2022

Rossini S.à r.l.'s Preliminary FY 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 2022 Preliminary FY results

2) Recordati S.p.A.'s 2022 Preliminary FY results

Pro-forma Rossini capitalisation as of 31 December 2022

Rossini S.à r.l. Capitalisation	31 December 2021 (€m)	31 December 2021 x Proportional EBITDA	31 December 2022 (€m)	31 December 2022 x Proportional EBITDA
Cash and cash equivalents[1]	(72)	(0.2)x	(87)	(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[2]	387	1.2x	749	2.1x
Total net look-through debt	**1,615**	**5.2x**	**1,962**	**5.5x**
Undrawn SSRCF	195		195	
DP Notes[5]	*781*		*781*	
Proportional LTM EBITDA[3]		318		355

Recordati S.p.A. Capitalisation	31 December 2021 (€m)	31 December 2021 x Total EBITDA	31 December 2022 (€m)	31 December 2022 x Total EBITDA
Rossini S.àr.l. Shares [4]	6,123	10.2x	4,199	6.2x
LTV		*20%*		*29%*
Public Market & Treasury Shares[4]	5,693	9.5x	3,904	5.8x
Market Capitalisation at €38.75 per share[4]	**11,816**	19.6x	**8,104**	12.0x
Recordati net debt[2]	736	1.2x	1,420	2.1x
Total Recordati capitalisation	**12,552**	**20.8x**	**9,523**	**14.1x**
Recordati LTM EBITDA		602		673

Note: Footnotes relate to 31st December 2022 numbers. Based on Rossini's ownership of Recordati at 51.82% on a fully diluted basis (52.75% net of treasury shares as of 31st December 2022).

(1) Calculated as €86.6m of cash at Rossini S.à r.l..

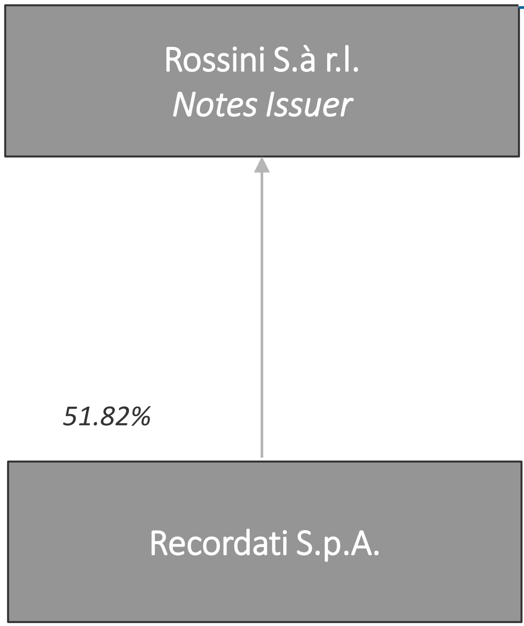
(2) Based on net financial position of €1,419.9m per Recordati year 2022 earnings release (dated 21 February 2023) and includes: cash and short-term financial investments less bank overdrafts and medium/long-term loans which include the measurement at fair value of hedging derivatives.

(3) 52.75% (calculated net of 3,684,033 treasury shares as of 31st December 2022) of Recordati EBITDA of € 672.8m.

(4) Closing price as of 31st December 2022.

(5) DP Notes paid 4% interest equal to €31.2m in 2022, (i.e. €2.4m of 2% of cash interest on 25 February 2022, and €28.9m due for the 2% cash interest as well 2% accrued interest as payment in kind ("PIK" interest) on 30 December 2022. Next payment will be on 31st December 2023.

