

2023 FIRST QUARTER RESULTS

Milano, May 11th 2023

STRONG START OF THE YEAR – FY 2023 GUIDANCE UPGRADED

Q1 2023 HIGHLIGHTS

- Overall Group **Net Revenue at € 551.4 million, +31.5% vs PY or +21.0% like-for-like ⁽¹⁾ at CER**, with strong underlying momentum across both business units and all key markets:
 - SPC (ex. Chemicals) at € 361.8 million, +20.4% vs PY** (+15.0% excluding Türkiye), growing ahead of relevant markets, with broad-based growth across all key countries; commercial excellence driving marked improvement in competitiveness
 - RRD at € 174.7 million, +64.7% vs PY or +20.9% like-for-like ⁽¹⁾**, with strong growth of Endo (+44.7%) and Oncology portfolio (contributing € 47.7 million, +24.2% pro forma) and resilient Metabolic performance, with slow penetration of recent GX entries
- Strong underlying revenue performance also enhanced by **channel movements in Türkiye and Russia** and **phasing of shipments to international distributors**, with total Q1 benefit of roughly **€ 15-20 million** (mostly in SPC), in addition to **exceptional Cough & Cold season**
- High operating leverage drove strong operating and bottom-line results, with **EBITDA ⁽²⁾ of € 220.8 million** or 40.0% on Net Revenue; operating margins also benefit from fixed cost absorption level in COGS and efficiency initiatives announced in 2022
- Adjusted Net Income ⁽³⁾ of € 155.0 million, +33.3% vs PY**, driven by the positive operating performance partially off-set by higher financial expenses, due to higher net debt and increased interest rates
- Net debt ⁽⁵⁾ of € 1,339.6 million, with leverage at 1.8x EBITDA**, with strong **Free Cash Flow ⁽⁴⁾ of € 103.4 million**, absorbing working capital increase (inventories and receivables) from high business growth
- Key R&D** pipeline projects progressing to plan; expect gradual ramp-up of R&D spend in the rest of the year
- Expect to exceed top end of the original guidance range for FY 2023 for both top and bottom line**

1) Adjusted for first quarter 2022 revenue from the recent acquisition of EUSA Pharma, a company specialising in the rare oncology diseases segment

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

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

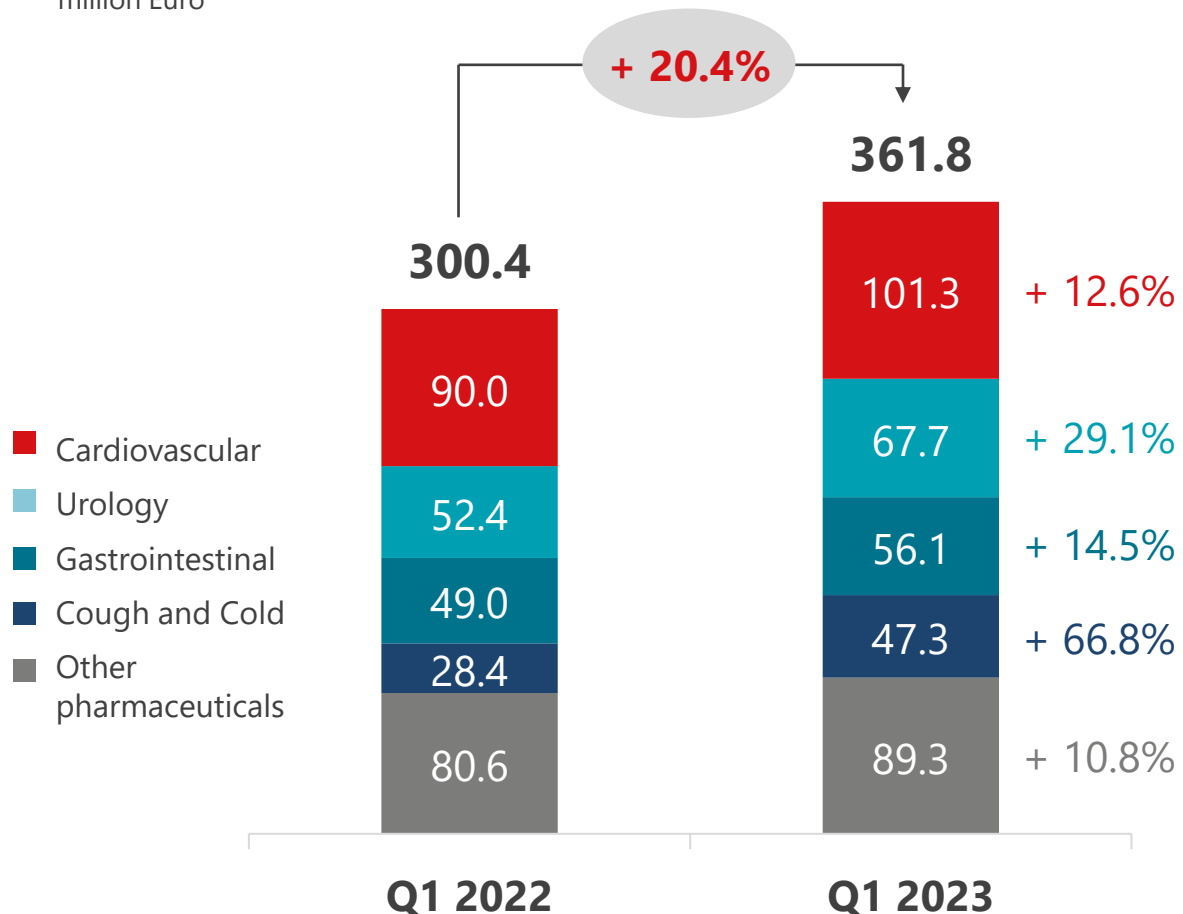
5) Cash and cash equivalents, less bank debts and loans, which include the measurement at fair value of hedging derivatives



