

RECORDATI: FIRST QUARTER 2022 RESULTS APPROVED, REVENUE +9.0%, EBITDA +8.7%. 2022 TARGETS CONFIRMED.

- Consolidated net revenue € 419.4 million in the first quarter, up by 9.0% at current exchange rates and 10.9% at constant exchange rates
- EBITDA⁽¹⁾ € 163.0 million, up by 8.7%
- Operating income up by 5.1%, at € 131.3 million
- Net income € 96.7 million, up by 7.6%
- Adjusted net income ⁽²⁾ € 116.3 million, up by 11.4%
- Free Cash Flow ⁽³⁾ € 110.3 million, in line with the same period of 2021
- Net financial position⁽⁴⁾: net debt of € 1,399.5 million, which reflects the acquisition of EUSA Pharma, completed on 16 March 2022
- Shareholders' equity € 1,449.4 million
- 2022 financial targets confirmed

Milan, 10 May 2022 – The Board of Directors of Recordati S.p.A. approved the Group's Interim Report at 31 March 2022, representing additional voluntary financial reporting ⁽⁵⁾.

The Report was prepared using the assessment, measurement and recognition criteria prescribed by international accounting standards (IFRS). The financial statements at 31 March 2022 will be available today at the company's offices and on the company's website (www.recordati.it) and can also be viewed on the authorised storage system 1Info (www.1Info.it).

Financial highlights

- **Consolidated net revenue** in the first quarter was € 419.4 million, compared to € 384.8 million in the first quarter of last year (+9.0% or +10.9% at constant exchange rates), reflecting the recovery in relevant markets (especially with regard to Cough & Cold and OTC products), the robust performance of rare disease business, and the greater contribution from Eligard®, licensed in January 2021. Excluding this latter effect and the impact of exchange rates, organic growth during the period was 9.0%. The growth in the first quarter was affected by wholesalers reducing in part inventories, especially seasonal infection products during the first quarter of 2021, due to the decrease in sales resulting from the COVID-19 pandemic. Revenue for the quarter in Russia and Ukraine was at € 17.0 million and € 4.4 million respectively, growing over 2021 as a result of the aforementioned effects and the increase in demand before the escalation of the conflict.
- **EBITDA**,⁽¹⁾ at € 163.0 million, was up by 8.7% compared to the first quarter of 2021, at 38.9% of revenue, reflecting the increase in revenue and benefit of the efficiency measures implemented at the end of 2021, with minimal increase in COGS due to higher raw material costs. In line with plan, the operating margin is expected to be lower in the second part of the year due to the effect of the consolidation of EUSA Pharma and the higher impact of inflation.
- **Operating income** was € 131.3 million, up by 5.1% over the same period of the previous year and was at 31.3% of revenue. The result includes € 7.1 million non-recurring costs, related mainly to the acquisition of EUSA Pharma for € 4.8 million and organisational restructuring for € 2.0 million.

RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA S.p.A.

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MILAN ECONOMIC AND ADMINISTRATIVE INDEX (REA) 401832

Company subject to management and coordination by Rossini Luxembourg S.à.r.l

- **Net income** at € 96.7 million, was up 7.6% compared to the first quarter of 2021, accounting for 23.1% of revenue. The increase is due to higher operating income and the lower incidence of financial charges due to lower FX losses.
- **Adjusted net income**⁽²⁾ was € 116.3 million, up by 11.4% over the same period in 2021, at 27.7% of revenue.
- **Free cash flow**⁽³⁾ was € 110.3 million for the period, in line with the result in the first quarter of 2021
- The **net financial position**⁽⁴⁾ at 31 March 2022 recorded net debt of € 1,399.5 million compared to net debt of € 736.5 at 31 December 2021. The significant increase is mainly attributable to the disbursement of € 707.0 million to acquire EUSA Pharma, which was finalised on 16 March 2022. The net financial position of EUSA Pharma was negative at the time of acquisition for around € 25 million. € 5.0 million was paid during the period in the scope of the license agreements with Helsinn for Ledaga®. Furthermore, treasury shares were purchased for € 18.4 million, net of sales proceeds from exercising stock options, and dividends were paid for € 6.2 million, with shareholders requesting a postponement in this regard.
- **Shareholders' equity** was € 1,449.4 million.

