2023

Rossini S.à r.l.’s First half 2023 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 (Reuters RECI.MI, Bloomberg REC IM) is an international pharmaceutical group listed on the Italian Stock Exchange (ISIN IT 0003828271) uniquely structured to bring treatment across specialty and primary care, consumer healthcare, and rare diseases. We believe that health, and the opportunity to live life to the fullest, is a right, not a privilege. We want to support people in unlocking the full potential of their life. We have fully integrated operations across research & development, chemical and finished product manufacturing through to commercialisation and licensing. Established in 1926, Recordati operates in approximately 150 countries across EMEA, Americas and APAC regions. At the end of 2022, Recordati employed more than 4,300 people and consolidated revenue of € 1,853.3 million. For more information, please visit www.recordati.com.

Contact Information

Offices:	***Investor Relations:***	***Investor Relations:***	***Website:***
Recordati S.p.A.	***Federica De Medici***	***Lucia Abbatantuoni***	***www.recordati.com***
Via M. Civitali 1	***+39 02 48787146***	***+39 02 48787213***	
20148 Milano, Italy	***demedici.f@recordati.it***	***abbatantuoni.l@recordati.it***	

Agenda

1) Rossini S.à r.l.'s First half 2023 Preliminary results

2) Recordati S.p.A.'s First half 2023 results

Pro-forma Rossini capitalisation as of 30 June 2023

Rossini S.à r.l. Capitalisation	31/12/2022 (€m)	31/12/2022 x Proportional EBITDA	30/06/2023 (€m)	30/06/2023 x Proportional EBITDA
Cash and cash equivalents[1]	(87)	(0.2)x	(108)	(0.3)x
Senior secured fixed rate notes	650	1.8x	650	1.7x
Senior secured floating rate notes	650	1.8x	650	1.7x
Proportional Recordati net debt[2]	749	2.1x	699	1.8x
Total net look-through debt	**1,962**	**5.5x**	**1,891**	**4.9x**
Undrawn SSRCF	195		195	
DP Notes[5]	*781*		*781*	
Proportional LTM EBITDA[3]		355		392

Recordati S.p.A. Capitalisation	31/12/2022 (€m)	31/12/2022 x Total EBITDA	30/06/2023 (€m)	30/06/2023 x Total EBITDA
Rossini S.àr.l. Shares [4]	4,199	6.2x	4,741	6.4x
LTV		*29%*		*25%*
Public Market & Treasury Shares[4]	3,904	5.8x	4,408	5.9x
Market Capitalisation at €43.75 per share[4]	**8,103**	12.0x	**9,149**	12.3x
Recordati net debt[2]	1,420	2.1x	1,326	1.8x
Total Recordati capitalisation	**9,523**	**14.1x**	**10,475**	**14.1x**
Recordati LTM EBITDA		673		744

Note: Footnotes related to 30 June 2023 refer to the 2Q 2023 and for 31st December footnotes refer to the full year 2022 results. Based on Rossini's ownership of Recordati at 51.82% on a fully diluted basis (52.73% net of treasury shares as of 30 June 2023).

(1) Calculated as € 108.5m of cash of Rossini S.àrl.

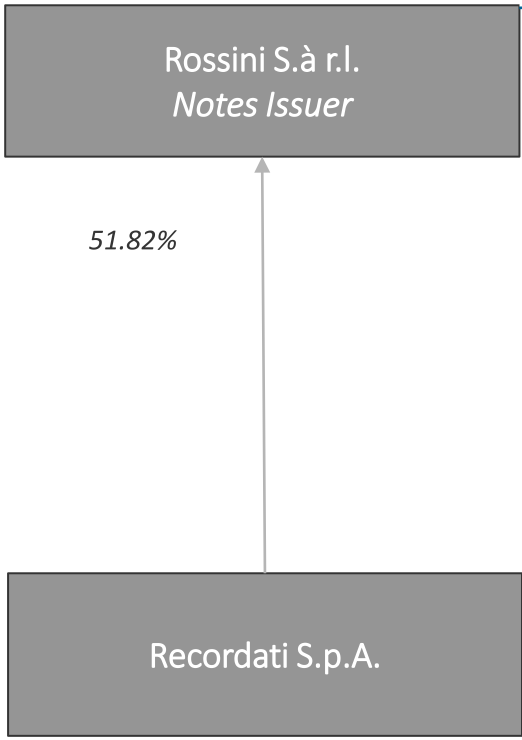
(2) Based on net financial position of € 1,326. m per Recordati 2Q 2023 earnings release (dated 28 July 2023) and includes: cash and short-term financial investments less bank overdrafts and medium/long-term loans which include the measurement at fair value of hedging derivatives.