SPECIALTY AND PRIMARY CARE DELIVERING IMPORTANT CONTRIBUTION TO GROWTH

Pharmaceutical Revenue ⁽¹⁾ Q1 2023 vs Q1 2022

million Euro



Key highlights

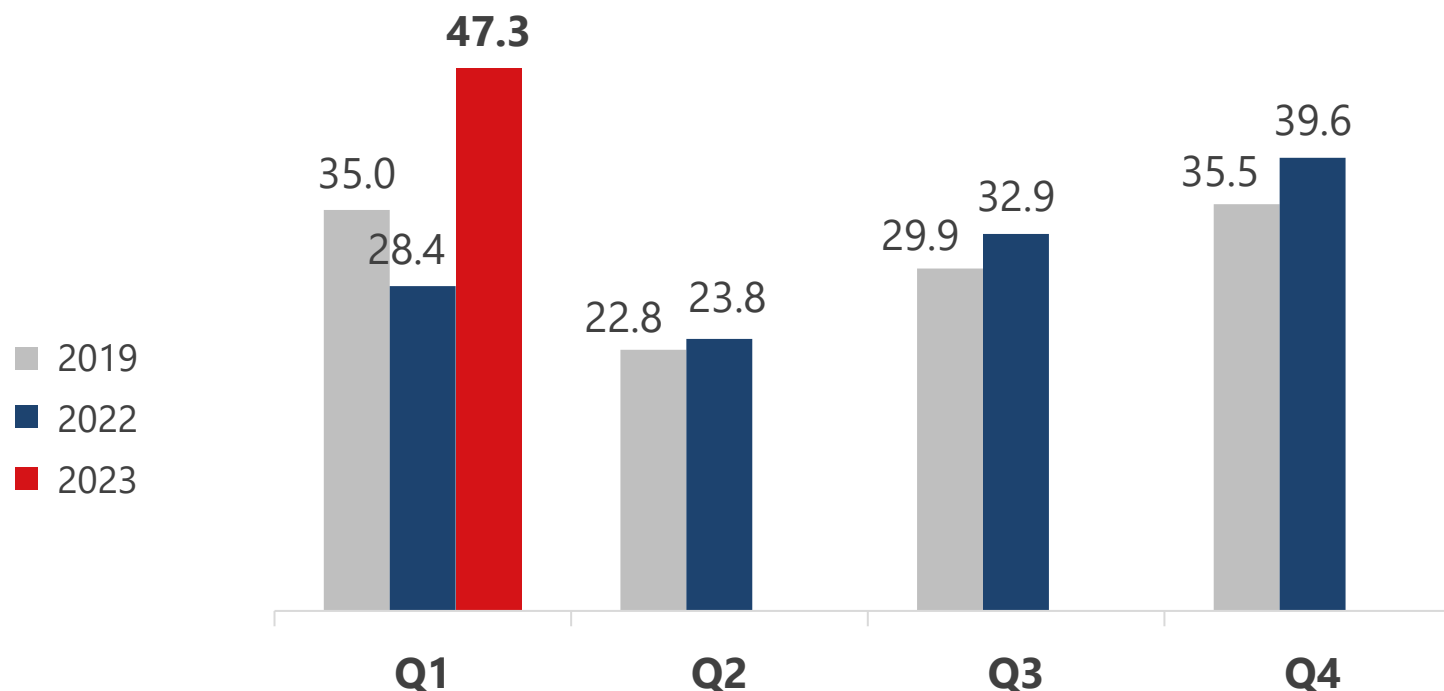
- Strong **double-digit growth** in the quarter reflects **solid underlying volume** growth across all key markets and some **phasing benefits**, with **exceptional Cough & Cold season** and multiple **price increases** in Türkiye
- **Cardiovascular**: lercanidipine franchise drives double-digit growth, thanks also to timing of shipments to international distributors and solid growth in most direct markets; broadly stable metoprolol and pitavastatin sales
- **Urology**: growth driven by continued strong performance of Eligard®, with growth across most markets ahead of main competitors, robust silodosin sales and growth of local brands
- **Gastrointestinal**: underlying growth of Procto-Glyvenol, probiotics and other gastrointestinal products
- **Cough & Cold**: sales significantly above pre-pandemic levels, reflecting strong underlying growth of both RX and OTC products and benefit of restocking in channel in Russia



