

2022

**Rossini S.à r.l.'s First quarter 2022
Preliminary Results**

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Recordati S.p.A 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, established in 1926, is an international pharmaceutical group, listed on the Italian Stock Exchange (Reuters RECI.MI, Bloomberg REC IM, 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 the other C.I.S. countries, Ukraine, Turkey, North Africa, the United States of America, 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 license, in several therapeutic areas including a specialized business dedicated to treatments for rare diseases. Recordati is a partner of choice for new product licenses 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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1) Rossini S.à r.l.'s First quarter 2022 Preliminary results

2) Recordati S.p.A.'s First quarter 2022 results

Pro-forma Rossini capitalisation as of 31 March 2022

Rossini S.à r.l. Capitalisation	31 December 2021		31 March 2022	
	(€m)	x Proportional EBITDA	(€m)	x Proportional EBITDA
Cash and cash equivalents ⁽¹⁾	(72)	(0.2)x	(61)	(0.2)x
Senior secured fixed rate notes	650	2.1x	650	2.0x
Senior secured floating rate notes	650	2.1x	650	2.0x
Proportional Recordati net debt ⁽³⁾	387	1.2x	738	2.3x
Total net look-through debt	1,615	5.2x	1,977	6.1x
Undrawn SSRCF ⁽²⁾	195		195	
DP Notes ⁽⁶⁾	781		781	
Proportional LTM EBITDA ⁽⁴⁾		317		324

Recordati S.p.A. Capitalisation	(€m)	x Total EBITDA	(€m)	x Total EBITDA
Rossini S.à r.l. Shares ⁽⁵⁾	6,123	10.2x	4,946	8.0x
LTV		20%		25%
Public Market & Treasury Shares ⁽⁵⁾	5,693	9.5x	4,599	7.5x
Market Capitalisation at €45.64 per share⁽⁵⁾	11,816	19.6x	9,544	15.5x
Recordati net debt ⁽³⁾	736	1.2x	1,400	2.3x
Total Recordati capitalisation	12,552	20.8x	10,944	17.8x
Recordati LTM EBITDA		602		615

Note: Footnotes related to 31st March 2022 refer to the first quarter 2022 and for 31st December footnotes refer to the full year 2021 results. Based on Rossini's ownership of Recordati at 51.82% on a fully diluted basis (52.71% net of treasury shares as of 31st March 2022).

(1) Calculated as € 60.8 of cash of Rossini S.à r.l.

(2) After the reverse merger of Rossini Investimenti S.p.A. and Fime S.p.A. into Recordati S.p.A. the facility B under SSCF, equal to € 30.2m was cancelled (the "Voluntary Cancellation").

(3) Based on net financial position of € 1,399.5 m per Recordati 1Q 2022 earnings release (dated 10 May 2022) and includes: cash and short-term financial investments less bank overdrafts and medium/long-term loans which include the measurement at fair value of hedging derivatives.

(4) 52.71% (calculated net of 3,537,802 treasury shares as of 31st March 2022) of Recordati LTM EBITDA of € 615.3 m, Recordati EBITDA calculated as Q1 2022 EBITDA (as per release 10th May 2022), plus FY 2021 EBITDA (as per page 49 of the 2021 annual report), less Q1 2021 EBITDA (as per Q1 2021 Interim Report) .

(5) Closing price as of 31st March 2022.

(6) DP Notes pay 2% cash / 2% PIK interest with next payment on 31st December 2022.

Overview of key Rossini P&L and Cash flow items for the 1Q 2022

	Revenues	Expenses	Cash
Rossini S.à r.l. <i>Notes Issuer</i> 51.82% Recordati S.p.A.	~0.0€	~€17.3m mainly related to interest expenses (incl. accrued) on the Floating Rate Notes (~€6.3m) and Fixed Rate Notes (~11.0€m) ~€0.5m mainly related to the unutilized fees on RCF. ~€0.9m¹ refers to the amortised cost on refinancing and custody fees.	- Cash Balance: €60.8m ~€6.4m Interest payment on Floating Rate Note ~€0.4m unutilized fees on RCF ~€3.6m share premium repayment ~€0.8m manly related to the custody fees and administrative and fees.

1) ~0.4m are related to the refinancing cost paid on 2019 equal to 10.6m that has been amortized over 5 years.