(3) 52.73% (calculated net of 3,590,052 treasury shares as of 30 June 2023) of Recordati LTM EBITDA of € 744m, Recordati EBITDA calculated as 1H 2023 EBITDA (as per release on 28 July 2023), plus FY 2022 EBITDA (as per page 66 of the 2022 annual report), less 1H 2022 EBITDA (as per page 10 of FH 2022 Interim Report) .

(4) Closing price as of 30 June 2023.

(5) DP Notes pay 2% cash / 2% PIK interest with next payment on 31st December 2023.

Overview of key Rossini P&L and Cash flow items for the 2Q 2023



Revenues

- ~€65.0m dividends paid by Recordati S.p.A. on 24 May 2023

Expenses

- ~€22.3m mainly related to interest expenses (incl. accrued) on the Floating Rate Notes (~€11.3m) and Fixed Rate Notes (~11.0€m)
- ~€0.4m mainly related to the unutilized fees on RCF
- ~€0.9m[1] refers to the amortised cost on refinancing and custody fees

Cash

- Cash Balance: €108.5m
- ~€65.0m dividends received from Recordati S.p.A.
- (~€10.3m) interest paid on the Floating Rate Notes and (~€21.9m) on Fixed Rate Notes
- ~€0.4m unutilized fees on RCF
- ~€0.9m 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.

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1) Rossini S.à r.l.'s First half 2023 Preliminary results

2) Recordati S.p.A.'s First half 2023 results

First half results confirm strong momentum of the Group; new agreement with GSK further strengthens SPC portfolio

- **First half results confirm the excellent momentum of the Group**, thanks to strong performance of all business, with **robust growth across both SPC and RRD and continued delivery of sector leading margins**
- **Net Revenue at € 1,044.3 million is +17.0% vs PY or +15.4% on a like-for-like (1) basis at CER**
  - **SPC at € 668.9 million, +10.2% vs PY or +15.0% at CER** (+8.8% excluding Türkiye), growing ahead of relevant markets and with growth across all regions and core therapeutic areas
  - **RRD at € 344.4 million, +32.2% vs PY or +15.5% like for like (1) at CER**, with Endocrinology growing by 38.2%, Oncology contributing € 95.6 million (+13.1% pro forma) and with resilient Metabolic revenue
- **Net Revenue impacted by strong FX headwind** (particularly from devaluation of TRY), **impacting by -€ 30 million, mostly in Q2**
- **EBITDA (2) of € 406.2 million remains strong at 38.9%**, reflecting strong revenue performance, resilient gross margin and benefit from efficiency initiatives
- **Adjusted Net Income (3) of € 287.4 million, +27.9% vs PY**, driven by the positive operating results and lower financial expenses, which benefits from € 4.7 million FX gains in H1 2023 vs € 18.7 million FX losses in H1 2022
- **Free Cash Flow (4) of € 261.7 million, +€ 43.0 million vs PY,** with Net debt (5) of € 1,326.2 million, **leverage at 1.8x EBITDA**
- **Key R&D pipeline projects progressing to plan**
- **Agreement with GSK complements and strengthens SPC urology franchise,** with addition of Avodart and Combodart in 21 countries
- **Despite strong FX headwinds, on track to deliver on upgraded Full year 2023 guidance as provided in May**

1) Pro-forma growth calculated adding Q1 2022 revenue of EUSA Pharma
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