Q1 2023 COUGH & COLD SIGNIFICANTLY ABOVE 2022 & PRE-COVID LEVELS

Cough & Cold ⁽¹⁾ – Revenue trend by quarter 2019, 2022 and 2023

million Euro



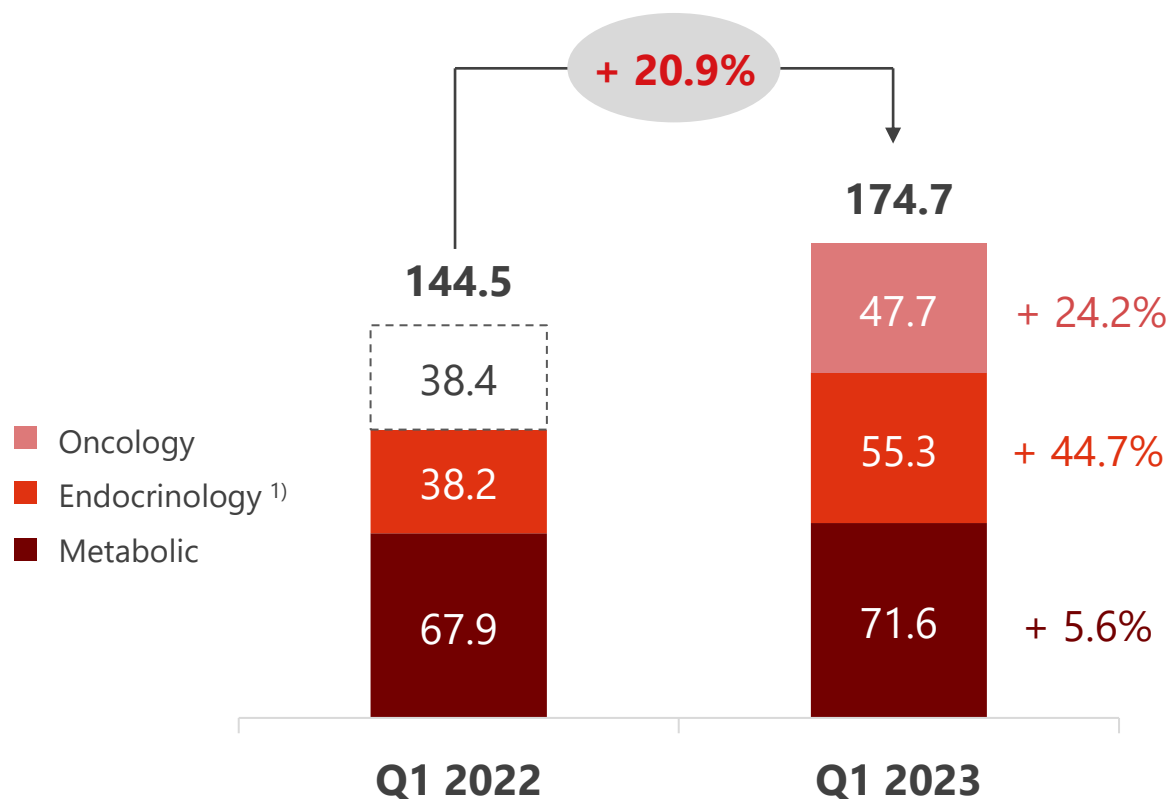
- Q1 2023 well-above pre-pandemic levels thanks to recovering trend from Q2 2022
- Expect Q2-Q4 revenue to be broadly in line with 2022 levels, due to unwind of Q1 phasing benefits and RUB FX headwind