1) Rossini S.à r.l.'s First quarter 2022 Preliminary results

2) Recordati S.p.A.'s First quarter 2022 results

First quarter 2022 highlights

- **Very strong revenue** and bottom-line performance in the quarter, with growth rates vs prior year slightly flattered by soft Q1 2021 comparable, and continued strong cash generation
- **Revenue of €419.4 million** (+9.0% vs PY or +10.9% at CER) reflects continued recovery of relevant markets post COVID and good underlying growth of both business units; revenue in Russia and Ukraine in the quarter of respectively €17.0 million and €4.4 million benefitting from strong C&C season and advanced purchases ahead of conflict escalation
- **Key growth drivers progressing in line** with Plan:
 - **Endo** revenue of €38.2 million, +46.4% vs PY; continued strong new patient acquisition in US and lead EU countries; Isturisa reimbursement now granted in both Germany and Spain, negotiations on going in other markets
 - **Eligard®** revenue of €23.9 million, +€7.1 million vs PY, with in market sales stabilising and in some countries showing signs of growth; new device filing accepted by EMA (decision expected Q3 2022)
 - **EUSA Pharma acquisition** closed March 16th; integration progressing well, with business tracking ahead of plan. Financials consolidated from March 31st (P&L as of Q2)
- Financial results reflect strong revenue performance and efficiency improvement initiatives (SPC right sizing), with limited YTD impact of inflation on COGS and OPEX:
 - **EBITDA⁽²⁾ €163.0 million** or 38.9% of sales, +8.7%
 - **Adjusted Net Income⁽³⁾ €116.3 million** or 27.7% of sales, +11.4%
 - **Net Income €96.7 million** or 23.1% of sales, +7.6%
 - **Free cash flow⁽⁴⁾ €110.3 million**, broadly in line with same period of 2021
- **Non-recurring costs of €7.1 million** include €4.8 million related to EUSA Pharma transaction costs and €2.0 million of restructuring charges (mainly SPC right sizing and other changes)
- **Net debt of €1.4 billion** is around 2.2x EBITDA pro-forma for EUSA Pharma, reflecting continued strong cash generation

1) Acquired under license from Tolmar International Ltd. in January 2021

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 items

3) Net income excluding the amortization and write-downs of intangible assets (except software) and goodwill, and non-recurring items, 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

EUSA Pharma acquisition

Further strengthens our Rare Diseases business, with strong capabilities and a portfolio of assets with solid growth trajectory, providing platform for potential further expansion and confirming our commitment to deliver treatments that address serious unmet medical needs

TRANSACTION SUMMARY

- **Revenues** 2021 just over €150 million, ahead of plan; expect Q2-Q4 2022 revenue of over €120 million; peak sales of around €250 million
- Expect Q2-Q4 2022 **EBITDA** of over €30 million in 2022; going margin in line with the average of the current rare disease segment
- **Non-recurring costs** in 2022-2023 to be approx. €35 million, of which approx. €28 million in 2022
- **Consideration** of €707 million, reflecting enterprise value of €750 million net of financial debt and other adjustments
- **Financing** via **liquidity** and €650 million of **new debt facilities**
- **Incremental amortization charges** and other non-cash IFRS3 adjustments arising from the acquisition, including fair value adjustment to acquired inventory, to be determined on the basis of the formal purchase price allocation in Q2 2022

INTEGRATION ON-GOING

Recordati Rare Diseases		
Metabolic & Other	Endocrinology	Oncology
Product Portfolio       Several other brands included in the non-promoted portfolio	  	   
Pipeline • MAPLIV (MSUD) • MT8 (Neurotrophic Keratitis)	• Isturisa US (Cushing Syndrome) • Signifor PBH	• Qarziba US • Sylvant new indications

- **Oncology portfolio** highly complementary to our other **rare disease franchises**, offers platform for future growth
- **People** with strong patient centric culture and leading disease area expertise
- **Integration masterplan on-going**; full integration expected as of 2023

Main product sales

(million Euro)	1Q 2022	1Q 2021	Change %
Zanidip® and Zanipress® (lercanidipine+enalapril) ⁽¹⁾	43.3	53.2	(18.7)
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	24.0	24.8	(3.2)
Eligard® ⁽²⁾	23.9	16.8	42.1
Urorec® (silodosin)	14.6	16.0	(8.5)
Livazo® (pitavastatin)	12.1	11.4	6.1
Other corporate products ⁽³⁾	72.3	63.5	13.9
Drugs for rare diseases	106.1	84.9	24.9
of which Endo franchise ⁽⁴⁾	38.2	26.1	46.4

