

RECORDATI: FIRST HALF OF 2021 RESULTS APPROVED, REVENUE +1.4%, EBITDA -3.4%, NET INCOME +5.2%. RETURN TO GROWTH IN THE SECOND QUARTER

- Consolidated net revenue € 770.8 million, +1.4% or +4.9 at constant exchange rate, including €36.8 million from the new product Eligard®.
- EBITDA⁽¹⁾ € 300.5 million, -3.4%.
- Operating income € 250.4 million, -4.3%.
- Net income € 207.1 million, +5.2%; including € 26.2 million of non-recurring tax benefits.
- Adjusted net income ⁽²⁾ € 209.8 million, -7.0%.
- Net financial position ⁽³⁾: net debt of € 867.4 million, Free Cash Flow ⁽⁴⁾ of € 204.5 million.
- Shareholders' equity € 1,328.4 million.
- Growth of rare diseases portfolio at +18.5%.
- Full year 2021 targets confirmed.

Milan, 29 July 2021 – The Board of Directors of Recordati S.p.A. approved the interim financial statements at 30 June 2021, 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 at 30 June 2021 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 authorised storage system 1Info (www.1Info.it). The Independent Auditors' report on the Consolidated condensed interim financial 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 authorised storage system 1Info (www.1Info.it).

Financial highlights

- **Consolidated revenue**, equal to € 770.8 million, was up by 1.4% (+4.9% at constant exchange rate) over the same period of the previous year reflecting adverse currency exchange rate effect of around € 26.8 million and the contribution from Eligard® for 36.8 million (acquired under licence from Tolmar International Ltd. in January). Net of these effects, growth for the first half was at 0.1%, which, however, reflects the loss of exclusivity in 2020 of silodosin and pitavastatin (decrease of € 19.8 million) and the impact of the pandemic, especially on seasonal flu medications. The growth in products for the treatment of rare diseases was significant in the first half of the year, at 18.5% thanks especially to the increases in Signifor® and Isturisa®, but also to the solid performance of Carbaglu® and Cystadrops® in the United States and in Europe. International sales grew by 3.1%.
- **EBITDA** ⁽¹⁾ was € 300.5 million, down by 3.4% compared to the first half of 2020, a margin of 39.0% of revenue. The slight drop is primarily due to the investments to support growth in the rare diseases product portfolio and to the costs related to integration and promotion of Eligard®. Margins in the second quarter of 2020 had also benefited from a steep reduction of activities in the field following the introduction of restrictions on movement.

RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA S.p.A.

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

- **Operating income** was € 250.4 million, down by 4.3% over the same period of the previous year, at 32.5% of revenue.
- **Net income** equalled € 207.1 million, which represents, despite the drop in operating income and higher financial expenses, an increase of 5.2% compared to the first half of 2020, following the recognition of non-recurring tax benefits for € 26.2 million: € 12.9 million referred to the benefit from the completion of the reverse merger with Rossini Investimenti S.p.A. and Fimei S.p.A. and € 13.3 million from the release of deferred tax liabilities (net of substitute tax due) following the revaluation of the Magnesio Supremo® brand in application of the 2020 “August Decree” and subsequent amendments and the interpretations by the Italian Tax Authorities. **Adjusted net income** ⁽²⁾ was € 209.8 million, down by 7.0% over the same period in 2020 due to lower operating income and higher net financial expenses, at 27.2% of revenue.
- The **net financial position** ⁽³⁾ at 30 June 2020 recorded net debt of € 867.4 million compared to net debt of € 865.8 million at 31 December 2020. Over the period, € 35.0 million was paid to Tolmar International Ltd. pursuant to the license agreement for Eligard® and € 14.5 million to Almirall S.A. for the Flatoril® license. Furthermore, treasury shares were purchased for € 40.5 million, net of disposals for the exercise of stock options, and dividends were paid for € 108.7 million. **Free cash flow** ⁽⁴⁾, which is operating cash flow before excluding these effects and financing items, was € 204.5 million in the period, an increase of € 7.7 million compared to the first half of 2020. Shareholders’ equity was € 1,328.4 million.

Corporate development news

In January 2021, a License and Supply Agreement was finalized with Tolmar International Ltd to market Eligard® (leuprorelin acetate) in Europe, Turkey, Russia and other countries. 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. Following a request from the European Medicines Agency (EMA), a new device is currently being developed to make administration of the product easier. During the first half of the year, net revenue for € 36.8 million was already recorded on the basis of this agreement. This amount includes the gross profit made by Astellas Pharma Europe S.A. (former licensee) and transferred to Recordati on the basis of the Transfer Service Agreement (TSA) until the start of direct invoicing by Recordati, and the direct sales made in the period by Recordati following the transfer of the Marketing Authorization or sales licence. Direct sales were made during the first half of the year in Italy, Germany, Spain, Portugal, Poland, Belgium, the Netherlands and Nordic countries.

Recordati has made an upfront payment of € 35 million to Tolmar, with further milestones up to a total of € 105 million payable, plus royalties on sales.

Also in January 2021, the US Food and Drug Administration (FDA) approved a new indication for Carbaglu® (carglumic acid) 200 mg tablets as an adjunctive therapy to the primary treatment of acute hyperammonemia caused by propionic acidemia (PA) or by methylmalonic acidemia (MMA) in pediatric and adult patients. Carbaglu® is the first and only drug approved by the FDA for the treatment of acute hyperammonemia due to PA and MMA.

An agreement with Almirall S.A. was finalized in February 2021, to acquire the marketing rights on the Spanish market for Flatoril®, a medicine containing a combination of clebopride and simethicone, indicated for the treatment of functional gastrointestinal disorders. The first sales of the product for € 0.6 million were recorded in the half.