RARE DISEASES – STRONG MOMENTUM IN ALL KEY GROWTH DRIVERS

Revenue Q1 2023 vs Q1 2022

million Euro



Key highlights

- **Endocrinology:** continued strong uptake of **Isturisa**® in US and EU markets behind recent reimbursement and double-digit growth of **Signifor**®
- **Oncology:** strong growth of both **Qarziba**® and **Sylvant**®, with some advanced shipments to international distributors
- **Metabolic:** Continued strong volume growth of Panhematin® and Cystadrops® in US with relatively low erosion from recent generic entries in US
- **Pipeline opportunities on track:**
 - Phase II in **Post-Bariatric Hypoglycemia** on track to start Q3 following positive FDA feedback on development plan
 - **Qarziba**® development plan toward US Biologics License Application (BLA) on track with on going activities in preparation for FDA Type C meeting
 - **REC 0559** phase II study enrolment proceeding to plan, data read out confirmed in Q2 2024
 - **Carbaglu**® filed in China, preparing for possible launch in early 2024



ALL REGIONS DELIVERING SOLID GROWTH

COMPOSITION OF REVENUE BY GEOGRAPHY

(million Euro)	Q1 2023	Q1 2022	Change %
Italy	80.5	74.7	7.8
U.S.A.	77.3	52.6	47.0
France	49.1	40.4	21.4
Germany	41.9	38.3	9.5
Spain	36.0	33.3	8.1
Portugal	15.6	12.3	26.9
Türkiye	33.1	14.7	125.0
Russia, other CIS countries and Ukraine	43.3	23.1	87.3
Other CEE countries	36.1	30.3	19.1
Other W. Europe countries	37.5	25.5	47.0
North Africa	10.4	10.1	2.7
Other international sales	75.7	51.1	48.1
TOTAL PHARMACEUTICALS	536.5	406.5	32.0
CHEMICALS	14.9	12.9	15.3
(In local currency, million)	Q1 2023	Q1 2022	Change %
U.S.A. (USD)	82.9	59.0	40.6
Türkiye (TRY)	675.2	217.9	209.9
Russia (RUB) ⁽¹⁾	2,313.6	1,629.7	42.0