Overview of key Rossini P&L and Cash flow items for the 4Q 2022



Revenues

- ~€59.6m dividends paid by Recordati S.p.A. in 4Q 2022

Expenses

- ~€19.8m related to interest charges (incl. accrued) on Floating Rate Notes (~€8.4m), Fixed Rate Notes (~€11.0m), and on unutilized fees on RCF (~€0.4m)
- ~€0.3m custody fees
- ~€0.5m[1] includes amortized costs on refinancing

Cash

- Cash Balance: €86.6m
- ~€59.6m dividends paid by Recordati
- ~€29.1m paid to Rossini Acquisition S.àr.l. (share premium repayment)/Rossini Investments S.àr.l. for DP Notes interest repayment
- ~€6.9m Interest payment on Floating Rate Notes and ~€21.9m on Floating Rate Notes
- ~€0.4m unutilized fees on RCF
- ~€0.5m mainly related to custody 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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Strong Financial Performance and Key Milestones Achieved

PRELIMINARY FY 2022 RESULTS

Robust underlying performance across the business and **cost discipline** deliver another year of **strong financial results:**

- **Net Revenue** of € 1,853.3 million, **+17.3%** overall, with **organic growth at CER**[1] **of +8.1%**
- **EBITDA**[2] of € 672.8 million, or 36.3% of revenue, **+11.7% vs 2021**
- **Adjusted Net Income**[3] of € 473.3 million, or 25.5% of revenue, **+11.5% vs 2021**

Significant milestones achieved in the year:

- **Isturisa® reimbursement** agreed with authorities in main EU markets
- **EUSA** acquisition completed slightly ahead of plan and **integrated swiftly and effectively**
- **Eligard®** returned to growth, **with new device approved**; national registration and transition on-going
- Promising **new life cycle management opportunities identified** within current portfolio
- **Acquisition of Telefil®** (tadalafil product) to strengthen urology franchise in Italy

Free cash flow[4] **of € 439.0 million, >90% of Adjusted Net Income**; Net debt[5] of € 1,419.9 million, just over 2x EBITDA

Reported results reflect **IFRS3 PPA unwind related to EUSA Pharma acquisition of € 49.8 million** and **non-recurring expenses of € 48.9 million (related to EUSA and SPC rightsizing)**; IAS29 first time adoption (Turkey hyperinflation) results in Net Revenue uplift of around € 1 million and adverse impact on operating and net profits of € 7-9 million (at different levels of the P&L) and revaluation of Net Assets of around € 80 million (net of impairment of € 5 million)

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

Strong Progress of Key Growth Drivers and Stable Mature Product Portfolio

(million Euro)	FY 2022	FY 2021	Change %
Zanidip® and Zanipress® (lercanidipine+enalapril)[1]	**168.0**	177.9	(5.6)
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	**97.8**	98.1	(0.3)
Urorec® (silodosin)	**60.7**	60.7	-
Livazo® (pitavastatin)	**44.1**	42.8	3.1
Eligard®[2]	**104.1**	85.3	22.1
Other corporate products [3]	**313.5**	286.1	9.6
Drugs for rare diseases	**595.8**	383.9	55.2
o/w Endocrinology franchise[4]	**171.9**	126.6	35.8
o/w Oncology franchise	**136.0**	n.a.	n.a.

1) of which Zanidip® € 130.5 million in FY 2022 and € 136.7 million in FY 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 € 124.7 million in FY 2022 and € 115.5 million in FY 2021
4) Endo franchise includes net revenue for Signifor® and Signifor® LAR of € 90.6 million and Isturisa® of € 81.3 million in FY 2022

