

**FIRST HALF 2023 RESULTS CONFIRM STRONG MOMENTUM OF THE GROUP:
REVENUE +17.0%, EBITDA⁽¹⁾ +21.3%, ADJUSTED NET INCOME⁽²⁾ +27.9%.
RECENT TRANSACTION WITH GSK FURTHER STRENGTHENS SPC UROLOGY FRANCHISE**

- Consolidated net revenue of € 1,044.3 million in the first half, +17.0% or +15.4% on a like-for-like basis ⁽³⁾ and at constant exchange rates
- EBITDA⁽¹⁾ of € 406.2 million, +21.3%, with margin on revenue of 38.9%
- Net income of € 227.6 million, up 50.3%
- Adjusted net income⁽²⁾ of € 287.4 million, +27.9%
- Free cash flow⁽⁴⁾ at € 261.7 million, +€ 43.0 million vs prior year
- Net financial position⁽⁵⁾: net debt at € 1,326.2 million, 1.8x EBITDA
- ESG commitment recognized by leading indices and ratings
- Deal with GSK complements and strengthens Specialty & Primary Care urology franchise, fully accretive from 2024
- Full year 2023 guidance confirmed: strong business performance offsets impact of increased FX headwinds

Milan, July 28th, 2023 – The Board of Directors of Recordati S.p.A. approved the interim financial statements as of June 30th, 2023, pursuant to Art. 154-ter of Italian Legislative Decree 58/1998 and subsequent amendments, prepared in accordance with said Decree and the CONSOB Issuers Regulation. The statements were prepared in accordance with International Accounting Standard (IAS) 34 requirements for interim reporting, based on the assessment, measurement and recognition criteria set by the IFRSs. The interim financial statements on June 30th, 2023 – as well as the Independent Auditors' report on such statements - will be available within the legal deadline at the company's offices and on the company's website (www.recordati.com) and can also be viewed on the authorized storage system 1Info (www.1Info.it).

Financial highlights

- **Consolidated net revenue** in the first half of the year was € 1,044.3 million, +17.0% vs H1 2022 or +15.4% on a like-for-like⁽³⁾ basis at CER, driven by strong momentum across all businesses and the successful integration of EUSA Pharma. These results have been achieved despite strong FX headwinds over recent months, with an adverse FX impact in H1 of € 29.7 million (-3.3%) mainly affecting Specialty & Primary Care, and the unwinding, in Q2, of part of the sales phasing benefits posted in the first quarter. Our Specialty & Primary Care portfolio contributed revenues of € 668.9 million in the first six months of 2023, growing 15.0% at CER (+8.8% Türkiye excluded), ahead of the reference markets, driven by all the main therapeutic areas, with particularly strong cough and cold sales in Q1. Revenue of the rare diseases segment in the first half of 2023 totaled € 344.4 million, up 32.2% (or 15.5% on a like-for-like⁽³⁾ basis at CER) versus same period of prior year, reflecting the integration of the rare oncology products acquired with EUSA Pharma, which contributed revenues of € 95.6 million (growing by 13.1% on a pro-forma basis⁽³⁾), a continued growth in sales of Signifor® and Isturisa® (totalling € 110.6 million, up 38.2%), with resilient sales

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Milano, Monza, Brianza and Lodi Comp. Reg. No. 00748210150
Tax Code/VAT No. 00748210150
Milano R.E.A. No. 401832

Company subject to the Management and Coordination Activity of Rossini Luxembourg S.à.r.l

of our metabolic franchise, thanks to strong growth of Panhematin® and limited erosion of generic products in US.