Q1 2023 P&L – HIGH OPERATING LEVERAGE BENEFIT ON MARGINS

(million Euro)	Q1 2023	Q1 2022	Change %
Revenue	551.4	419.4	31.5
Gross Profit	387.7	303.9	27.6
as % of revenue	70.3	72.5	
Adjusted Gross Profit⁽¹⁾	398.9	303.9	31.3
as % of revenue	72.4	72.5	
SG&A Expenses	150.4	121.7	23.6
as % of revenue	27.3	29.0	
R&D Expenses	60.5	43.7	38.4
as % of revenue	11.0	10.4	
Other Income (Expense), net	(4.3)	(7.2)	(41.1)
as % of revenue	(0.8)	(1.7)	
Operating Income	172.6	131.3	31.5
as % of revenue	31.3	31.3	
Adjusted Operating Income⁽²⁾	186.6	138.4	34.8
as % of revenue	33.8	33.0	
Financial income/(Expenses), net	(12.6)	(7.0)	81.6
as % of revenue	(2.3)	(1.7)	
Net Income	124.0	96.7	28.2
as % of revenue	22.5	23.1	
Adjusted Net Income⁽³⁾	155.0	116.3	33.3
as % of revenue	28.1	27.7	
EBITDA⁽⁴⁾	220.8	163.0	35.4
as % of revenue	40.0	38.9	

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 (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

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 (IFRS 3)



Q1 2023 CASH FLOW – ABSORBING WORKING CAPITAL INCREASE FROM HIGHER VOLUME OF BUSINESS

(million Euro)	Q1 2023	Q1 2022	Change
EBITDA⁽¹⁾	220.8	163.0	57.8
Movements in working capital	(77.9)	(28.4)	(49.5)
Changes in other assets & liabilities	(10.3)	(2.4)	(7.9)
Interest received/(paid)	(16.4)	(2.2)	(14.2)
Income Tax Paid	(12.3)	(10.6)	(1.7)
Other	4.0	(6.0)	10.0
Cash flow from Operating activities	107.9	113.4	(5.5)
Capex (net of disposals)	(4.5)	(3.1)	(1.4)
Free cash flow⁽²⁾	103.4	110.3	(6.9)
Acquisition of subsidiaries	-	(707.0)	707.0
Increase in intangible assets (net of disposals)	(12.5)	(12.2)	(0.3)
Disposals of assets	3.0	-	3.0
Dividends paid	(6.1)	(6.2)	0.1
Purchase of treasury shares (net of proceeds)	(4.1)	(18.4)	14.3
Other financing cash flows ⁽³⁾	(137.1)	650.3	(787.4)
Change in cash and cash equivalents	(53.4)	16.8	(70.2)

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

3) Opening of financial debts net of repayments and currency translation effect on cash and cash equivalents. 2022 amount also includes values from EUSA Pharma: cash and cash equivalents for € 53.2 million and loan repaid for (€ 78.2 million)



SOLID NET FINANCIAL POSITION – LEVERAGE AT 1.8x LTM EBITDA

(million Euro)	31 MAR 2023	31 DEC 2022	Change
Cash and cash equivalents	231.3	284.7	(53.4)
Short-term debts to banks and other lenders	(23.2)	(83.4)	60.2
Loans and leases – due within one year ⁽¹⁾	(291.3)	(289.0)	(2.3)
Loans and leases – due after one year ⁽¹⁾	(1,256.4)	(1,332.2)	75.8
NET FINANCIAL POSITION ⁽²⁾	(1,339.6)	(1,419.9)	80.3

1) Includes the fair value measurement of the relative currency risk hedging instruments (cash flow hedge)

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



UPDATED 2023 FINANCIAL PROJECTIONS

GUIDANCE RANGE INCREASED FOR BOTH TOP AND BOTTOM LINE

	FY 2022 Actual	FY 2023 Old Target New		Outlook Q2 – Q4
Revenue <i>yoy growth %</i>	1,853.3	1,970 – 2,030	2,050 – 2,090	<ul style="list-style-type: none"> • SPC to deliver mid-single digit revenue growth Q2-Q4: <ul style="list-style-type: none"> ○ Unwind of Q1 one-offs phasing benefits ○ More challenging 2022 comparable on Cough & Cold ○ FX headwind and macro uncertainty in Russia and Türkiye
EBITDA (1) <i>margin on sales</i>	672.8 36.3%	700 – 730 +/- 36%	750 – 770 +/- 37%	<ul style="list-style-type: none"> • RRD to sustain double-digit revenue growth: <ul style="list-style-type: none"> ○ Continued strong uptake of key Endo and Onco franchises ○ Higher GX erosion on Metabolic vs Q1 levels
Adjusted Net Income (2) <i>margin on sales</i>	473.3 25.5%	470 – 490 +/- 24%	490 – 500 +/- 24%	<ul style="list-style-type: none"> • Lower operating margin vs Q1: <ul style="list-style-type: none"> ○ Lower quarterly revenue run rate ○ Increase inflation creep through on COGS ○ Planned gradual step up of R&D activities ○ Historical phasing (lower Q4) • Step up in financial expenses due to reset of variable rate loans and increasing reference rates; FY financial expenses at ~ € 60-65 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) and monetary net gains/losses from hyperinflation (IAS 29), net of tax effects