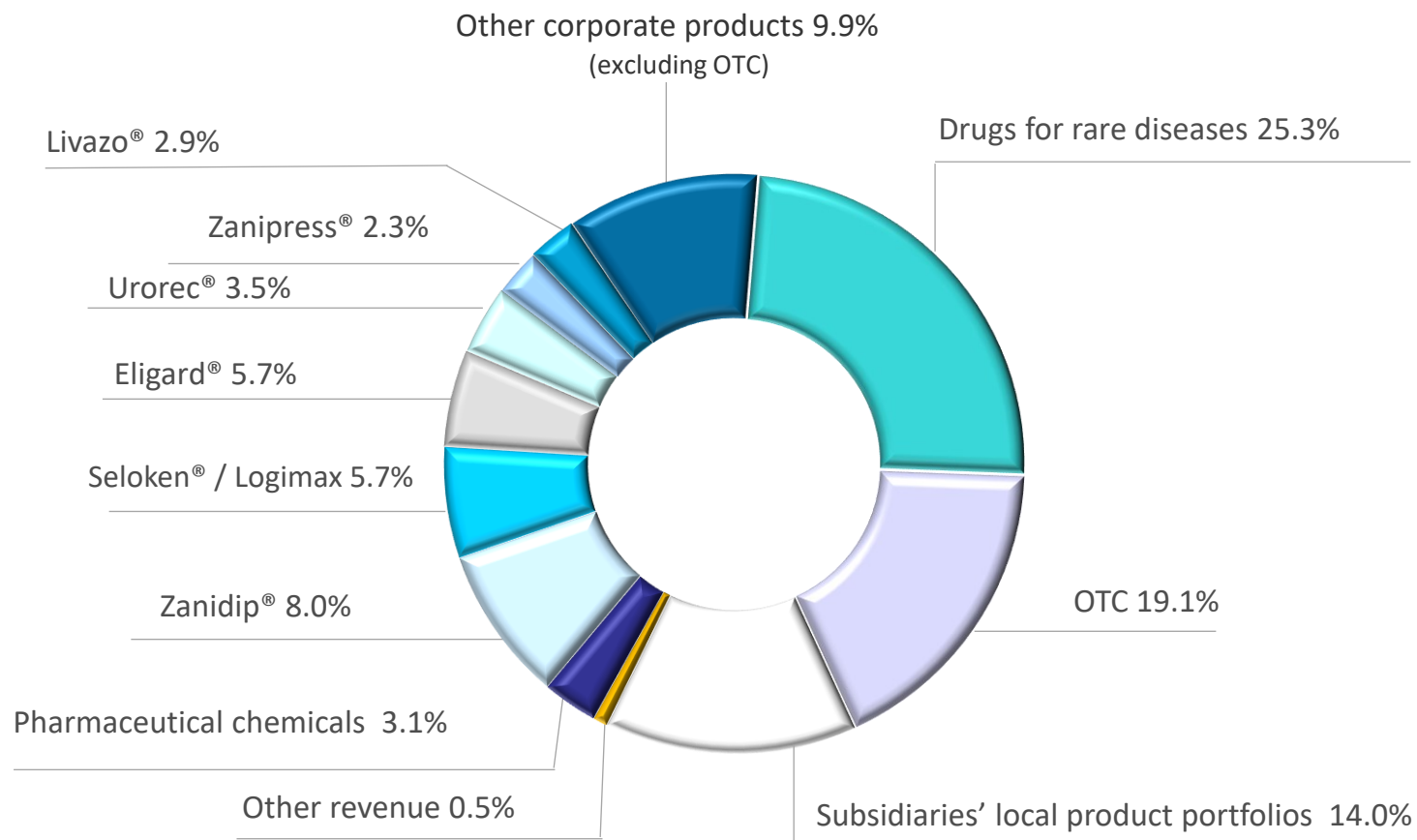
1) of which Zanidip® € 33.5 million in 1Q 2022 and € 42.0 million in 1Q 2021

2) Eligard® net revenue includes margins booked as net revenue until transfer of market authorizations and distribution

3) Includes the OTC corporate products for an amount of € 30.6 million in 1Q 2022 and € 26.0 million in 1Q 2021

4) Endo franchise includes net revenue for Signifor® and Signifor® LAR of € 21.2 million and Isturisa of € 17.0 million in 1Q 2022