Corporate development news and other key events

The acquisition of EUSA Pharma (UK) Limited was completed on 16 March 2022. This specialist global pharmaceutical company based in the United Kingdom, focuses on niche rare and oncology diseases. The acquisition of EUSA Pharma represents an additional and significant step forward in achieving our strategy, which aims to increase our presence in the rare diseases segment and implement our mission: improving patients' lives by delivering innovative treatments that address serious unmet medical needs. The transaction integrates Recordati's global presence with new expertise and a highly efficient and focused commercial infrastructure, adding a product portfolio with four drugs with high growth potential in the niche treatment area of rare cancers, and providing a platform for possible future expansion. The consolidation of EUSA Pharma opening balances was included in the Recordati Group financial statements at 31 March 2022, with provisional recognition under Goodwill of the entire difference between the amount paid and carrying amount of the assets and liabilities acquired, as permitted by accounting standard IFRS 3 pending finalisation of the purchase price allocation to identify appropriate fair value adjustments. As already communicated, income statement results will be consolidated as from the second quarter of 2022.

In the scope of the license and supply agreements signed in January 2021 with Tolmar International Ltd to market Eligard® (leuporelin acetate), in Europe, Turkey, Russia and other countries, following a request from the European Medicines Agency (EMA), a new device was developed to make administration of the product easier. The relevant application for approval was submitted in the first quarter of 2022 and subsequently accepted by the authority. Eligard® is a medicinal product for the treatment of advanced hormone-dependent prostate cancer and for the treatment of high-risk localized and locally advanced hormone-dependent prostate cancer, in combination with radiotherapy. The active ingredient in Eligard®,

leuporelin acetate, presents in powder form, which is solubilized with a solvent and administered as a subcutaneous injection. Based on the agreements signed, a milestone of € 35 million is payable to Tolmar International Ltd on acceptance by regulatory authorities of the application, which is expected to be paid in the second quarter of 2022.

Business outlook

On 24 February, the Company announced the following financial targets for 2022, which include the contribution from the newly acquired EUSA Pharma as from the second quarter of the year: revenue between € 1,720 million and € 1,780 million, EBITDA⁽¹⁾ between € 630 and € 660 million and adjusted net income⁽²⁾ between € 450 and € 470 million.

In spite of the impact from the subsequent escalation of the conflict in Ukraine, based on the recent operating trends and the early completion of EUSA Pharma acquisition, the Company confirms its 2022 targets. The Company is committed to assisting all its patients, wherever they may reside, through continued supply of medication and will continue to closely monitor the geopolitical situation while continuing to ensure the safety of its employees and respecting all applicable laws in the areas where it operates.

Management Comments

“The first quarter of 2022 was characterised by a general recovery in relevant markets, with access to healthcare professionals almost returning to pre-pandemic levels. In the Specialty & Primary Care segment, the recovery was highly significant for seasonal flu products and in the OTC portfolio, including increased contribution from Eligard®. In the rare diseases business, endocrinology products (Signifor® and Isturisa®) saw continued growth, as did the metabolic portfolio both in the United States and Europe”, commented Rob Koremans, Chief Executive Officer.

“Revenue performance, coupled with efficiency improvement measures in Specialty & Primary Care business, led to an increase in the operating results and profit compared to the same period in 2021, in line with the targets set for this year”, concluded Rob Koremans.