2022 Preliminary Results ahead of Full Year Targets

(million Euro)	FY 2022	FY 2021	Change %	Targets Feb 2022
Revenue	**1,853.3**	1,580.1	17.3	**1,720 – 1,780**
Gross Profit	**1,286.6**	1,152.3	11.6	
as % of revenue	69.4	72.9		
Adjusted Gross Profit(1)	**1,336.4**	1,152.3	16.0	
as % of revenue	72.1	72.9		
SG&A Expenses	572.2	480.9	19.0	
as % of revenue	30.9	30.4		
R&D Expenses	220.1	166.1	32.5	
as % of revenue	11.9	10.5		
Other Income (Expense), net*	(57.0)	(15.1)	n.m.	
as % of revenue	(3.1)	(1.0)		
Operating Income	**437.3**	490.2	(10.8)	
as % of revenue	23.6	31.0		
Adjusted Operating Income(2)	**536.1**	504.6	6.2	
as % of revenue	28.9	31.9		
Financial income/(Expenses), net	(35.9)	(26.8)	33.7	
as % of revenue	(1.9)	(1.7)		
Net Income	**312.3**	386.0	(19.1)	
as % of revenue	16.9	24.4		
Adjusted Net Income(3)	**473.3**	424.6	11.5	**450 – 470**
as % of revenue	25.5	26.9		
EBITDA(4)	**672.8**	602.3	11.7	**630 – 660**
as % of revenue	36.3	38.1		

**Other expenses mainly reflect non-recurring costs, please see details on slide 59*

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)

FREE CASH FLOW >90% OF ADJUSTED NET INCOME

(million Euro)	FY 2022	FY 2021	Change
EBITDA[1]	**672.8**	602.3	70.5
Movements in working capital*	**(61.4)**	20.0	(81.4)
Changes in other assets & liabilities	**(16.8)**	(15.5)	(1.3)
Interest received/(paid)	**(18.2)**	(18.0)	(0.2)
Income Tax Paid	**(89.8)**	(91.6)	1.8
Other	**(24.9)**	(5.6)	(19.3)
Cash flow from Operating activities	**461.7**	491.6	(29.9)
Capex (net of disposals)	**(22.7)**	(21.7)	(1.0)
Free cash flow[2]	**439.0**	469.9	(30.9)
Acquisition of subsidiaries[3]	**(673.3)**	-	(673.3)
Increase in intangible assets (net of disposals)	**(71.1)**	(65.5)	(5.6)
Dividends paid	**(230.6)**	(216.7)	(13.9)
Purchase of treasury shares (net of proceeds)	**(38.6)**	(59.3)	20.7
Other financing cash flows[4]	**614.8**	(72.1)	686.9
Change in cash and cash equivalents	**40.2**	56.3	(16.1)

** Working capital increase reflects growth of business and stock rebuild*

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

(million Euro)	31 DEC 2022	31 DEC 2021	Change
Cash and cash equivalents	**284.7**	244.5	40.2
Short-term debts to banks and other lenders	**(83.4)**	(8.7)	(74.8)
Loans and leases – due within one year[1]	**(289.0)**	(221.5)	(67.5)
Loans and leases – due after one year[1]	**(1,332.2)**	(750.8)	(581.3)
NET FINANCIAL POSITION [2]	**(1,419.9)**	(736.5)	(683.4)

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

2023-2025 Financial Value Proposition

Diversified business with strong organic growth

Strong underling volume growth over the period of current portfolio across both business segments

SPC
Mid single digit growth at CER

RRD
Double digit growth at CER

Sustain high level of profitability

Maintain sector leading operating and bottom-line margin as % of revenue

EBITDA Margin at +/- 36%

Pursue affordable pipeline opportunities

Invest behind new capabilities and low risk lifecycle management opportunities (new indications) to accelerate future growth

Cash R&D (1) spend between 7-8% of revenue

Maintain clear capital allocation policy

60% Progressive dividend pay-out at roughly 60% of cash flow

40% Accretive & growth bolt-on M&A and BD

Strong cash flow generation & robust balance sheet

Free cash flow conversion 90-100% of Adjusted Net Income

Net Debt / EBITDA 1.7x – 2x by 2025

Subject to timing and structure of deals

Max of close to 3x for larger scale, high quality opportunities

1) Cash R&D = R&D costs excl. amortization

2023-2025 Financial targets

million Euro	**FY 2022** Actual	**FY 2023** Target	**FY 2025** Target (incl. BD & MBA)	**CAGR** 2022-2025
Revenue	**1,853.3**	**1,970 – 2,030**	**2,250 – 2,350**	**+7.5%**
EBITDA[1] *margin on sales*	**672.8** *36.3%*	**700 – 730** *+/-36%*	**810 – 850** *+/-36%*	**+7.3%**
Adjusted Net Income[2] *margin on sales*	**473.3.6** *25.5%*	**470 – 490** *+/-24%*	**550 – 580** *+/-24–25%*	**+6.1%**