- **Adjusted operating income⁽⁴⁾** of €338.2 increased by 22.8% compared to the first half in 2022, with a ratio to sales of 32.4%, reflecting the robust revenue performance, with continued strong cost discipline and efficiency initiatives offsetting the impact of inflation, investment behind new franchises and increased amortisation charges of € 9.8 million (mainly from the consolidation of EUSA Pharma in the second quarter of 2022). **Operating income** was € 313.4 million, up 34.9% over the same period of the previous year; this reflects gross margin-related charges arising from the fair value step up of acquired EUSA Pharma inventory of € 20.9 million (vs € 16.9 million in 2022), and non-recurring costs of € 3.9 million, significantly reduced vs 2022 levels, mainly arising from streamlining activities within the sales area of Specialty and Primary Care.
- **EBITDA⁽¹⁾** was € 406.2 million, up 21.3% compared to the first half of 2022, and with a margin on revenue of 38.9% (vs 37.5% in the first half of 2022), reflecting the operational leverage benefit and previously announced efficiency initiatives, together with a significant resilience of adjusted gross margin, which remained broadly in line with previous year.
- **Adjusted net income⁽²⁾** was € 287.4 million, +27.9% over the same period in 2022, at 27.5% of revenue. In addition to the higher operating income this benefits from lower net financial charges of € 24.6 million in the first half, down € 13.6 million compared to the same period of the previous year, with positive effect of FX gains and losses (€ 4.7 million gains in 2023 vs € 18.7 million losses in 2022, mainly driven by the volatility of the Russian rouble), more than off-setting increased interest expenses. **Net income** was € 227.6 million, up 50.3% over the same period in 2022, at 21.8% of revenue, reflecting also significantly lower non-recurring expenses.
- **Free cash flow⁽⁵⁾** was € 261.7 million for the period, significantly above the same period of last year (up by € 43.0 million), absorbing increase in working capital, driven by higher revenue, and higher cash interest expense.
- **The net financial position⁽⁶⁾** as of June 30th 2023 recorded net debt of € 1,326.2 million, or 1.8x EBITDA, compared to net debt of € 1,419.9 million on December 31st 2022. During the period, USD 20 million of residual Isturisa® milestones to Novartis and dividends for € 127.0 million were paid.
- **Shareholders' equity** was € 1,609.2 million.

Management Comments

"We delivered a strong financial performance in the first half of the year, with continued growth across the business and ongoing delivery of sector-leading margins. The Company is going into the second half of 2023 with very strong underlying momentum and continued ability to convert revenue growth into profits and cashflow. We are also particularly pleased with the agreement signed with GSK in July, which adds two well established brands to our core urology portfolio in Specialty & Primary Care, leveraging our competitive commercial platform to address different patient needs. This deal reflects the successful execution of our strategy to date and strengthens the position of our group for future growth," **commented Chief Executive Officer Rob Koremans.**

Corporate development news and other key events

On June 27th, the Chinese Medicines Agency (NMPA) approved the marketing of the drug Carbaglu®. The launch is expected in early 2024.

As part of the development path aimed to obtain FDA approval of a Biologics License Application (BLA) for the registration of Qarziba® in the United States, preparatory activities are ongoing for a Type C Meeting with the FDA, expected in second half of 2023.

Planned phase II study for pasireotide in the treatment of Post-Bariatric Hypoglycemia is on track to start in the third quarter of 2023.

Patient enrolment in the global phase II study in neurotrophic keratitis for REC 0559 is proceeding according to plan, with data read out expected in the second quarter of 2024.

Finally, our focus and efforts in driving our ESG strategy have been further recognized in June 2023, with confirmation of our inclusion in the FTSE4GOOD Index series and of our “Platinum” rating by EcoVadis.

Subsequent events

On July 20th, Recordati announced an agreement with GSK to commercialize Avodart® (dutasteride) and Combodart®/Duodart® (dutasteride/tamsulosin) across 21 countries, mainly in Europe, excluding only those where GSK already has a distribution agreement in place. Avodart® and Combodart®/Duodart® are marketed products, presented as oral form (capsules), indicated for the treatment of moderate to severe symptoms of benign prostatic hyperplasia (BPH) and for the reduction in the risk of acute urinary retention (AUR) and surgery in patients with moderate to severe symptoms of BPH. Avodart® and Combodart®/Duodart® are leading and well-established brands, post loss of exclusivity, that enlarge and complete Recordati's proven presence in the urology space, significantly reinforcing the competitiveness of its offer. Both brands are synergistic with Recordati's urology portfolio, complementing Urorec® and Eligard®.

The two products have been commercialized by GSK in the territories licensed to Recordati, with annual sales in 2022 in the region of approximately € 115 million. Recordati made an upfront payment of € 245 million and will start recognizing revenue and margins on a country-by-country basis progressively upon completion of the relevant transition activities, with first transitions expected in Q3 2023 and most to be finalized by end of Q4 2023. As announced, the deal is expected to be fully accretive by 2024 and will deliver €10-20 million of revenue in 2023 with positive EBITDA.

Business outlook

Given the continued strong performance of the Group, despite the significant increase in FX headwinds (FY estimate now -4% vs prior -2%), we confirm the improved guidance for FY 2023 as provided on May 11, with overall revenue of between € 2,050 million and € 2,090 million, EBITDA⁽¹⁾ of between € 750 and € 770 million and adjusted net income⁽²⁾ of between € 490 and € 500 million.

(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) Pro-forma growth calculated adding Q1 2022 revenue of EUSA Pharma

(4) 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).

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

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

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).

Conference Call

Today, **July 28th**, at **4:00 p.m. CET (3:00 p.m. GMT)**, Recordati management will host a conference call with the financial community to present the results for the first half of 2023. 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 the conference call begins. If you require conference operator assistance 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](#).