A diversified product portfolio



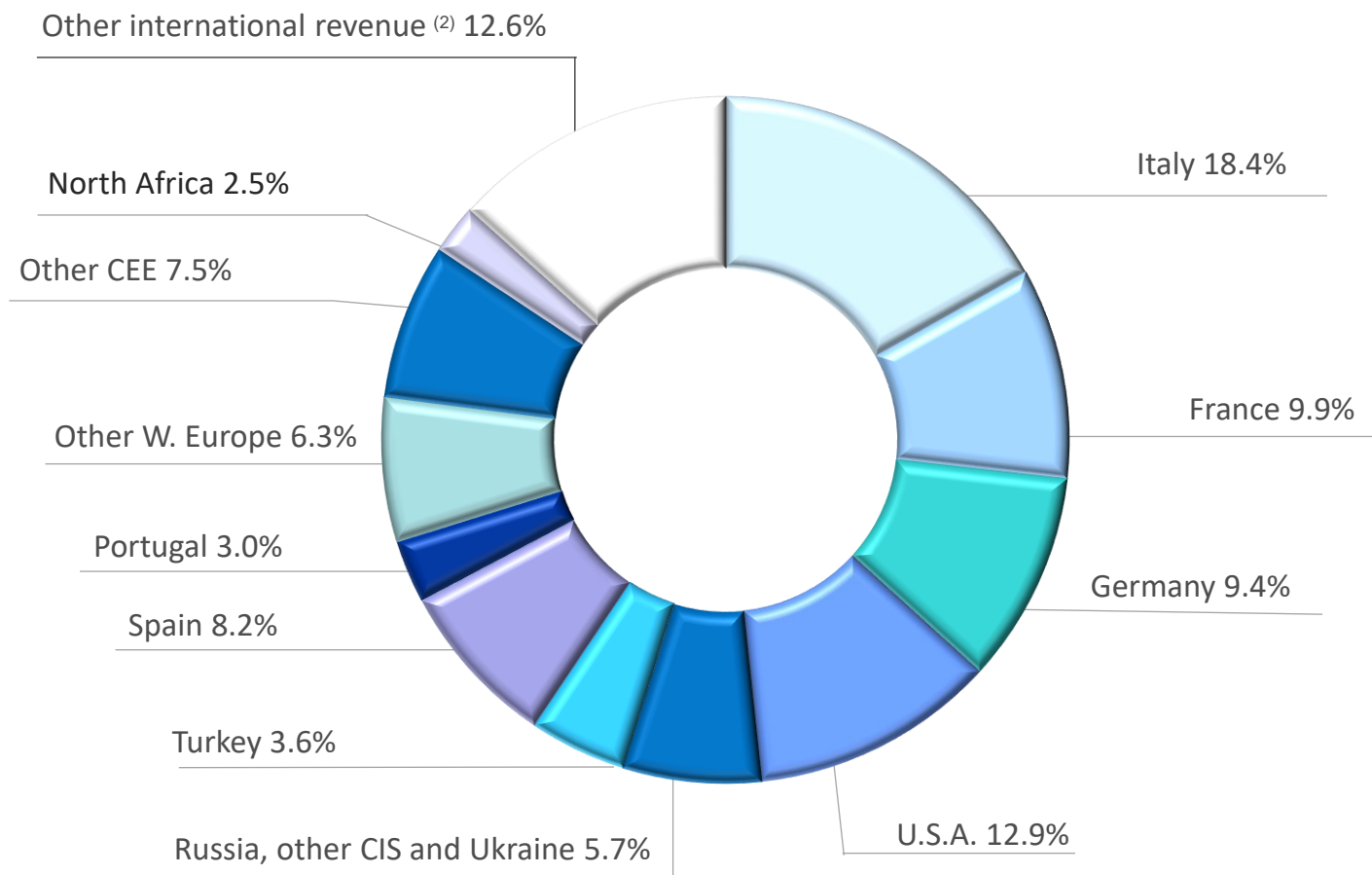
Data: **First quarter 2022 Results**
Total revenue **€ 419.4 million**

Composition of revenue by geography

(million Euro)	1Q 2022	1Q 2021	Change %
Italy	74.7	71.0	5.2
U.S.A.	52.6	37.0	42.2
France	40.4	36.1	12.1
Germany	38.3	36.4	5.3
Spain	33.3	26.1	27.4
Portugal	12.3	11.1	11.1
Turkey	14.7	20.2	(27.2)
Russia, other CIS countries and Ukraine	23.1	17.1	35.2
Other CEE countries	30.3	27.8	9.3
Other W. Europe countries	25.5	24.4	4.9
North Africa	10.1	9.8	3.1
Other international sales	51.1	55.9	(8.5)
TOTAL PHARMACEUTICALS	406.5	372.7	9.1
CHEMICALS	12.9	12.2	6.1
(In local currency, millions)	1Q 2022	1Q 2021	Change %
U.S.A. (USD)	59.0	44.5	32.4
Russia (RUB) ⁽¹⁾	1,629.7	1,021.0	59.6
Turkey (TRY)	217.9	166.5	30.8

1) Net revenues in local currency in Russia exclude sales of products for rare diseases.