Conference Call

Today, **10 May**, at **4:00 p.m. CET (3:00 p.m. GMT)**, Recordati management will be hosting a conference call with the financial community to present the results for the first quarter of 2022. The dial-in numbers for the conference call service are:

Italy + 39 02 802 09 11, toll free 800 231 525
UK + 44 1 212818004, toll free (44) 0 800 0156371
USA +1 718 7058796, toll free (1) 1 855 2656958
France +33 1 70918704
Germany +49 6917415712

Callers are invited to dial in 10 minutes before conference time. If conference operator assistance is required to connect, please dial *0.

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

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

(1) 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.

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

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

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

(5) You are reminded 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 Legislative Decree 58/1998.

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.

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This document contains forward-looking statements relating to future events and future operating, economic and financial results of the Recordati group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Actual results may therefore differ materially from those forecast as a result of a variety of reasons, most of which are beyond the Recordati group's control. The information on the pharmaceutical specialties and other products of the Recordati group contained in this document is intended solely as information on the Recordati group's activities, and therefore, as such, it is not intended as medical scientific indications or recommendations, nor as advertising.

RECORDATI GROUP

Summary of the consolidated results,
prepared in accordance with International Financial Reporting Standards (IFRS)
(€ thousands)

INCOME STATEMENT	First quarter 2022	First quarter 2021	Change %
NET REVENUE	419,381	384,838	9.0
Cost of sales	(115,478)	(104,069)	11.0
GROSS PROFIT	303,903	280,769	8.2
Selling expenses	(99,792)	(93,347)	6.9
Research and development expenses	(43,669)	(41,456)	5.3
General and administrative expenses	(21,941)	(20,062)	9.4
Other income/(expenses), net	(7,230)	(1,017)	n.s.
OPERATING INCOME	131,271	124,887	5.1
Financial income/(expenses), net	(6,953)	(8,893)	(21.8)
PRE-TAX INCOME	124,318	115,994	7.2
Income taxes	(27,598)	(26,110)	5.7
NET INCOME	96,720	89,884	7.6
ADJUSTED NET INCOME ⁽¹⁾	116,320	104,433	11.4
EBITDA ⁽²⁾	163,049	150,021	8.7
Net income attributable to:			
Equity holders of the Parent	96,720	89,872	7.6
Non-controlling interests	0	12	n.m.
EARNINGS PER SHARE			
Basic ⁽³⁾	€ 0.470	€ 0.436	7.8
Diluted ⁽⁴⁾	€ 0.462	€ 0.430	7.4

⁽¹⁾ Net income excluding amortization and write-downs of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects.

⁽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 charges.

⁽³⁾ Earnings per share (EPS) are based on average shares outstanding during the respective period, 205,695,188 in 2022 and 206,225,973 in 2021. These amounts are calculated deducting treasury shares in the portfolio, the average of which was 3,429,968 for 2022 and 2,899,183 for 2021.

⁽⁴⁾ Diluted earnings per share is calculated by taking into account stock options granted to employees.

COMPOSITION OF NET REVENUE	First quarter 2022	First quarter 2021	Change %
Total revenue	419,381	384,838	9.0
Italy	75,531	72,793	3.8
International	343,850	312,045	10.2

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(€ thousands)

ASSETS	31/03/2022	31/12/2021
Property, plant and equipment	129,207	131,120
Intangible assets	1,292,747	1,138,786
Goodwill	1,125,116	553,209
Other equity investments and securities	23,340	34,124
Other non-current assets	33,961	32,937
Deferred tax assets	76,961	75,922
TOTAL NON-CURRENT ASSETS	2,681,332	1,966,098
Inventories	256,489	228,732
Trade receivables	367,012	307,778
Other receivables	40,668	44,880
Other current assets	24,152	12,984
Derivative instruments measured at fair value	11,870	11,149
Cash and cash equivalents	261,430	244,578
TOTAL CURRENT ASSETS	961,621	850,101
TOTAL ASSETS	3,642,953	2,816,199

RECORDATI GROUP

Summary of the consolidated results,
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(€ thousands)