All regions delivering solid growth

COMPOSITION OF REVENUE BY GEOGRAPHY

(million Euro)	**H1 2023**	H1 2022	*Change %*
Italy	**157.5**	143.8	*9.5*
U.S.A.	**150.9**	118.5	*27.3*
France	**95.7**	84.7	*13.0*
Germany	**78.0**	82.2	*(5.1)*
Spain	**76.7**	69.3	*10.7*
Portugal	**29.6**	27.2	*8.7*
Türkiye	**45.0**	35.3	*27.5*
Russia, other CIS countries and Ukraine	**70.5**	50.3	*40.2*
Other CEE countries	**73.6**	62.5	*17.7*
Other W. Europe countries	**70.9**	64.7	*9.5*
North Africa	**21.2**	19.0	*11.8*
Other international sales	**143.7**	110.0	*30.6*
TOTAL PHARMACEUTICALS	**1,013.3**	867.7	*16.8*
CHEMICALS	**30.9**	24.8	*24.6*

(In local currency, million)	**H1 2023**	H1 2022	*Change %*
U.S.A. (USD)	**163.1**	129.6	*25.8*
Türkiye (TRY)	**1,224.0**	519.0	*135.8*
Russia (RUB)(1)	**4,041.1**	3,231.6	*25.0*

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

H1 2023 P&L – Continuing to deliver sector leading margins

OPERATING LEVERAGE AND COST DISCIPLINE SUSTAIN EBITDA AT 38.9% OF REVENUE

(million Euro)	**H1 2023**	H1 2022	*Change %*
Revenue	**1,044.3**	**892.5**	*17.0*
Gross Profit	**732.3**	**624.6**	*17.2*
as % of revenue	70.1	70.0	
Adjusted Gross Profit[(1)]	**753.2**	**641.5**	*17.4*
as % of revenue	72.1	71.9	
SG&A Expenses	295.6	266.8	*10.8*
as % of revenue	28.3	29.9	
R&D Expenses	119.0	99.3	*19.8*
as % of revenue	11.4	11.1	
Other Income (Expense), net	(4.2)	(26.2)	*(84.0)*
as % of revenue	(0.4)	(2.9)	
Operating Income	**313.4**	**232.3**	*34.9*
as % of revenue	30.0	26.0	
Adjusted Operating Income[(2)]	**338.2**	**275.5**	*22.8*
as % of revenue	32.4	30.9	
Financial income/(Expenses), net	(24.6)	(38.1)	*(35.6)*
as % of revenue	(2.4)	(4.3)	
Net Income	**227.6**	**151.4**	*50.3*
as % of revenue	21.8	17.0	
Adjusted Net Income[(3)]	**287.4**	**224.8**	*27.9*
as % of revenue	27.5	25.2	
EBITDA[(4)]	**406.2**	**334.9**	*21.3*
as % of revenue	38.9	37.5	

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)

Strong H1 2023 cash flow – Ahead of prior year

(million Euro)	**H1 2023**	H1 2022	*Change*
EBITDA[1]	**406.2**	334.9	*71.3*
Movements in working capital	(76.7)	(17.8)	*(58.9)*
Changes in other assets & liabilities	(5.4)	(11.1)	*5.7*
Interest received/(paid)	(26.3)	(8.1)	*(18.2)*
Income Tax Paid	(34.9)	(42.5)	*7.6*
Other	8.5	(29.3)	*37.8*
Cash flow from Operating activities	**271.4**	226.1	*45.3*
Capex (net of disposals)	(9.7)	(7.4)	*(2.3)*
Free cash flow[2]	**261.7**	218.7	*43.0*
Acquisition of subsidiaries	-	(653.8)	*653.8*
Increase in intangible assets (net of disposals)	(26.3)	(54.0)	*27.7*
Disposals of assets	3.0	-	*3.0*
Dividends paid	(127.0)	(119.5)	*(7.5)*
Purchase of treasury shares (net of proceeds)	1.2	(16.6)	*17.8*
Other financing cash flows[3]	131.2	754.4	*(623.2)*
Change in cash and cash equivalents	**243.8**	129.2	*114.6*