Geographical breakdown of pharmaceutical¹ revenue



Data: **First quarter 2022 Results**

Pharmaceutical⁽¹⁾ revenue **€ 406.5 million**

1) Excluding sales of pharmaceutical chemicals which are € 12.9 million, up by 6.1% and represent 3.1% of total revenue

2) Sales to licensees, exports, sales in ROW

First quarter 2022 results

(million Euro)	1Q 2022	1Q 2021	Change %
Revenue	419.4	384.8	9.0
Gross Profit	303.9	280.8	8.2
as % of revenue	72.5	73.0	
SG&A Expenses	121.7	113.4	7.3
as % of revenue	29.0	29.5	
R&D Expenses	43.7	41.5	5.3
as % of revenue	10.4	10.8	
Other Income (Expense), net	(7.2)	(1.0)	n.m.
as % of revenue	(1.7)	(0.3)	
Operating Income	131.3	124.9	5.1
as % of revenue	31.3	32.5	
Financial income/(expenses), net	(7.0)	(8.9)	(21.8)
as % of revenue	(1.7)	(2.3)	
Net Income	96.7	89.9	7.6
as % of revenue	23.1	23.4	
Adjusted Net Income ⁽¹⁾	116.3	104.4	11.4
as % of revenue	27.7	27.1	
EBITDA ⁽²⁾	163.0	150.0	8.7

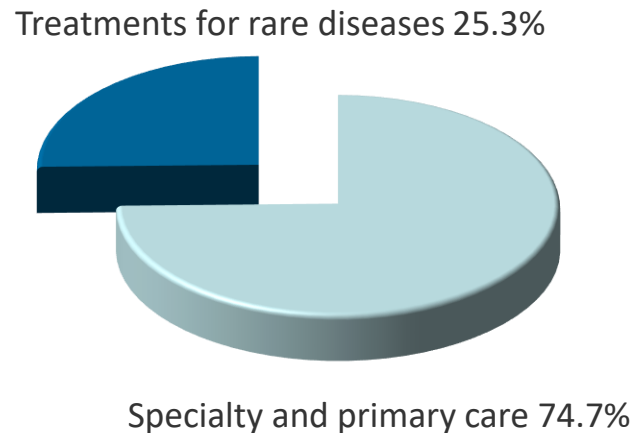
1) Net income excluding the amortization and write-downs of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects

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 items

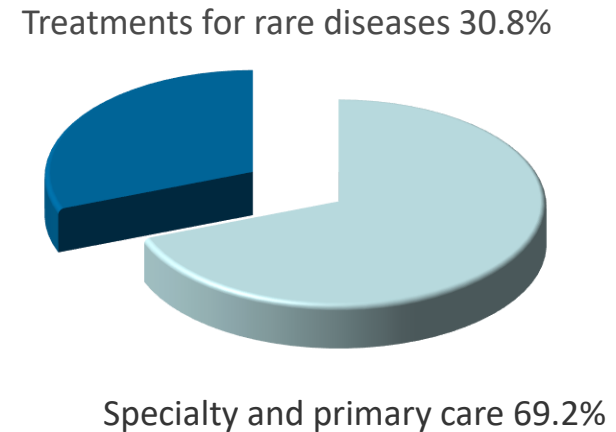
First quarter 2022 results

Operating Segments

REVENUE



EBITDA ⁽¹⁾



Margin on Sales:

Treatments for rare diseases: EBITDA 47.4%

Specialty and primary care: EBITDA 36.0%

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

First quarter 2022 cash flow

(million Euro)	1Q 2022	1Q 2021	Change
EBITDA	163.0	150.0	13.0
Movements in working capital	(28.4)	(15.3)	(13.1)
Changes in other assets & liabilities	(2.4)	(8.1)	5.7
Interest received/(paid)	(2.2)	(2.2)	0.0
Income Tax Paid	(10.6)	(6.3)	(4.3)
Other	(6.0)	(4.0)	(2.0)
Cash flow from Operating activities	113.4	114.1	(0.7)
Capex (net of disposals)	(3.1)	(3.9)	0.8
Free cash flow	110.3	110.2	0.1
Acquisition of subsidiaries	(707.0)	-	(707.0)
Increase in intangible assets (net of disposals)	(12.2)	(53.2)	41.0
Dividends paid	(6.2)	(0.7)	(5.5)
Purchase of treasury shares (net of proceeds)	(18.4)	(43.2)	24.8
Other financing cash flows ⁽¹⁾	650.3	48.8	601.5