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

Appendix

Composition of revenue by geography

(million Euro)	FY 2022	FY 2021	Change %
Italy	**272.7**	258.2	5.6
U.S.A.	**260.5**	176.9	47.2
France	**169.1**	151.7	11.5
Germany	**167.6**	152.9	9.6
Spain	**142.6**	120.0	18.8
Portugal	**53.5**	45.4	17.7
Turkey	**74.3**	70.3	5.7
Russia, other CIS countries and Ukraine	**131.7**	99.6	32.2
Other CEE countries	**128.8**	112.0	15.0
Other W. Europe countries	**136.7**	104.4	31.0
North Africa	**37.7**	35.9	4.9
Other international sales	**229.2**	204.2	12.3
TOTAL PHARMACEUTICALS	**1,804.4**	1,531.6	17.8
CHEMICALS	**58.9**	48.5	2.6

(In local currency, millions)	FY 2022	FY 2021	Change %
Russia (RUB)(1)	**274.3**	**209.2**	31.1
Turkey (TRY)	**1,295.5**	**690.3**	87.7
U.S.A. (USD)	**7,330.1**	**6,338.8**	15.6

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

2022 PRELIMINARY FULL-YEAR RESULTS – ADJUSTING ITEMS

Reconciliation of Net income to EBITDA [(1)]

(million Euro)	FY 2022	FY 2021	Change %
Net income	**312.3**	**386.0**	**(19.1)**
Income taxes	89.1	77.4	
Financial (income)/expenses, net	35.9	26.8	
o/w net FX losses [(2)]	*5.8*	*5.8*	
o/w net monetary (gains)/losses from application of IAS 29 (Turkey)	*(4.5)*	-	
Non-recurring expenses	48.9	14.4	
Non-cash charges from PPA inventory uplift	49.8	-	
Adjusted Operating Income[(3)]	**536.1**	**504.6**	**6.2**
Depreciation, amortization and write downs	136.7	97.6	
o/w EUSA Pharma	*19.7*	-	
o/w write downs of assets	*10.9*	-	
EBITDA[(1)]	**672.8**	**602.3**	**11.7**

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

(million Euro)	FY 2022	FY 2021	Change %
Net income	**312.3**	**386.0**	**(19.1)**
Amortization and write-downs of intangible assets (exc. software)	107.4	70.7	
o/w EUSA Pharma	*18.5*	-	
Non-cash charges from PPA inventory uplift	48.9	-	
Non-recurring expenses	49.8	14.4	
Net monetary (gains)/losses (IAS 29 Turkey)	(4.5)	-	
Tax effects	(40.6)	(18.7)	
Non-recurring tax items	-	(27.8)	
Adjusted Net income[(4)]	**473.3**	**424.6**	**11.5**

Summary of key items

- **FX losses (RUB and USD)** in line with 2021
- **Net monetary gains** of **€ 4.5 million** from application of IAS 29 (Turkey) in FY 2022
- **Non-recurring** costs of **€ 48.9 million**, of which **€ 20.3 million** mainly due to **EUSA Pharma acquisition and € 23.5 million SPC rightsizing**
- **Non-cash charges** arising from Purchase Price Allocation (IFRS 3) of **EUSA Pharma: € 49.8 million** in FY 2022 at the level of gross margin (from unwind of **inventory revaluation**)
- **D&A and write downs of assets: € 19.7 million** from EUSA Pharma and around **€ 11 million** of impairment of assets (including goodwill of Turkey business following monetary revaluation)
- **No non-recurring tax benefit in 2022** (+€ 27.8 million in 2021)

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