continue to dose-titrate up to levels that we're seeing now on average with the overt population in the 6-milligram per day range.

As we mentioned in the previous call around the peak year guidance, for the non-overt population, that there's a much lower dose needed for those patients, and they start at a lower dose and then the titration period takes a bit longer there. So you see a slightly lower value of those patients in the short term. but more of them in the longer term. So that's why it's a bit of a mix that you'll see moving forward in terms of net patient uptake and in terms of the value of those patients.

I think one of the other points was around how many high-dose patients we have. I mean that's something I can't comment specifically on the number of high-dose patients that we have, but we typically carry a fairly decent number of higher dose patients, which are those we consider high dose to be more than 20 milligrams per day. But again, those patients are usually much more fragile, tend to be much more severe disease and don't tend to stay on product as long as the less severe patients do.

On Moderna, so just to give you a bit more color, I mean, we can't provide, again, peak year sales at the moment. But we can tell you that this is a very, very rare disease and the ratio of patients in the US, is about 0.5 to 1 per 100,000. So you can tell that there's very few patients there that have this. It's akin to our Carbaglu business that we've seen. And it's a little bit also hard for us to comment specifically on where we see the peak year at the moment because, A, we don't have the data; and B, we have to go through the pricing negotiation both in the US and ex-US. And before we know, specifically what the pricing is, it's a bit hard for us to comment on exactly where we see the peak here at this point.

CHARLES PITMAN-KING: Thanks very much.

OPERATOR: Next question is from Martino De Ambroggi, Equita.

MARTINO DE AMBROGGI: Thank you. Good afternoon, everybody. The first question is on '27 targets that you are confirming. Very straight question, are they achievable under the current perimeter and the current FOREX environment, at least at the low end? And if I understand correctly, no Moderna impact positive or probably negative in case of costs included in 2027 figures? This is my first question.

ROBERT KOREMANS: Hi, Martino. Yes, we have a very good momentum. And what we didn't...when we shared the '27 targets in April of last year, we didn't yet factor in any uptake on the increased opportunity in specifically Isturisa in the US, with the increased label to Cushing's syndrome. We see very good traction there, and we will definitely...we expected in '27 we will end at the very high end or above the targets for the endocrinology with this. So we are in a good position to deliver on our '27. Of course, it's very difficult to predict what the currency will be. But from our current in-market performance and momentum across the business, we feel that we're very well on our way to achieve on the '27 targets.

These targets did factor in a little bit of BD, and we're also very actively pursuing a number of opportunities there. But the organic momentum behind it is actually even a bit better than what we would have expected. And we shared that currency is not within our control. And what we also...just to remind you, for the '27 targets, we also explicitly in April of last year, made it clear that we did not factor in anything like the Most Favored Nation pricing or tariffs as those things were and remain unclear frankly for the US. Moderna will not impact 2027, I can confirm that.

MARTINO DE AMBROGGI: Okay, thank you. And the second question is specifically on price assumption in your guidance, because I clearly understand

Turkey is unpredictable, but there is, let's say, delayed possibility to revise upwards prices. But specifically for the US, are you implementing any price adjustment or any strategy in order to offset the devaluation of the dollar?

ROBERT KOREMANS: We definitely continue to look at opportunities in the US, in terms of pricing, monitoring what our competitors are doing and making sure that our products are not only the right medical solution, but also economically attractive, but continue to also be fair priced, right? So that's what we monitor and we keep doing that. So, it's something that whenever feasible, possible and needed and we feel that it's a responsible thing to do. We adjust our prices to you can do that without any implications on additional discounts in terms of gross to net as long as you stay in the inflation range basically and sometimes, we do it beyond.

As a rule, we have not been the most aggressive pricing company in the market. As a rule, we have been known to bring fantastic quality products for a fair price and that's not something I want to change in this current environment. But we look at every opportunity and be guided more by what the market is showing us and competitors are doing and the need than anything else.

MARTINO DE AMBROGGI: Okay, so overall there is a positive impact in any case on prices specifically for the US market.

MIKE MCCLELLAN: The currency impact will probably be greater than the net price impact we will get in the US. So we are talking about 3.5% on top of the currency and a big chunk of that's coming out of the US. In our US business, we won't be able to fully offset that with pricing.

MARTINO DE AMBROGGI: Okay. Thank you and very last one is Isturisa. Am I right in modelling the Isturisa this year up at least €80 million, €90 million in terms of sales?

MIKE MCCLELLAN: We have not been giving this sort of...I think we share your optimism, but I am not going to specify any number. There are competitive reasons not to do this, but Isturisa is performing extremely well, very happy with the momentum, and that's as far as I can go. Sorry for that, Martino.

MARTINO DE AMBROGGI: No, no. Thank you. Thank you, Rob.

OPERATOR: Next question is from Natalia Webster, RBC.

NATALIA WEBSTER: Hi, thanks for taking my questions. First question on specialty and primary care. You talked about continued decline in reference markets. Are you able to provide a bit more color on the market outlook and how you expect this to progress into 2026 and over the mid-term? And also, specifically, if you are expecting further headwinds from cough and cold into Q1? And then any color around what you see as the key drivers behind the return from low single-digit to mid-single-digit sales growth in 2027 would be helpful?

