2022

Rossini S.à r.l.’s First Nine Months 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.

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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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Agenda

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

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

Pro-forma Rossini capitalisation as of 30 September 2022

Rossini S.à r.l. Capitalisation	31 December 2021 (€m)	31 December 2021 x Proportional EBITDA	30 September 2022 (€m)	30 September 2022 x Proportional EBITDA
Cash and cash equivalents[1]	(72)	(0.2)x	(86)	(0.2)x
Senior secured fixed rate notes	650	2.1x	650	1.8x
Senior secured floating rate notes	650	2.1x	650	1.8x
Proportional Recordati net debt[3]	387	1.2x	705	2.0x
Total net look-through debt	**1,615**	**5.2x**	**1,919**	**5.4x**
Undrawn SSRCF[2]	195		195	
DP Notes[6]	*781*		*781*	
Proportional LTM EBITDA[4]		318		354

Recordati S.p.A. Capitalisation	(€m)	x Total EBITDA	(€m)	x Total EBITDA
Rossini S.àr.l. Shares [5]	6,123	10.2x	4,084	6.1x
LTV		*20%*		*30%*
Public Market & Treasury Shares[5]	5,693	9.5x	3,798	5.7x
Market Capitalisation at €37.69 per share[5]	**11,816**	19.6x	**7,882**	11.8x
Recordati net debt[3]	736	1.2x	1,337	2.0x
Total Recordati capitalisation	**12,552**	**20.8x**	**9,219**	**13.8x**
Recordati LTM EBITDA		602		671

Note: Footnotes related to 30 September 2022 refer to the 3Q 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 (52.74% net of treasury shares as of 30 September 2022).

(1) Calculated as € 85.8m of cash of Rossini S.àrl.

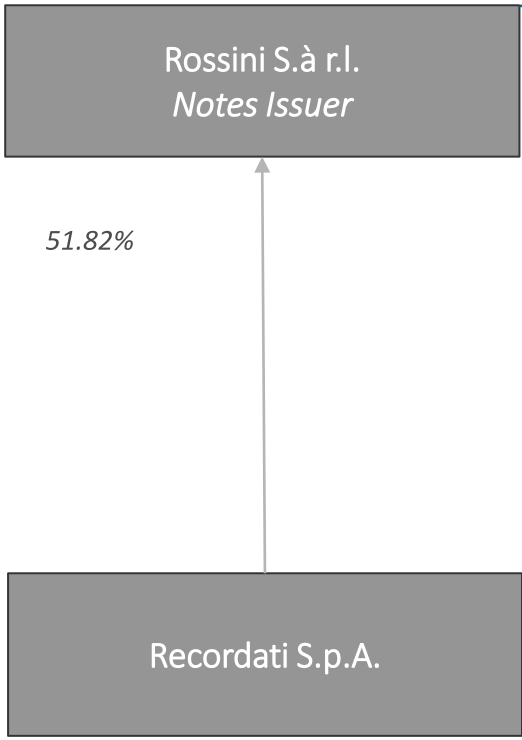
(2) Based on net financial position of € 1,336.9m per Recordati 3Q 2022 earnings release (dated 8 November 2022) and includes: cash and short-term financial investments less bank overdrafts and medium/long-term loans which include the measurement at fair value of hedging derivatives.

(3) 52.74% (calculated net of 3,666,448 treasury shares as of 30 September 2022) of Recordati LTM EBITDA of € 671m, Recordati EBITDA calculated as Q3 2022 EBITDA (as per release on 8 November 2022), plus FY 2021 EBITDA (as per page 49 of the 2021 annual report), less Q3 2021 EBITDA (as per page 9 of First Nine Months 2021 Interim Report) .

(4) Closing price as of 30 September 2022.

(5) 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 3Q 2022



Revenues

- ~€0.0m

Expenses

- ~€17.6m mainly related to interest expenses (incl. accrued) on the Floating Rate Notes (~€6.4m) and Fixed Rate Notes (~11.2€m)
- ~€0.4m mainly related to the unutilized fees on RCF.
- ~€0.7m[1] refers to the amortised cost on refinancing and custody fees.

