

**FIRST QUARTER 2023 RESULTS: REVENUE +31.5%, EBITDA⁽¹⁾ +35.4%,
ADJUSTED NET INCOME⁽²⁾ +33.3%.
FY 2023 GUIDANCE REVISED UPWARDS.**

- Consolidated net revenue of € 551.4 million in the first quarter, up 31.5%; +21.0% on a like-for-like basis⁽³⁾ and at constant exchange rates
- EBITDA⁽¹⁾ of € 220.8 million, up 35.4%, with a margin on revenue of 40.0%
- Operating income up 31.5%, at € 172.6 million
- Net income of € 124.0 million, up 28.2%
- Adjusted net income⁽²⁾ equal to € 155.0 million, up 33.3%
- Free cash flow⁽⁴⁾ at € 103.4 million and net debt⁽⁵⁾ at € 1,339.6 million, 1.8x EBITDA
- Shareholders' equity € 1,654.5 million
- Full year 2023 targets revised upwards: revenue € 2,050 - € 2,090 million (vs previous € 1,970 - € 2,030 million); EBITDA € 750 - € 770 million (vs previous € 700 - € 730 million) and adjusted net income € 490 and € 500 million (vs previous € 470 - € 490 million)

Milan, 11 May 2023 - The Board of Directors of Recordati S.p.A. approved the Group's Interim Report as of 31 March 2023, representing additional voluntary financial reporting⁽⁶⁾.

The Report was prepared using the assessment, measurement and recognition criteria prescribed by international accounting standards (IFRS). The financial statements as of 31 March 2023 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 of 2023 was € 551.4 million, +31.5% vs Q1 2022 or +21.0% on like-for-like⁽³⁾ basis at CER, driven by strong momentum across all businesses and the successful integration of EUSA, which contributed € 47.7 million in the quarter, with minimum FX headwind of € 2.7 million (-0.6%). Our specialty and primary care portfolio contributed significantly to the growth, outperforming the relevant markets and benefitting also from a number of phasing and one-off benefits, specifically channel stock movements in Russia and Türkiye and timing of shipments of Iercanidipine to international distributors, which in aggregate benefitted Q1 revenue by around €15-20 million. The portfolio also recorded an exceptionally strong cough and cold season, well above pre-pandemic levels. Revenue of the rare disease segment in the first quarter of 2023 totalled € 174.7 million, up 64.7% (or 20.9% on a like-for-like basis). This is thanks to the integration of the rare oncology products acquired with EUSA Pharma (which grew by 24.2% on a pro-forma basis) and continued growth in sales for Signifor® and Isturisa® (totalling € 55.3 million, up 44.7%), but also of Panhematin® and Cystadrops®, with limited erosion of metabolic products from recent generic entries in US.
- **Gross profit** was € 387.7 million, with a 70.3% ratio to sales, increasing by 27.6% compared to the first quarter in 2022. Net of the effect of the € 11.2 million charge arising from the application of

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Share Capital € 26.140.644,50 fully paid-up
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

IFRS 3 on acquired EUSA Pharma inventories, **adjusted gross profit**⁽⁷⁾ was € 398.9 million, up 31.3%, with a sales margin that was essentially in line with the previous year, also benefitting in the quarter from high volumes of products sourced internally.

- **EBITDA**⁽¹⁾ was € 220.8 million, up 35.4% compared to the first quarter in 2022, with a 40.0% ratio to revenue, reflecting the operational leverage benefit and previously announced efficiency initiatives; we expect a gradual ramp up of research and development activities in the rest of the year.
- **Adjusted operating income**⁽⁸⁾ of € 186.6 million increased by 34.8% compared to the first quarter in 2022, with a ratio to sales of 33.8%, reflecting the robust revenue performance, partially offset by full return of activities in the field, investment behind new franchises and increased amortisation charges of € 8.6 million from the consolidation of EUSA Pharma in the second quarter of 2022. **Operating income** was € 172.6 million, up 31.5% compared to the same period the previous year. In addition to the impact of costs deriving from the fair value revaluation of the inventory acquired with EUSA Pharma, there were also non-recurring costs of € 2.8 million attributable mainly to the organisational restructuring of the Specialty and Primary Care sales area.
- **Adjusted net income**⁽²⁾ was € 155.0 million, at 28.1% of revenue, up 33.3% over the same period in 2022. This is thanks to the higher operating income, absorbing net financial charges of € 12.6 million, up € 5.7 million compared to the same period the previous year, due to the new loans taken out during 2022 and increase in reference interest rates. **Net income** was € 124.0 million, at 22.5% of revenue, up 28.2% compared to the same period the previous year.
- The **net financial position**⁽⁵⁾ as of 31 March 2023 recorded debt of € 1,339.6 million compared to debt of € 1,419.9 as of 31 December 2022, with a leverage ratio of 1.8. **Free cash flow**⁽⁴⁾ for the period was strong at € 103.4 million, slightly down versus the first quarter of 2022 absorbing a € 77.9 million increase in working capital resulting from the significant increase in sales, versus a working capital increase of € 28.4 million in the first quarter 2022.
- **Shareholders' equity** was € 1,654.5 million.