SHAREHOLDERS' EQUITY AND LIABILITIES	31/03/2022	31/12/2021
Share capital	26,141	26,141
Share premium reserve	83,719	83,719
Treasury shares	(144,381)	(126,981)
Reserve for derivative instruments	(1,081)	(974)
Translation reserve	(214,745)	(213,086)
Other reserves	51,090	60,207
Profits carried forward	1,661,299	1,275,962
Net income	96,720	385,966
Interim dividend	(109,329)	(109,329)
Shareholders' equity attributable to equity holders of the Parent	1,449,433	1,381,625
Shareholders' equity attributable to non-controlling interests	0	0
TOTAL SHAREHOLDERS' EQUITY	1,449,433	1,381,625
Loans - due after one year	1,403,577	760,473
Provisions for employee benefits	20,995	21,010
Deferred tax liabilities	26,909	26,675
Other non-current liabilities	17,020	0
TOTAL NON-CURRENT LIABILITIES	1,468,501	808,158
Trade payables	194,998	177,925
Other payables	181,490	145,170
Tax liabilities	40,861	29,543
Other current liabilities	6,626	6,508
Provisions for risks and charges	21,479	21,396
Derivative instruments measured at fair value	12,264	14,156
Loans - due within one year	252,279	223,061
Short-term debts to banks and other lenders	15,022	8,657
TOTAL CURRENT LIABILITIES	725,019	626,416
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,642,953	2,816,199

RECORDATI GROUP

Summary of consolidated results prepared in accordance with International Financial Reporting Standards (IFRS) (thousands of €)

CASH FLOW	First quarter 2022	First quarter 2021
OPERATING ACTIVITIES		
Net income	96,720	89,884
Income taxes	27,598	26,110
Net interest	4,133	4,393
Depreciation of property, plant and equipment	6,016	6,311
Amortization of intangible assets	18,635	18,049
Write-downs	12	0
Equity-settled share-based payment transactions	1,608	651
Other non-monetary components	2,363	586
Change in other assets and other liabilities	(2,389)	(8,051)
Cash flow generated/(used) by operating activities before change in working capital	154,696	137,933
Change in:		
- inventories	(3,705)	7,334
- trade receivables	(27,826)	(36,299)
- trade payables	3,082	13,683
Change in working capital	(28,449)	(15,282)
Interest received	181	29
Interest paid	(2,344)	(2,243)
Income taxes paid	(10,653)	(6,302)
Cash flow generated/(used) by operating activities	113,431	114,135
INVESTMENT ACTIVITIES		
Investments in property, plant and equipment	(3,341)	(4,092)
Disposals of property, plant and equipment	249	185
Investments in intangible assets	(12,258)	(53,225)
Disposals of intangible assets	74	0
Acquisition of holdings in subsidiaries*	(706,994)	0
Cash flow generated/(used) by investment activities	(722,270)	(57,132)
FINANCING ACTIVITIES		
Opening of loans	684,245	39,910
Repayment of loans	(90,414)	(13,449)
Payment of lease liabilities	(2,297)	(2,415)
Change in short-term debts to banks and other lenders	4,506	21,675
Dividends paid	(6,219)	(740)
Purchase of treasury shares	(19,041)	(48,584)
Sale of treasury shares	658	5,357
Cash flow generated/(used) by financing activities	571,438	1,754
Change in cash and cash equivalents	(37,401)	58,757
Opening cash and cash equivalents	244,578	188,230
Currency translation effect	1,018	3,098
Cash and cash equivalents acquired from EUSA Pharma	53,235	0
Closing cash and cash equivalents	261,430	250,085

*Acquisition of EUSA Pharma (UK) Limited (706,994): working capital (47,288), fixed assets (123,335), goodwill (573,765), cash and cash equivalents (53,235), other assets and liabilities 12,384, loans due within one year 78,245.

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 Company's documentation, books and accounting records.