Cash

- Cash Balance: €85.8m
- ~€6.4m interest paid on Floating Rate Notes
- ~€0.4m unutilized fees on RCF
- ~€0.7m manly related to the custody fees and administrative fees.

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

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First Nine Months 2022 key highlights

- **Very strong YTD operating performance**, with Revenue and EBITDA **ahead of expectations**
- **Net Revenue** of **€1,377.5** million, **+19.1% overall**, with organic growth at CER[1] of **+10.4%:**
  - **Continued strong momentum in SPC**, ahead of relevant markets, driven by Cough & Cold, GI, OTC & Eligard®
  - Legacy **RRD** continuing to grow **double digit**, with strong growth of both endo and metabolic franchise (minimal US Gx impact)
  - **Rare Oncology franchise** revenue contribution in Q2-Q3 of **€91.1 million** from EUSA Pharma acquisition, ahead of plan
- **EBITDA[2]** of **€516.2** million is **+15.2%** vs PY, with **margin of 37.5%** remaining strong despite dilutive effect of Turkey hyperinflation accounting (YTD uplift on reported revenue of ~€5 million, negative effect on operating income and EBITDA of ~€7 million)
- **Adjusted Net Income[3]** of **€355.9** million is **+13.5%** vs PY, absorbing higher financing expenses and FX losses incurred in 1H
- **Continued strong Free cash flow[4] €346.3** million, **with Net Debt[5] just below 2x EBITDA**
- **Reported results reflect IFRS3 accounting adjustments** related to EUSA Pharma acquisition, planned **non-recurring expenses** (EUSA and SPC rightsizing) and impact of **FX volatility** in 1H of the year
- **Important milestones** achieved supporting our **key growth platforms**
  - **new Eligard® device approved** by Reference Member State (Germany) , national registration and transition planning ongoing
  - **Transfer from Novartis** of key **Signifor® LAR** microparticles production steps successfully completed
- ESG effort further recognized, with **MSCI rating A** confirmed, upgrade to **"Robust"** level in ESG overall score provided by **Moody's ESG Solutions** in September and **"Platinum"** rating from **EcoVadis**

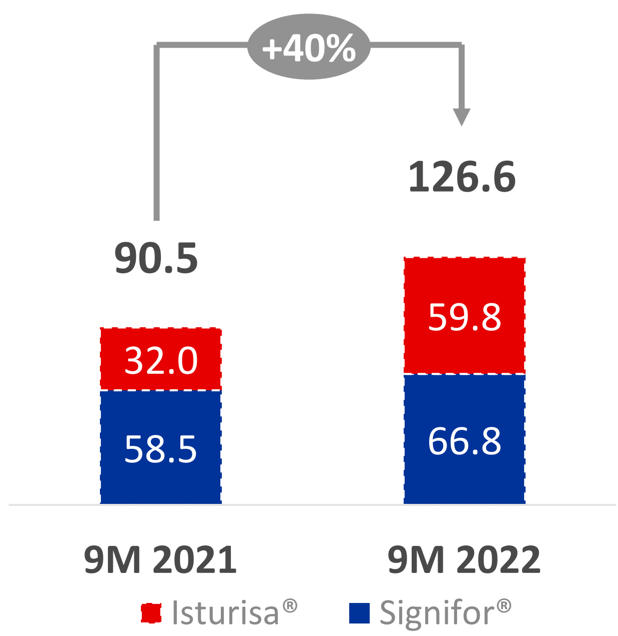
1) Revenue excluding newly acquired rare oncology franchise (EUSA Pharma) and considering like for like sales treatment for Eligard® in 2022 vs 2021 (pre SOTC transition)
2) Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and 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)
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