Corporate development news and other key events

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, the outcome of which is expected in the third quarter of 2023.

Progress was also recorded in the new development plan for pasireotide in the treatment of Post-Bariatric Hypoglycemia with the FDA endorsement of key features of a planned phase II study, which is expected 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, Carbaglu® has been filed in China, preparing for possible launch in early 2024.

In February, an agreement was finalized with ARS Pharmaceuticals to return the license for ARS-1, a nasal spray containing epinephrine, at an advanced stage of development, for emergency treatment of serious allergic reactions. Upon signing the agreement, € 3.0 million was collected, with another € 12.0 million to be received once certain conditions relating to the drug's approval and marketing are met and classified at a discounted rate under receivables.

Business outlook

On 21 February, the Company announced the following financial targets for 2023: revenue of between € 1,970 million and € 2,030 million, EBITDA⁽¹⁾ of between € 700 and € 730 million and adjusted net income⁽²⁾ of between € 470 and € 490 million.

Given the strong business performance, the Company has revised its targets upwards for its full year 2023. The new guidance expects 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.

Management Comments

"This year's first quarter financial results confirm Recordati's ability to consistently deliver outstanding performance and, even adjusting for one-offs and seasonal shifts, showed an excellent start of the year across both businesses. The specialty and primary care segment grew ahead of reference markets, with strong double-digit growth across our key Therapeutic Areas, thanks to continuous improvement in competitiveness," commented Chief Executive Officer Rob Koremans.

"The strong momentum also continued in our rare disease portfolio, with very positive performance in endocrinology products and the successful integration of our oncology franchise. We're grateful for the continued engagement of colleagues across the company. Today, we reiterate our commitment to performance and raise our full year 2023 targets, which are now expected to exceed the top end of the guidance range set in February, for both revenue and bottom line."

Conference Call

Today, **11 May, 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 quarter 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 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, 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) Adjusted for first quarter 2022 revenue from the recent acquisition of EUSA Pharma, a company specialising in the rare oncology diseases segment.

(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) 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.

(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 (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).

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, Türkiye, North Africa, the United States, Canada, Mexico, some South American countries, Japan, Australia and New Zealand, China and South Korea. 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 operating globally and 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 2022 was € 1,853.3 million, operating income was € 437.3 million and net income was € 312.3 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 2023	First quarter 2022	Change %
NET REVENUE	551,363	419,381	31.5
Cost of sales	(163,654)	(115,478)	41.7
GROSS PROFIT	387,709	303,903	27.6
Selling expenses	(119,992)	(99,792)	20.2
Research and development expenses	(60,458)	(43,669)	38.4
General and administrative expenses	(30,437)	(21,941)	38.7
Other income/(expenses), net	(4,257)	(7,230)	(41.1)
OPERATING INCOME	172,565	131,271	31.5
Financial income/(expenses), net	(12,624)	(6,953)	81.6
PRE-TAX INCOME	159,941	124,318	28.7
Income taxes	(35,987)	(27,598)	30.4
NET INCOME	123,954	96,720	28.2
Adjusted gross profit ⁽¹⁾	398,946	303,903	31.3
Adjusted operating income ⁽²⁾	186,587	138,386	34.8
Adjusted net income ⁽³⁾	115,018	116,320	33.3
EBITDA ⁽⁴⁾	220,779	163,049	35.4
Net income attributable to:			
Equity holders of the Parent	123,954	96,720	28.2
Non-controlling interests	0	0	n.s.
EARNINGS PER SHARE			
Basic	€ 0.603	€ 0.470	28.3
Diluted	€ 0.593	€ 0.462	28.4

⁽¹⁾ Gross profit adjusted by the 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 and non-recurring items, 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 the amortization and write-down 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 pursuant to IFRS 3, and 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.

Earnings per share (EPS) are based on average shares outstanding during the respective period, 205,447,036 in 2023 and 205,695,188 in 2022. These amounts are calculated deducting treasury shares in the portfolio, the average of which was 3,678,120 for 2023 and 3,429,968 for 2022.

