

RECORDATI COMPLETES THE ACQUISITION OF EUSA PHARMA (UK)

Milan, 16 March 2022 - Following the positive outcome of the regulatory clearances process, Recordati announces today the closing of the previously announced acquisition of EUSA Pharma (UK) Ltd⁽¹⁾, a global specialty pharmaceutical company focused on rare and niche oncology diseases and controlled by funds managed by EW Healthcare Partners.

EUSA Pharma is a world-class pharmaceutical company with a portfolio of 4 rare and niche oncology products including Qarziba®, an anti-GD2 monoclonal antibody indicated for high-risk neuroblastoma; Sylvant®, an anti-IL-6 monoclonal antibody, the first and only ever approved treatment for Idiopathic Multicentric Castleman's disease (iMCD) in US and in Europe; Fotivda®, an oral highly selective small molecule tyrosine kinase inhibitor (TKI) of vascular endothelial growth factor (VEGF) receptors 1,2 and 3; and Caphosol®, a medical device for oral mucositis due to chemo and radio therapy. The company has extensive commercial operations in the EMEA and United States, alongside a presence in other international markets. The company employs more than 200 people with a strong patient centric culture and deep expertise in the rare disease area. In 2021, EUSA Pharma sales were just over €150 million.

Upon closing of the transaction, a consideration of €707.0 million was paid, reflecting enterprise value of €750 million net of financial debt of the acquired business and other adjustments; this was funded via existing liquidity and new debt facilities. We expect Group net debt following completion to be around 2.4x EBITDA (pro-forma) trending to around 2.2x by the end of year (excluding any further BD/ M&A activities).

EUSA Pharma will be consolidated in the Recordati group financial statements as of 31 March 2022 while the income statement will be consolidated as from 1 April 2022.

The transaction would provide Recordati with an expanded portfolio of rare disease pharmaceutical products which is expected to contribute in 2022 revenues of over €110 million and EBITDA⁽²⁾ of around €25 million, with peak sales that are expected to reach total annual of around €250 million, including the potential Qarziba® approval in the US, with going EBITDA margin in line with the average of the current rare disease segment.

Non-recurring costs in 2022-2023 are estimated to be approximately €35 million of which approximately €28 million in 2022, related to EUSA Pharma integration and on-going Sylvant® tech transfer from Janssen.

Incremental amortisation charges and other non-cash IFRS3 adjustments arising from the EUSA acquisition, including fair value adjustment to acquired inventory, will be determined on the basis of the formal purchase price allocation.

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Management Comments

“We are very pleased with the successful closing of EUSA Pharma acquisition. The Company complements Recordati’s global footprint and deep expertise with new capabilities in rare and niche oncology diseases, which will provide a unique platform to drive growth in these areas. With EUSA Pharma, the Group strengthens its position in the rare disease segment and reaffirms its mission to improve the lives of patients by delivering innovative treatments that address serious unmet medical needs”, said Robert Koremans, Chief Executive Officer.

“We are excited to welcome EUSA Pharma in Recordati. The Company has a highly efficient commercial infrastructure, deep disease area expertise and an organisation with a very strong patient centric culture. We look forward to working with our new colleagues to further develop our rare disease business and create value for all stakeholders” stated Scott Pescatore, Executive VP Rare Diseases Business Unit.

⁽¹⁾ See Recordati’s press release issued on 3 December 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.

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 2021 was € 1,580.1 million, operating income was € 490.2 million and net income was € 386.0 million.

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