Key Rare Diseases franchises performance

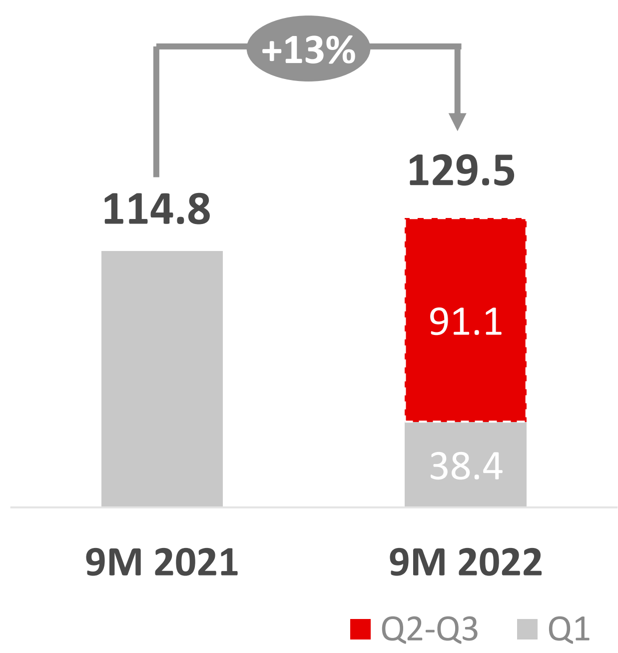
Strong growth of Endo and Oncology franchises, on track with longer term ambitions

(million Euro)

Endo RRD Revenue



Oncoloy RRD (ex EUSA Pharma) franchise pro-forma Revenue [1]



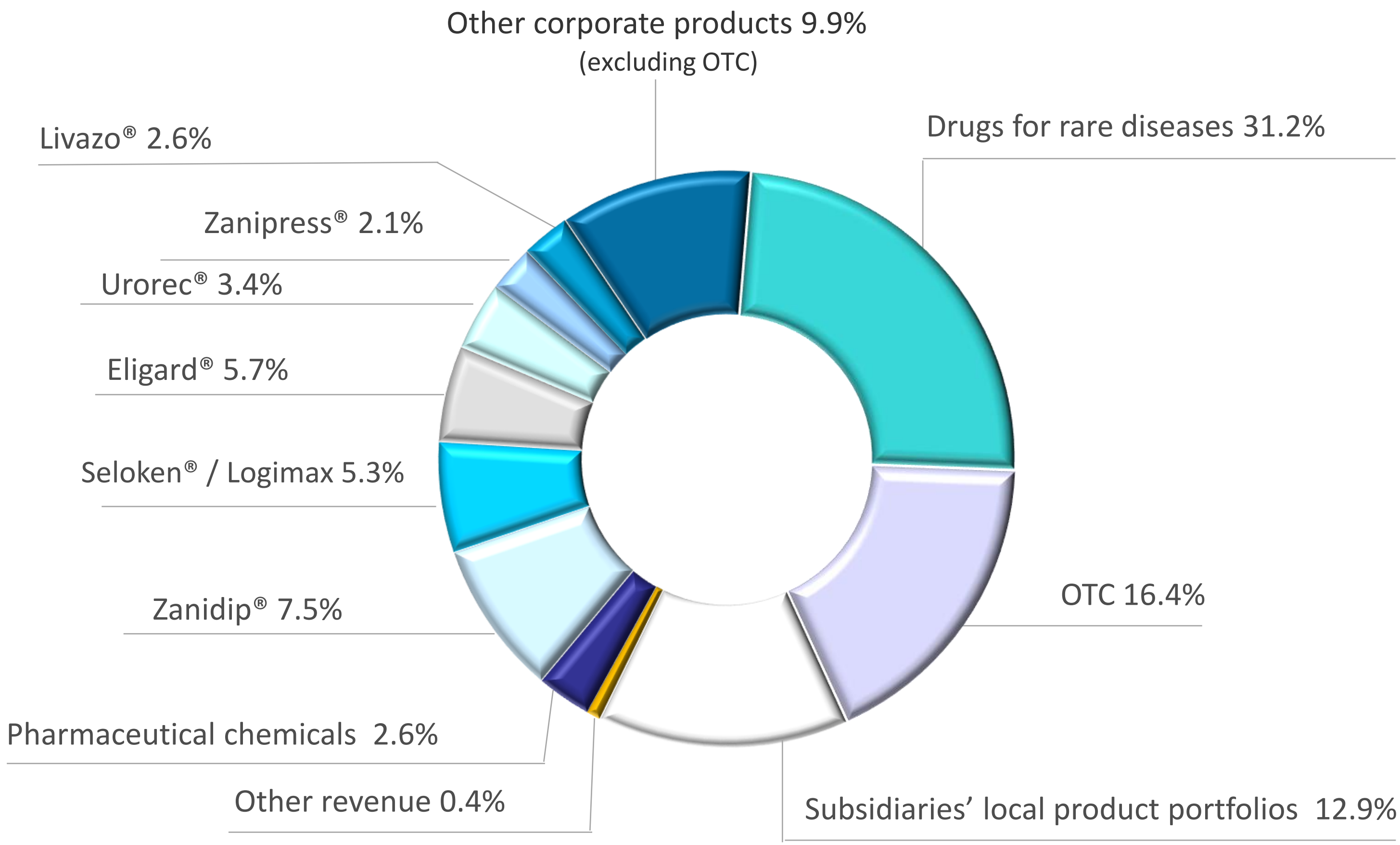
1) EUSA Pharma results consolidated as of Q2 2022 in Recordati financials