Recordati (Reuters RECI.MI, Bloomberg REC IM) is an international pharmaceutical group listed on the Italian Stock Exchange (ISIN IT 0003828271) uniquely structured to bring treatment across specialty and primary care, consumer healthcare, and rare diseases. We believe that health, and the opportunity to live life to the fullest, is a right, not a privilege. We want to support people in unlocking the full potential of their life. We have fully integrated operations across research & development, chemical and finished product manufacturing through to commercialisation and licensing. Established in 1926, Recordati operates in approximately 150 countries across EMEA, Americas and APAC regions. At the end of 2022, Recordati employed more than 4,300 people and consolidated revenue of € 1,853.3 million. For more information, please visit www.recordati.com.

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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 activities of the Recordati Group, and, as such, it is not intended as a medical scientific indication or recommendation, or as advertising.

RECORDATI GROUP

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

INCOME STATEMENT	First half 2023	First half 2022	Change %
NET REVENUE	1,044,272	892,490	17.0
Cost of sales	(311,954)	(267,880)	16.5
GROSS PROFIT	732,318	624,610	17.2
Selling expenses	(233,794)	(215,966)	8.3
Research and development expenses	(119,043)	(99,333)	19.8
General and administrative expenses	(61,841)	(50,850)	21.6
Other income/(expenses), net	(4,196)	(26,164)	(84.0)
OPERATING INCOME	313,444	232,297	34.9
Financial income/(expenses), net	(24,574)	(38,147)	(35.6)
PRE-TAX INCOME	288,870	194,150	48.8
Income taxes	(61,299)	(42,745)	43.4
NET INCOME	227,571	151,405	50.3
Adjusted gross profit ⁽¹⁾	753,204	641,462	17.4
Adjusted operating income ⁽²⁾	338,249	275,537	22.8
Adjusted net income ⁽³⁾	287,431	224,766	27.9
EBITDA ⁽⁴⁾	406,181	334,896	21.3
Net income attributable to:			
Equity holders of the Parent	227,571	151,405	50.3
Non-controlling interests	0	0	0
EARNINGS PER SHARE			
Basic ⁽⁵⁾	€ 1.108	€ 0.736	50.5
Diluted ⁽⁶⁾	€ 1.088	€ 0.724	50.3

⁽¹⁾ 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.

⁽²⁾ 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 according to IFRS 3.

⁽³⁾ 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) and monetary net gains/losses from hyperinflation (IAS 29), net of tax effects.

⁽⁴⁾ 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 according to IFRS 3.

⁽⁵⁾ Earnings per share (EPS) are based on average shares outstanding during the respective period, 205,654,663 in 2022 and 205,792,226 in 2021. These amounts are calculated deducting treasury shares in the portfolio, the average of which was 3,470,493 shares in 2022 and 3,332,930 shares in 2021.

⁽⁶⁾ Diluted earnings per share is calculated by taking into account stock options granted to employees.

COMPOSITION OF NET REVENUE	First half 2023	First half 2022	Change %
Total revenue	1,044,272	892,490	17.0
Italy	161,294	146,308	10.2
International	882,978	746,182	18.3

Pending completion of independent audits

RECORDATI GROUP

(€ thousands)

Reconciliation of Net income to EBITDA⁽¹⁾

	First half 2023	First half 2022
Net income	227,571	151,405
Income taxes	61,299	42,745
Financial income/(expenses), net	24,574	38,147
Non-recurring expenses	3,919	26,388
Non-cash charges from PPA inventory uplift	20,886	16,852
Adjusted operating income⁽²⁾	338,249	275,537
Depreciation, amortization and write-downs	67,932	59,359
EBITDA⁽¹⁾	406,181	334,896

Reconciliation of Net income to Adjusted Net income⁽³⁾

	First half 2023	First half 2022
Net income	227,571	151,405
Amortization and write-downs of intangible assets (excluding software)	52,561	45,661
Tax effect	(11,152)	(9,076)
Non-recurring operating expenses	3,919	26,388
Tax effect	(957)	(7,063)
Non-cash charges from PPA inventory uplift	20,886	16,852
Tax effect	(5,229)	(3,202)
Monetary net (gain)/losses from hyperinflation (IAS29)	(887)	4,693
Tax effect	719	(892)
Adjusted net income⁽³⁾	287,431	224,766

⁽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 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).

⁽³⁾ 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) and monetary net gains/losses from hyperinflation (IAS 29), net of tax effects.