Secondly, just on 2026 costs, appreciate that your margin guide reflects the additional Isturisa investments, but are you able to talk more around the efficiency initiatives that you are expecting to contribute to next year? Thank you.

ROBERT KOREMANS: Sorry Natalia, acoustically it's very difficult to completely…so I will ask Alberto to answer, but maybe also if it's not exactly the question you have been asking, please let us know, because it's been difficult to hear you very well.

ALBERTO MARTINEZ: Thank you, Natalia. This is Alberto from SPC. I mean, I understand that you asked about the reference markets on our ability to get back to mid-single-digit growth in 2027. What I can reassure you is about the strong in-market performance across our core therapeutic areas. We

see a strong in-market performance in Neurology and in Cardiology. Yes, there might be some temporary headwinds, sometimes one-off, sometimes more sustained, either on FOREX or on stocks. But clearly, we see a resilience performance that should enable us to get back close to that mid-single-digit performance in 2027.

You also mentioned about cough and cold. Cough and cold, we are particularly exposed in certain markets. It's not all over SPC. It's mostly concentrated in countries like Russia, where the seasonality has been less than in prior years, and we are seeing also not very strong seasonality early in 2026. But we are confident that the decline that we saw sustained through 2025 will stabilize more into 2026.

And then the last question, I think, or the beginning was around the reference markets. And as I mentioned before, we focus very much on our promoted portfolio, and we see there a strong performance. But what we have noted is a certain slowdown in the markets over the past couple of years after COVID rebound, moving more from 5% to 6% growth to more like 3% to 4% growth of the reference market.

We are still expecting to be able to outperform or be somewhere, as a total portfolio, in line with that. And we're also seeing that late in 2025, there was some recovery of this slowdown. This is more pronounced in certain markets, that's a slowdown of the growth, like Italy or France. But overall, let's say, it's resilient, but that obviously is in our large and complex portfolio. The influence of the market acceleration is still relevant and noticeable. Hopefully that answered your questions.

MICHAEL MCCLELLAN: And I'll take the 2026 efficiency. So, we will see the increased investment behind Isturisa. We'll also see, of course, inflation hitting many of the other line items and labor cost increases. But some of that will be offset by the efficiencies and the optimizations we've done in SPC and other places. So, not the full amount of the new investments.

All hits the bottom line, but we do have, of course, increased distribution costs because of the growing sales and some other things. So overall, that's all factored into the guidance.

NATALIA WEBSTER: Okay, that's very helpful. Thank you.

OPERATOR: Next question is from Isacco Brambilla, Mediobanca.

ISACCO BRAMBILLA: Hi, good afternoon, everybody. Thanks for taking my questions and for the efforts in providing a high degree of granularity in your 2026 outlook. This is much appreciated. I have 2 follow-ups on the building blocks of the margin outlook. First, how do you see gross margin evolving directionally speaking in 2026? I mean, Rare Diseases are visibly outperforming, but we have been running with gross margin below 2022, 2023, and this is a bit counterintuitive.
Second question, again on cost. Should we think this 13% R&D on sales as the new normal for Recordati? Or should we look at this at sort of level at least in terms of incidence of revenues?

ROBERT KOREMANS: Thanks for the questions, Isacco. Maybe start with the R&D expenditure. So, we really invest behind opportunities and when the opportunities are there and they make business sense and we also strive to maintain our high margins overall as a company, right? And when the risk is right, we will invest. So, I don't think we put ourselves a target, if you like, we will never go above 5% or 7% or whatever percent.

But you've seen that, in terms of percentage, we've actually not been increasing our R&D expenses over the last year as much. In absolute terms, yes, but also on the back of a strongly growing business per se in terms of net revenue. And we continue to be committed to do targeted investments that generate value for patients and for us. And we will not start to do discovery or very high-risk R&D.

So, I think that what we currently have is a good like reference. But let's also not forget that we have a little bit of an impact on the cost side, and that helps in that sense, from the currency. So, I don't know how the currency will evolve in '27 and the years going forward, right? I don't want to predict that. But I hope that answers your question, and maybe, Mike, you want to...

MICHAEL MCCLELLAN: Let me take the gross margin. And the gross margin, I would expect it to be relatively similar to 2025. We do have growing Rare Disease business, but that's the one getting hit by currency. So, all those things will factor into a gross margin percentage around the same level.

And just to go back on R&D, just remember that a big chunk of what we see in that R&D line is actually amortization of intangibles. The actual cash spend is around 8%, and that's been relatively stable. It's been picking up a little bit, but that's not been the real growth. If you look at the real growth from '24 to '25, it's the amortization of the Enjaymo intangibles. So, it's really a noncash charge that will remain constant from '25 to '26. So, hopefully, that helps you with what you're looking at.

ISACCO BRAMBILLA: Good, very helpful. Many thanks.

OPERATOR: As a reminder, if you wish to register for a question, please press "*" and "1" on your telephone.

ROBERT KOREMANS: Operator, if there are no further questions, I would like to thank everyone for joining on our call. As you can hear, we are enthusiastic about what we've achieved and proud of our achievements in '25. We have a really nice momentum going into '26 with exciting opportunities in both businesses, but extremely clear on the Isturisa side in the rare disease. We're well on track to deliver for our targets for this year and for next year and continue to be focused on delivering

profitable growth. So, look forward to interacting with you on our next call. Thank you all, and have a wonderful day.