Main product sales

(million Euro)	9M 2022	9M 2021	Change %
Zanidip® and Zanipress® (lercanidipine+enalapril)(1)	**131.9**	138.5	(4.7)
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	**72.5**	73.0	(0.7)
Eligard®(2)	**78.6**	59.4	32.5
Urorec® (silodosin)	**46.2**	45.3	2.0
Livazo® (pitavastatin)	**35.7**	31.8	12.1
Other corporate products (3)	**230.7**	198.1	16.5
Drugs for rare diseases	**429.8**	279.4	53.8
o/w Endo franchise(4)	**126.6**	90.5	39.9
o/w Onco franchise	**91.1**	n.a.	n.a.

€5.4 million revenue impact of Turkey hyperinflation not allocated
1) of which Zanidip® € 103.4 million in 9M 2022 and € 107.2 million in 9M 2021
2) Eligard® net revenue includes margins booked as net revenue until transfer of market authorizations and distribution (mostly 2021)
3) Includes the OTC corporate products for an amount of € 94.3 million in 9M 2022 and € 79.3 million in 9M 2021
4) Endo franchise includes net revenue for Signifor® and Signifor® LAR of € 66.8 million and Isturisa® of € 59.8 million in 9M 2022

A diversified product portfolio



Data: **First nine months 2022**
Total revenue **€ 1,377.5 million**