QUESTIONS & ANSWERS



APPENDIX



QUARTERLY THERAPEUTIC AREA REVENUE

(million Euro)	Q1 2023	Q1 2022	H1 2022	9M 2022	FY 2022
Specialty and Primary care (incl. Chemicals)	376.6	313.3	632.1	947.8	1,257.5
Specialty and Primary care (Pharmaceutical)	361.8	300.4	607.2	911.9	1,208.6
Cardiovascular	101.3	90.0	180.2	270.7	351.8
Urology	67.7	52.4	111.7	169.9	227.4
Gastro-Intestinal	56.1	49.0	102.0	152.5	203.2
Cough & Cold	47.3	28.4	52.1	85.1	125.5
Other pharmaceuticals	89.3	80.6	161.2	233.7	300.6
Chemicals	14.9	12.9	24.8	35.9	48.9
Rare Diseases	174.7	106.1	260.4	429.8	595.8
Metabolic	71.6	67.9	134.3	212.0	287.9
Endocrinology ⁽¹⁾	55.3	38.2	80.0	126.6	171.9
Oncology ⁽²⁾	47.7	-	46.1	91.1	136.0



CORPORATE PRODUCTS

(million Euro)	Q1 2023	Q1 2022	Change %
Zanidip® and Zanipress® (lercanidipine+enalapril) ⁽¹⁾	56.8	43.3	31.4
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	24.4	24.0	1.4
Urorec® (silodosin)	18.8	14.6	28.5
Livazo® (pitavastatin)	12.8	12.1	5.9
Eligard®	28.5	23.9	18.9
Other corporate products ⁽²⁾	92.5	72.3	27.9
Rare Diseases	174.7	106.1	64.7

¹⁾ of which Zanidip® € 46.9 million in Q1 2023 and € 33.5 million in Q1 2022

²⁾ Includes the OTC corporate products for an amount of € 34.7 million in Q1 2023 and € 30.6 million in Q1 2022; Total OTC € 95.5 million in Q1 2023 and € 80.2 million in Q1 2022



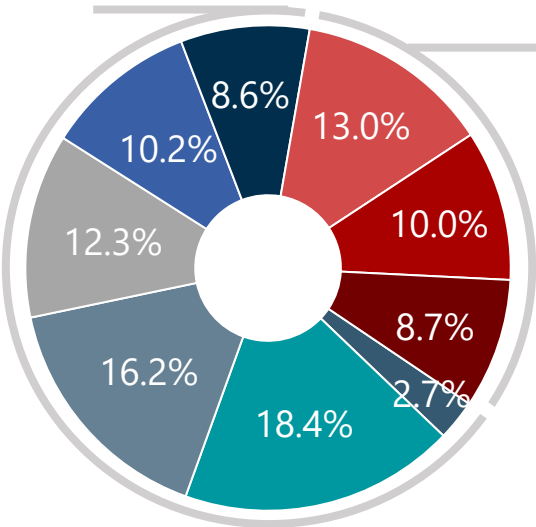
WELL-DIVERSIFIED REVENUE BASE

Therapeutic Areas

Total Revenue Q1 2023

**Specialty and Primary Care
(incl. Chemicals) 68.3%**

- Cardiovascular
- Urology
- Gastro & Intestinal
- Cough and Cold
- Other pharmaceuticals
- Chemicals