In March 2021, in Japan, the Ministry of Health, Labour and Welfare (MHLW) approved Isturisa® (osilodrostat), for the treatment of patients with endogenous Cushing's syndrome for whom pituitary surgery is not an option or has not been curative. Marketing began at the end of June after having obtained the reimbursement price.

Management Comments

“The second quarter of 2021 was characterized by a gradual easing of the restrictive measures introduced to deal with the COVID-19 epidemic, driving a partial recovery in the Group's main reference markets and a return to operating conditions closer to normal. This, combined with the contribution from Eligard®, which confirms the Group's effectiveness in integrating new products, and the double-digit growth of the rare diseases portfolio, led net revenue to increase by 16.6% in second quarter, more than offsetting the 10.3% drop recorded in the first three months of the year”, stated Andrea Recordati, Chief Executive Officer. “Financial results for the first half of the year were in line with expectations and allow us to confirm the guidance for 2021, consistent with the objectives set at the start of the year, although, as the situation of the pandemic continues to evolve, a level of uncertainty still remains, particularly for products related to seasonal flu”, continued Andrea Recordati.

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

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

Conference Call

Today, **29 July 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 first half 2021 results. The dial-in numbers are:

Italy	+39 02 805 8811, toll free 800 213 858
UK	+44 1 212 818 003, toll free 800 015 6384
USA	+1 718 705 8794, toll free +1 855 265 6959
France	+33 1 70 918 703
Germany	+49 69 174 15 713

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

A set of slides which will be referred to during the call will be available on our website www.recordati.com under Investors/Company Presentations.

A recording of the proceedings will be subsequently placed on the website www.recordati.com.

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 2020 was €1,448.9 million, operating income was €469.0 million and net income was €355.0 million.

Further information:

Recordati website: www.recordati.it

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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 half 2021	First half 2020	Change %
NET REVENUE	770,835	760,192	1.4
Cost of sales	(205,940)	(211,754)	(2.7)
GROSS PROFIT	564,895	548,438	3.0
Selling expenses	(190,099)	(174,196)	9.1
Research and development expenses	(81,129)	(71,242)	13.9
General and administrative expenses	(40,729)	(36,684)	11.0
Other income/(expenses), net	(2,570)	(4,806)	(46.5)
OPERATING INCOME	250,368	261,510	(4.3)
Financial income/(expenses), net	(14,868)	(7,083)	n.s.
PRE-TAX INCOME	235,500	254,427	(7.4)
Income taxes	(28,394)	(57,484)	(50.6)
NET INCOME	207,106	196,943	5.2
ADJUSTED NET INCOME ⁽¹⁾	209,819	225,568	(7.0)
EBITDA ⁽²⁾	300,450	311,091	(3.4)
Attributable to:			
Equity holders of the Parent	207,084	196,918	5.2
Non-controlling interests	22	25	(12.0)
EARNINGS PER SHARE			
Basic ⁽³⁾	€ 1.006	€ 0.959	4.9
Diluted ⁽⁴⁾	€ 0.990	€ 0.942	5.1

(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, 205,792,226 in 2021 and 205,384,957 in 2020. These amounts are calculated deducting treasury shares in the portfolio, the average of which was 3,332,930 shares in 2021 and 3,740,199 shares in 2020

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

COMPOSITION OF NET REVENUE	First half 2021	First half 2020	Change %
Total revenue	770,835	760,192	1.4
Italy	140,067	148,485	(5.7)
International	630,768	611,707	3.1

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ASSETS	30/06/2021	31/12/2020
Property, plant and equipment	130,900	133,250
Intangible assets	1,132,928	1,115,811
Goodwill	559,899	562,116
Other equity investments and securities	39,672	45,581
Other non-current assets	31,388	6,861
Deferred tax assets	73,747	75,084
TOTAL NON-CURRENT ASSETS	1,968,534	1,938,703
Inventories	257,000	251,252
Trade receivables	304,542	268,897
Other receivables	52,717	47,291
Other current assets	12,187	10,245
Derivative instruments measured at fair value	9,067	7,036
Cash and cash equivalents	271,869	188,230
TOTAL CURRENT ASSETS	907,382	772,951
TOTAL ASSETS	2,875,916	2,711,654

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(€ thousands)

SHAREHOLDERS' EQUITY AND LIABILITIES	30/06/2021	31/12/2020
Share capital	26,141	26,141
Share premium reserve	83,719	83,719
Treasury shares	(115,257)	(87,516)
Reserve for derivative instruments	(1,820)	(2,659)
Translation reserve	(217,296)	(217,303)
Other reserves	64,746	70,707
Profits carried forward	1,280,771	1,151,053
Net income	207,084	354,984
Interim dividend	0	(103,143)
Shareholders' equity attributable to equity holders of the Parent	1,328,088	1,275,983
Shareholders' equity attributable to non-controlling interests	299	277
TOTAL SHAREHOLDERS' EQUITY	1,328,387	1,276,260
Loans - due after one year	895,648	778,238
Provisions for employee benefits	21,513	21,174
Deferred tax liabilities	27,170	41,219
Other non-current liabilities	16,830	16,299
TOTAL NON-CURRENT LIABILITIES	961,161	856,930
Trade payables	160,355	132,096
Other payables	117,331	95,671
Tax liabilities	29,788	29,743
Other current liabilities	9,236	11,250
Provisions for risks and charges	14,059	17,113
Derivative instruments measured at fair value	3,688	9,770
Loans - due within one year	222,805	270,254
Short-term debts to banks and other lenders	29,106	12,567
TOTAL CURRENT LIABILITIES	586,368	578,464
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,875,916	2,711,654

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.