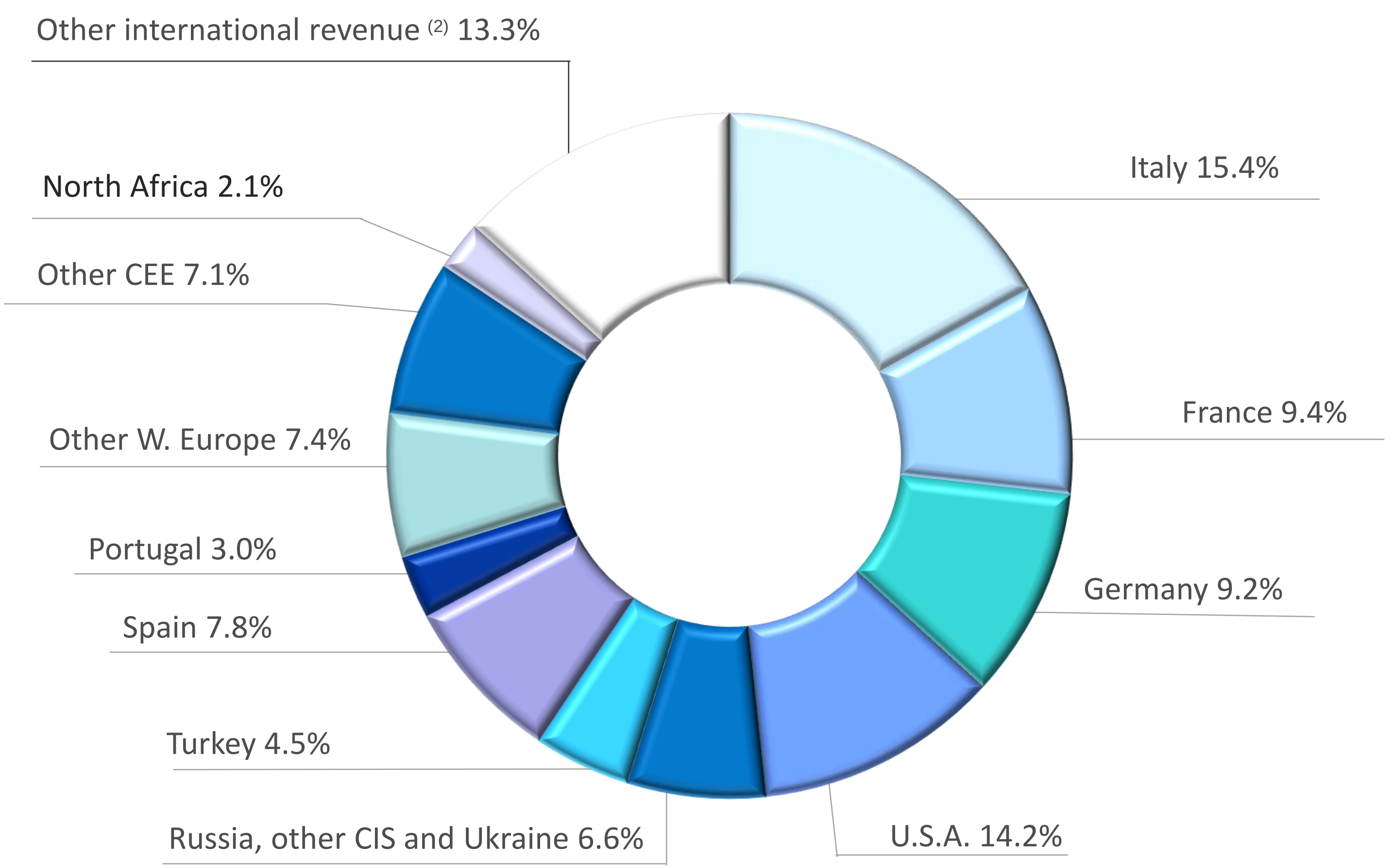
Composition of revenue by geography

(million Euro)	9M 2022	9M 2021	Change %
Italy	**206.8**	195.8	5.6
U.S.A.	**190.7**	127.5	49.6
France	**126.2**	112.2	12.4
Germany	**123.9**	111.7	10.9
Spain	**104.5**	85.9	21.8
Portugal	**40.7**	33.5	21.4
Turkey	**59.9**	53.5	12.0
Russia, other CIS countries and Ukraine	**88.7**	63.4	39.8
Other CEE countries	**94.8**	80.3	18.1
Other W. Europe countries	**99.8**	75.9	31.5
North Africa	**28.7**	27.3	4.8
Other international sales	**176.9**	153.7	15.1
TOTAL PHARMACEUTICALS	**1,341.7**	1,120.8	19.7
CHEMICALS	**35.9**	35.4	1.3

(In local currency, millions)	9M 2022	9M 2021	Change %
U.S.A. (USD)	**202.9**	152.5	33.0%
Turkey (TRY)	**906.7**	478.7	89.4%
Russia (RUB)[1]	**5,210.0**	4,040.3	29.0%

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

Geographical breakdown of pharmaceutical[1] revenue



Data: **First nine months 2022**

Pharmaceutical (1) revenue **€ 1,341.7 million**

1) Excluding sales of pharmaceutical chemicals which are € 35.9 million, up by 1.3% and represent 2.6% of total revenue
2) Sales to licensees, exports, sales in ROW