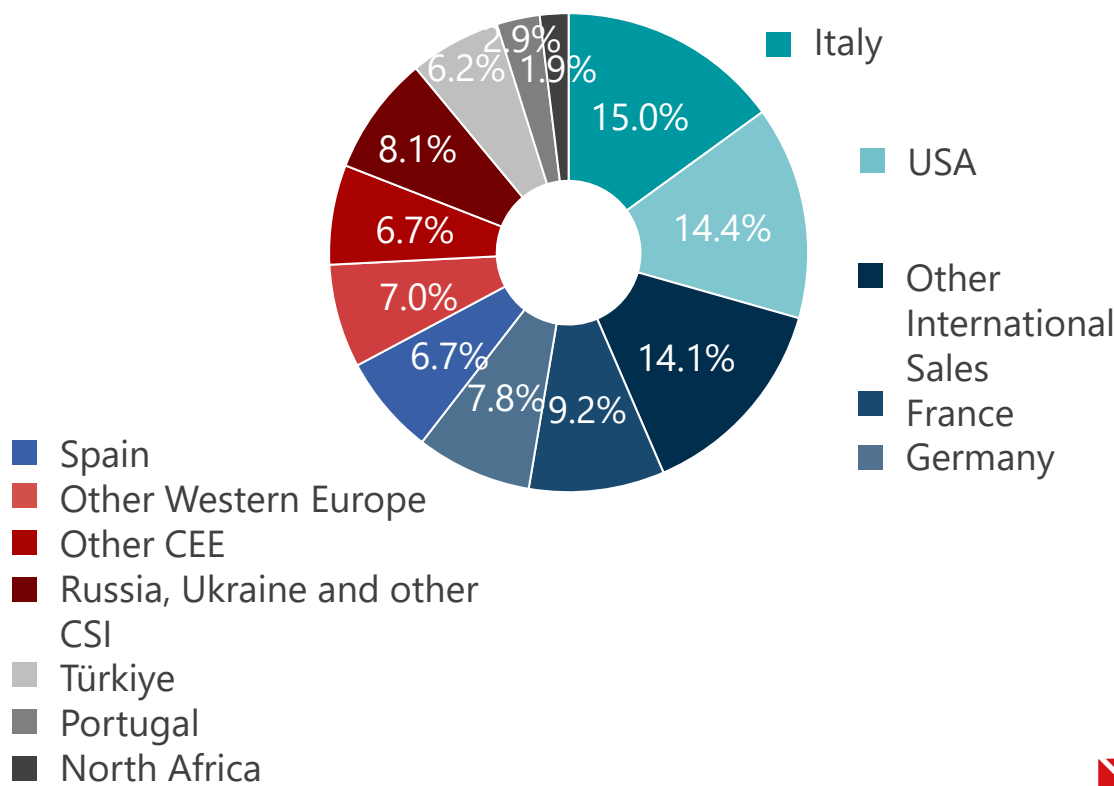
Rare Disease 31.7%

- Metabolic
- Endocrinology
- Oncology

*Note: Total OTC of € 95.5 million in Q1 2023 and € 80.2 million in Q1 2022
Subsidiaries' local product portfolios of € 65.4 million in Q1 2023 and € 58.8 million in Q1 2022*