1) 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

Net financial position

(million Euro)	31 MAR 2022	31 DEC 2021	Change
Cash and cash equivalents	261.4	244.5	16.9
Short-term debts to banks and other lenders	(15.0)	(8.7)	(6.3)
Loans and leases – due within one year ⁽¹⁾	(250.6)	(221.5)	(29.1)
Loans and leases – due after one year ⁽¹⁾	(1,395.3)	(750.8)	(644.5)
NET FINANCIAL POSITION	(1,399.5)	(736.5)	(663.0)

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

2022 Financial projections – Key assumptions

2022 Targets

- Revenue excl EUSA Pharma to grow **mid single digit**, reflecting adverse FX of approx. **-1%**:
- **Specialty & Primary Care to grow low to mid single digit**; Eligard® revenue of >€100 million
- **Rare Diseases business to grow double digit**, Endo franchise €160-180 million
- **EUSA Pharma to contribute Revenue of over €110 million and EBITDA of around €25 million**, assuming completion in Q2
- Combined with EUSA Pharma, overall **Group EBITDA margin expected at +/-37% of revenue**
- **Financing costs of €31-33 million** (no FX gains/losses assumed)
- **Tax rate to be around 22-23%**
- **Non-recurring costs of €35 million**

Latest view

- **Expect overall Revenue to track in line with Plan**, with slightly higher adverse FX (subject to RUB):
- **Underlying growth expectations confirmed** for both **SPC & Rare Diseases** (with headwinds on SPC from FX and Ukraine conflict)
- **Endo franchise and Eligard® on track with plan**
- **EUSA Pharma to be consolidated as of Q2**, expected to contribute **Revenue of just over €120 million and EBITDA of over €30 million**
- **Total Group EBITDA margin, including EUSA Pharma, still expected at +/- 37% of revenue**, with stronger inflation headwind in 2H of the year
- **Expect financing costs at higher end of range** due to increases in interest rates and FX
- **Tax and non-recurring cost assumptions broadly in line with guidance**

Note: incremental amortization charges and other non-cash IFRS3 adjustments arising from the EUSA acquisition, including fair value adjustment to acquired inventory, will be determined post acquisition completion on the basis of the formal Purchase Price Allocation

2022 Financial projections

2022 targets unchanged

	FY 2021 Actual	FY 2022 Target	Changes
Revenue	1,580	1,720 - 1,780	+10.8%
EBITDA ⁽¹⁾ <i>margin on sales</i>	602.3 38.1%	630 - 660 +/-37%	+7.1%
Adjusted Net Income ⁽²⁾ <i>margin on sales</i>	424.6 26.9%	450 - 470 +/-26%	+8.3%

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 amortization and write-down of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects

Our priorities reflect continuation of successful strategic approach

Drive continued organic growth of the business

- SPC to deliver low to mid single digit annual growth, driven by Eligard® and OTC and market recovery post pandemic, with stable diversified legacy RX portfolio
- RRD to deliver double digit growth, driven by Endo and EUSA Pharma portfolio
- Assess and exploit low risk, affordable internal pipeline opportunities (incl. indication expansion), with targeted reinforcement of R&D and medical capabilities

Enhance growth through BD and accretive M&A

- c.40% cash flow to be reinvested in the business to drive future growth
- Bolt-on acquisitions and new licenses with acceptable valuations
- Committed to continue investing behind both businesses: SPC (in Europe) and RRD (globally, with focus on US)

Sustain sector leading operating margins

- Maintain sector leading EBITDA⁽¹⁾ and Adj. Net Income⁽²⁾ margins
- Operating leverage and efficiency improvement initiatives to address impact of inflation
- Leverage and strengthen vertically integrated supply chain

Maintain strong balance sheet and clear capital allocation policy

- Continued strong cash generation
- Aim for Net Debt of around 2.2x EBITDA by the end of 2022 (excluding any further BD/M&A)
- Potential for temporary increases up to close to 3x EBITDA for really high-quality opportunities at scale
- Continue to pay c.60% of cash flow via dividends

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

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