First Nine Months 2022 results

(million Euro)	9M 2022	9M 2021	Change %
Revenue	**1,377.5**	1,156.2	19.1
Gross Profit	**954.7**	843.2	13.2
as % of revenue	69.3	72.9	
Adjusted Gross Profit[(1)]	**990.4**	843.2	17.5
as % of revenue	71.9	72.9	
SG&A Expenses	411.8	347.1	18.6
as % of revenue	29.9	30.0	
R&D Expenses	155.7	119.7	30.1
as % of revenue	11.3	10.4	
Other Income (Expense), net	(31.4)	(3.5)	n.m.
as % of revenue	(2.3)	(0.3)	
Operating Income	**355.9**	372.9	(4.6)
as % of revenue	25.8	32.3	
Adjusted Operating Income[(2)]	**423.7**	375.0	13.0
as % of revenue	30.8	32.4	
Financial income/(Expenses), net	(46.2)	(22.2)	n.m.
as % of revenue	(3.4)	(1.9)	
Net Income	**241.5**	296.4	(18.5)
as % of revenue	17.5	25.6	
Adjusted Net Income[(3)]	**355.9**	313.4	13.5
as % of revenue	25.8	27.1	
EBITDA[(4)]	**516.2**	447.9	15.2
as % of revenue	37.5	38.7	

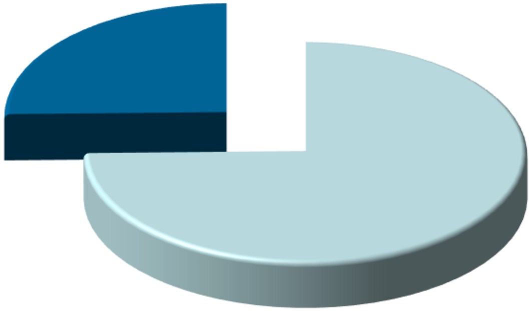
1) Gross profit adjusted from impact of non-cash charges arising from the allocation of the purchase price of EUSA Pharma to the gross margin of acquired inventory (IFRS 3)
2) Net income before income taxes, financial income and expenses, non-recurring items, and non-cash charges arising from the allocation 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)

First Nine Months 2022 results

Operating Segments

REVENUE

Treatments for rare diseases 31.2%



Specialty and primary care 68.8%

EBITDA [1]

Treatments for rare diseases 36.4%

Specialty and primary care 63.6%

Margin on Sales:
Treatments for rare diseases: EBITDA[1] 43.7%
Specialty and primary care: EBITDA [1] 34.6%

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)

First Nine Months 2022 cash flow

(million Euro)	9M 2022	9M 2021	Change
EBITDA [1]	**516.2**	447.9	68.3
Movements in working capital	**(40.2)**	12.8	(53.0)
Changes in other assets & liabilities	**(5.8)**	(14.6)	8.8
Interest received/(paid)	**(13.3)**	(11.3)	(2.0)
Income Tax Paid	**(56.0)**	(61.6)	5.6
Other	**(39.2)**	(5.1)	(34.1)
Cash flow from Operating activities	**361.7**	368.1	(6.4)
Capex (net of disposals)	**(15.4)**	(15.2)	(0.2)
Free cash flow [2]	**346.3**	352.9	(6.6)
Acquisition of subsidiaries[3]	**(653.8)**	-	(653.8)
Increase in intangible assets (net of disposals)	**(67.2)**	(61.4)	(5.8)
Dividends paid	**(120.0)**	(109.4)	(10.6)
Purchase of treasury shares (net of proceeds)	**(30.0)**	(29.0)	(1.0)
Other financing cash flows [4]	**626.7**	0.6	626.1
Change in cash and cash equivalents	**102.0**	153.7	(51.7)

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) Net of acquired cash and cash equivalents from EUSA Pharma for € 53.2 million.
4) Opening of financial debts net of repayments and currency translation effect on cash and cash equivalents. 2022 amount also includes loan from EUSA Pharma, repaid for € 78.2 million

Net financial position

Net debt / EBITDA at end September just below 2x

(million Euro)	30 SEPT 2022	31 DEC 2021	Change
Cash and cash equivalents	**346.6**	244.5	102.1
Short-term debts to banks and other lenders	**(5.7)**	(8.7)	3.0
Loans and leases – due within one year[1]	**(287.0)**	(221.5)	(65.5)
Loans and leases – due after one year[1]	**(1,390.8)**	(750.8)	(640.0)
NET FINANCIAL POSITION [2]	**(1,336.9)**	(736.5)	(600.4)