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

COMPOSITION OF NET REVENUE	First quarter 2023	First quarter 2022	Change %
Total revenue	551,363	419,381	31.5
Italy	82,524	75,531	9.3
International	468,839	343,850	36.3

RECORDATI GROUP

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(€ thousands)

ASSETS	31.03.2023	31.12.2022
Property, plant and equipment	162,311	159,184
Intangible assets	1,725,656	1,758,173
Goodwill	784,537	780,057
Other equity investments and securities	24,480	28,871
Other non-current assets	17,513	9,556
Deferred tax assets	76,367	76,895
TOTAL NON-CURRENT ASSETS	2,790,864	2,812,736
Inventories	427,664	424,080
Trade receivables	439,594	361,898
Other receivables	48,576	63,915
Other current assets	27,176	15,387
Derivative instruments measured at fair value	16,904	23,603
Cash and cash equivalents	231,294	284,734
TOTAL CURRENT ASSETS	1,191,208	1,173,617
Non-current assets held for sale	0	12,470
TOTAL ASSETS	3,982,072	3,998,823

RECORDATI GROUP

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

SHAREHOLDERS' EQUITY AND LIABILITIES	31.03.2023	31.12.2022
Share capital	26,141	26,141
Share premium reserve	83,719	83,719
Treasury shares	(152,695)	(149,559)
Reserve for derivative instruments	5,060	5,249
Translation reserve	(228,055)	(205,018)
Other reserves	59,493	62,260
Profits carried forward	1,849,832	1,524,099
Net income	123,954	312,336
Interim dividend	(112,979)	(112,979)
Shareholders' equity attributable to equity holders of the Parent	1,654,470	1,546,248
Shareholders' equity attributable to non-controlling interests	0	0
TOTAL SHAREHOLDERS' EQUITY	1,654,470	1,546,248
Loans – due after one year	1,263,979	1,341,549
Provisions for employee benefits	18,924	19,418
Deferred tax liabilities	163,737	167,865
TOTAL NON-CURRENT LIABILITIES	1,446,640	1,528,832
Trade payables	246,983	224,703
Other payables	224,851	251,136
Tax liabilities	54,697	33,615
Other current liabilities	5,663	5,740
Provisions for risks and charges	16,312	16,209
Derivative instruments measured at fair value	15,593	17,369
Loans – due within one year	293,631	291,546
Short-term debts to banks and other lenders	23,232	83,425
TOTAL CURRENT LIABILITIES	880,962	923,743
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,982,072	3,998,823

RECORDATI GROUP

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

CASH FLOW	Q1 2023	Q1 2022
OPERATING ACTIVITIES		
Net income	123,954	96,720
Income taxes	35,988	27,598
Net interest	13,167	4,133
Depreciation of property, plant and equipment	7,004	6,016
Amortization of intangible assets	27,188	18,635
Write-downs	0	12
Equity-settled share-based payment transactions	1,966	1,608
Other non-monetary components	15,606	2,363
Change in other assets and other liabilities	(10,296)	(2,389)
Cash flow generated/(used) by operating activities before change in working capital	214,577	154,696
Change in:		
- inventories	(18,601)	(3,705)
- trade receivables	(82,225)	(27,826)
- trade payables	22,926	3,082
Change in working capital	(77,900)	(28,449)
Interest received	1,394	181
Interest paid	(17,818)	(2,344)
Income taxes paid	(12,330)	(10,653)
Cash flow generated/(used) by operating activities	107,923	113,431
INVESTMENT ACTIVITIES		
Investments in property, plant and equipment	(4,606)	(3,341)
Disposals of property, plant and equipment	87	249
Investments in intangible assets	(12,951)	(12,258)
Disposals of intangible assets	464	74
Acquisition of holdings in subsidiaries*	0	(706,994)
Sale of non-current assets held for sale	3,000	-
Cash flow generated/(used) by investment activities	(14,006)	(722,270)
FINANCING ACTIVITIES		
Opening of loans	0	684,245
Repayment of loans	(74,221)	(90,414)
Payment of lease liabilities	(3,232)	(2,297)
Change in short-term debts to banks and other lenders	(56,895)	4,506
Dividends paid	(6,139)	(6,219)
Purchase of treasury shares	(6,483)	(19,041)
Sale of treasury shares	2,408	658
Cash flow generated/(used) by financing activities	(144,562)	571,438
Change in cash and cash equivalents	(50,645)	(37,401)
Opening cash and cash equivalents	284,734	244,578
Currency translation effect	(2,795)	1,018
Cash and cash equivalents acquired from EUSA Pharma	0	53,235
Closing cash and cash equivalents	231,294	261,430

*Acquisizione 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.