Pending completion of independent audits

RECORDATI GROUP

Summary of the consolidated results,
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(€ thousands)

ASSETS	30.06.2023	31.12.2022
Property, plant and equipment	166,251	159,184
Intangible assets	1,710,546	1,758,173
Goodwill	766,980	780,057
Other equity investments and securities	24,513	28,871
Other non-current assets	16,696	9,556
Deferred tax assets	74,302	76,895
TOTAL NON-CURRENT ASSETS	2,759,288	2,812,736
Inventories	425,715	424,080
Trade receivables	404,200	361,898
Other receivables	48,748	63,915
Other current assets	21,904	15,387
Derivative instruments measured at fair value	19,963	23,603
Cash and cash equivalents	528,568	284,734
TOTAL CURRENT ASSETS	1,449,098	1,173,617
Non-current assets held for sale	0	12,470
TOTAL ASSETS	4,208,386	3,998,823

Pending completion of independent audits

RECORDATI GROUP

Summary of the consolidated results,
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(€ thousands)

EQUITY AND LIABILITIES	30.06.2023	31.12.2022
Share capital	26,141	26,141
Share premium reserve	83,719	83,719
Treasury shares	(145,520)	(149,559)
Reserve for derivative instruments	6,835	5,249
Translation reserve	(265,435)	(205,018)
Other reserves	60,978	62,260
Profits carried forward	1,614,936	1,524,099
Net income	227,571	312,336
Interim dividend	0	(112,979)
Shareholders' equity attributable to equity holders of the Parent	1,609,225	1,546,248
Shareholders' equity attributable to non-controlling interests	0	0
TOTAL SHAREHOLDERS' EQUITY	1,609,225	1,546,248
Loans - due after one year	1,470,524	1,341,549
Provisions for employee benefits	19,267	19,418
Deferred tax liabilities	159,213	167,865
TOTAL NON-CURRENT LIABILITIES	1,649,004	1,528,832
Trade payables	248,015	224,703
Other payables	218,075	251,136
Tax liabilities	57,130	33,615
Other current liabilities	5,202	5,740
Provisions for risks and charges	15,177	16,209
Derivative instruments measured at fair value	12,418	17,369
Loans - due within one year	378,214	291,546
Short-term debts to banks and other lenders	15,926	83,425
TOTAL CURRENT LIABILITIES	950,147	923,743
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,208,386	3,998,823

Pending completion of independent audits

RECORDATI GROUP

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

CASH FLOW STATEMENT	First half 2023	First half 2022
OPERATING ACTIVITIES		
Net income	22,571	151,405
Income taxes	61,300	42,745
Net interest	28,462	12,623
Depreciation of property, plant and equipment	13,866	12,895
Amortization of intangible assets	54,066	44,289
Write-downs	0	2,175
Equity-settled share-based payment transactions	3,933	3,822
Other non-monetary components	25,529	35,667
Change in other assets and other liabilities	(5,355)	(11,050)
Cash flow generated/(used) by operating activities before change in working capital	409,732	294,571
Change in:		
- inventories	(33,507)	(19,032)
- trade receivables	(63,934)	(24,191)
- trade payables	20,693	25,371
Change in working capital	(76,748)	(17,852)
Interest received	2,583	478
Interest paid	(28,860)	(8,569)
Income taxes paid	(34,896)	(42,515)
Cash flow generated/(used) by operating activities	271,451	226,113
INVESTMENT ACTIVITIES		
Investments in property, plant and equipment	(9,913)	(7,918)
Disposals of property, plant and equipment	209	514
Investments in intangible assets	(26,560)	(54,304)
Disposals of intangible assets	267	357
Acquisition of holdings in subsidiaries*	.	(653,759)
Sale of non-current assets held for sale	3,000	-
Cash flow generated/(used) by investment activities	(32,997)	(715,110)
FINANCING ACTIVITIES		
Opening of loans	348,371	1,281,410
Repayment of loans	(139,695)	(599,317)
Payment of lease liabilities	(5,688)	(4,852)
Change in short-term debts to banks and other lenders	(70,481)	60,510
Dividends paid	(127,043)	(119,544)
Purchase of treasury shares	(6,483)	(20,656)
Sale of treasury shares	7,676	4,022
Cash flow generated/(used) by financing activities	6,657	601,573
Change in cash and cash equivalents	245,111	112,576
Opening cash and cash equivalents	284,734	244,578
Currency translation effect	(1,277)	16,608
Closing cash and cash equivalents	528,568	373,762

*Acquisition of EUSA Pharma (UK) Limited (653,759): working capital (182,384), fixed assets (534,756), goodwill (150,850), other assets and liabilities 132,621, loans 81,610.

Pending completion of independent audits

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.