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

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

2022 Financial projections

€ million	FY 2021 Actual	FY 2022 Target Old	FY 2022 Target New
Revenue	**1,580**	1,720 - 1,780	**+/- 1,860**
yoy growth %	*+9.1%*	*+10.8%*	*+17.7%*
EBITDA [1]	**602.3**	630 - 660	**+/- 670**
margin on sales	*38.1%*	*+/-37%*	*+/-36%*
yoy growth %	*+5.8%*	*+7.1%*	*+11.2%*
Adjusted Net Income [2]	**424.6**	450 - 470	**+/- 460**
margin on sales	*26.9%*	*+/-26%*	*+/-25%*
yoy growth %	*+3.5%*	*+8.3%*	*+8.3%*

Key assumptions

- **Revenue** and **EBITDA**[1] ahead of original target thanks to:
  - **Strong underlying performance** across both BU and key growth platforms
  - **Marginally positive** year on year **FX**, with USD and RUB strength offset by TRY devaluation
  - **Proactive actions** to **sustain margins**
- **EBITDA**[1] **margin** of **36%** reflects **roughly -0.7%** dilutive effect of TRY **hyperinflation** (expected impact of +€15 million on Revenue and -€8 million on EBITDA), targeted incremental investments in Q4 behind growth drivers and phasing of R&D related payments
- **Financial expenses** now expected at around €60 million, due to enduring strength of RUB (limited recovery of 1H FX losses), with €10 million of net monetary losses from IAS 29
- **Adjusted Net Income** [2] expected in middle of target range, with higher operating results offset by higher financial expenses
- Guidance for **non-recurring costs** and charges from Purchase Price Allocation of EUSA acquisition unchanged vs Q2 estimates

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)
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Appendix

First Nine Months 2022 results – Details

Reconciliation of Net income to EBITDA[1]

(million Euro)	9M 2022	9M 2021	Change %
Net income	**241.5**	**296.4**	**(18.5)**
Income taxes	68.3	54.4	
Financial income/(expenses), net	46.2	22.2	
o/w net FX losses [2]	*18.2*	*6.8*	
o/w net monetary gains/losses from application of IAS 29 (Turkey)	*5.6*	*-*	
Non-recurring expenses	32.2	2.1	
Non-cash charges from PPA inventory uplift	35.6	-	
Adjusted Operating Income[3]	**423.7**	**375.0**	**13.0**
Depreciation, amortization and write downs of assets	92.4	72.9	
o/w EUSA Pharma	*13.1*	-	
EBITDA[1]	**516.2**	**447.9**	**15.2**

Reconciliation of Reported Net income to Adjusted Net income [4]

(million Euro)	9M 2022	9M 2021	Change %
Net income	**241.5**	**296.4**	**(18.5)**
Amortization and write-downs of intangible assets (exc. software)	71.5	52.7	
o/w EUSA Pharma	*12.3*	-	
Non-cash charges from PPA inventory uplift	35.6	-	
Non-recurring expenses	32.2	2.1	
Net monetary gains/losses from application of IAS 29 (Turkey)	5.6	-	
Tax effects	(30.6)	(11.6)	
Non-recurring tax items	-	(26.2)	
Adjusted net income[4]	**355.9**	**313.4**	**13.5**

Summary of key items

- Sharp appreciation **of RUB (and USD)** results in **€18.2** million **unrealized FX losses** and **consolidation adjustments in first nine months** (mostly 1H)
- **Net monetary losses** of **€5.6 million** from application of IAS 29 (Turkey) in 9M22
- **Non-recurring** costs of **€32.2** million, of which around **€19.2** million from **EUSA Pharma acquisition and €11.1** million **SPC rightsizing**
- **Non-cash charges** arising from Purchase Price Allocation (IFRS 3) of **EUSA Pharma**:
  - **€35.6** million in 9M at the level of gross margin (from unwind of **inventory revaluation**)
  - **€12.3** million for intangible **amortization**

- **Net income** of **€241.5 million** (-18.5% vs PY) reflects:
  - **Amortization increase** of around **€19** million
  - **Net monetary losses** of **€5.6** million
  - **No non-recurring tax benefit in 2022** (+€26.2 million in 2021)
- **Adjusted net income** of **€355.9 million,** an increase of **+13.5%**

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