Geographic

Pharmaceutical Revenue Q1 2023

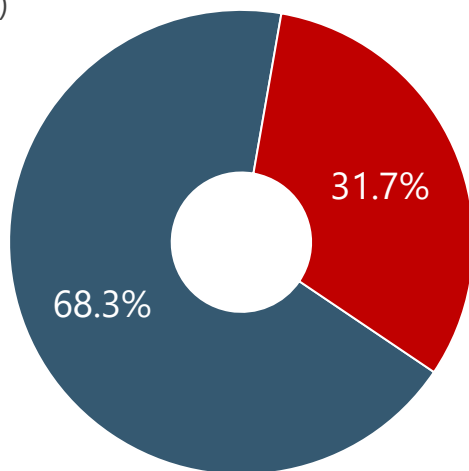


FIRST QUARTER 2023 RESULTS

OPERATING SEGMENTS

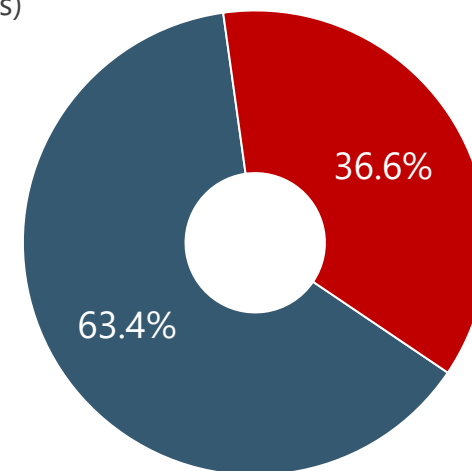
Total Revenue Q1 2023

- Specialty and Primary Care (incl. Chemicals)
- Rare Diseases



EBITDA Q1 2023

- Specialty and Primary Care (incl. Chemicals)
- Rare Diseases



Margin on Sales:

Rare Diseases: EBITDA ⁽¹⁾ 46.3%

Specialty and Primary care: EBITDA ⁽¹⁾ 37.1%



FIRST QUARTER 2023 RESULTS – ADJUSTING ITEMS

Reconciliation of Net income to EBITDA ⁽¹⁾

(million Euro)	Q1 2023	Q1 2022	Change %
Net income	124.0	96.7	28.2
Income taxes	36.0	27.6	
Financial (income)/expenses, net	12.6	6.9	
o/w net FX (gains)/losses ⁽²⁾	(0.6)	1.6	
o/w net monetary (gains)/losses from application of IAS 29 (Türkiye)	(0.8)	-	
Non-recurring expenses	2.8	7.1	
Non-cash charges from PPA inventory uplift	11.2	-	
Adjusted Operating Income⁽³⁾	186.6	138.3	34.8
Depreciation, amortization and write downs	34.2	24.7	
o/w EUSA Pharma	6.7	-	
o/w write downs of assets	-	-	
EBITDA⁽¹⁾	220.8	163.0	35.4

Reconciliation of Reported Net income to Adjusted Net income ⁽⁴⁾

(million Euro)	Q1 2023	Q1 2022	Change %
Net income	124.0	96.7	28.2
Net monetary (gains)/losses (IAS 29 Türkiye)	(0.8)	-	
Non-recurring expenses	2.8	7.1	
Non-cash charges from PPA inventory uplift	11.2	-	
Amortization and write-downs of intangible assets (exc. software)	26.4	18.3	
o/w EUSA Pharma	6.4	-	
Tax effects	(8.6)	(5.8)	
Adjusted Net income⁽⁴⁾	155.0	116.3	33.3

Summary of key items

- **FX gains of € 0.6 million** vs € 1.6 million losses in Q1 2022 (RUB)
- **Net monetary gains of € 0.8 million** from application of IAS 29 (Türkiye) in Q1 2023
- **Non-recurring costs of € 2.8 million**, mainly for **SPC rightsizing**
- **Non-cash charges** arising from Purchase Price Allocation (IFRS 3) of **EUSA Pharma: € 11.2 million** in Q1 2023 at the level of gross margin (from unwind of **inventory revaluation**)
- **D&A and write downs of assets:** increase of € 9.5 million, of which **€ 6.7 million from EUSA Pharma**

17 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⁾ FX losses and FX driven consolidation adjustments

³⁾ 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)

⁴⁾ 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



COMPANY DECLARATIONS, DISCLAIMERS AND PROFILE

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 presentation corresponds to the document results, books and accounting records.

Statements contained in this presentation, other than historical facts, are "forward-looking statements" (as such term is defined in the Private Securities Litigation Reform Act of 1995). These statements are based on currently available information, on current best estimates, and on assumptions believed to be reasonable. This information, these estimates and assumptions may prove to be incomplete or erroneous, and involve numerous risks and uncertainties, beyond the Company's control. Hence, actual results may differ materially from those expressed or implied by such forward-looking statements.

All mentions and descriptions of Recordati products are intended solely as information on the general nature of the company's activities and are not intended to indicate the advisability of administering any product in any particular instance.

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.

Offices:
Recordati S.p.A.
Via M. Civitali 1
20148 Milano, Italy

Investor Relations:
Federica De Medici
+39 02 48787146
demedici.f@recordati.it

Investor Relations:
Lucia Abbatantuoni
+39 02 48787213
abbatantuoni.l@recordati.it

Website:
www.recordati.com