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)
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

AVODART AND COMBODART PAYMENT FINANCED VIA NEW CLUB LOAN FACILITY

(million Euro)	30 JUN 2023	31 DEC 2022	Change
Cash and cash equivalents	**528.6**	284.7	243.9
Short-term debts to banks and other lenders	**(15.9)**	(83.4)	67.5
Loans and leases – due within one year[1]	**(375.9)**	(289.0)	(86.9)
Loans and leases – due after one year[1]	**(1,463.0)**	(1,332.2)	(130.8)
NET FINANCIAL POSITION [2]	**(1,326.2)**	(1,419.9)	93.7

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

On track to deliver on upgraded FY 2023 guidance

	FY 2022 Actual	FY 2023 Target As revised May 11th	Outlook H2
Revenue	**1,853.3**	**2,050 – 2,090**	**Revenue:** ○ Mid-single digit growth of SPC (at CER) ○ Double-digit growth of RRD (at CER) ○ FX headwind approx. -5% in H2 (vs -3.3% in H1) ○ € 10-20 million expected from Avodart and Combodart+10.8%
EBITDA(1) *margin on sales*	**672.8** *36.3%*	**750 - 770** *+/-37%*	**EBITDA:** ○ Strong underlying margins ○ Historical phasing of spend and FX headwinds ○ Step up in R&D activities ○ Minimum (positive) contribution from deal with GSK+7.1%
Adjusted Net Income(2) *margin on sales*	**473.3** *25.5%*	**490 - 500** *+/-24%*	**Adj. Net Income:** ○ Step up expected in financial expenses (estimated FY 2023 ~ € 65 million, with some volatility due to FX) ○ FY tax rate ~ 22%

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

Corporate products

(million Euro)	**H1 2023**	H1 2022	*Change %*
Zanidip® and Zanipress® (lercanidipine+enalapril)(1)	**103.5**	86.6	*19.5*
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	**49.0**	48.5	*1.1*
Urorec® (silodosin)	**35.8**	31.1	*15.0*
Livazo® (pitavastatin)	**24.5**	23.5	*4.2*
Eligard®	**55.0**	51.5	*6.7*
Other corporate products(2)	**178.9**	148.3	*20.7*
Rare Diseases	**344.4**	260.4	*32.2*

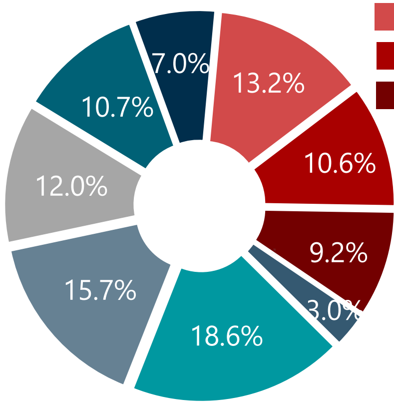
1) of which Zanidip® € 84.9 million in H1 2023 and € 67.2 million in H1 2022
2) Includes the OTC corporate products for an amount of € 73.4 million in H1 2023 and € 62.7 million in H1 2022; Total OTC € 177.7 million in H1 2023 and € 155.4 million in H1 2022

Well – Diversified Revenue Base

Therapeutic Areas

Specialty and Primary Care (incl. Chemicals) 67.0%

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

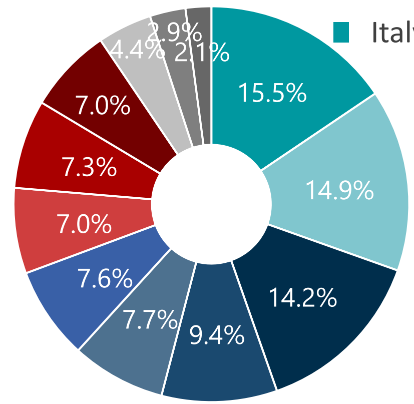


Rare Disease 33.0%

- Metabolic
- Endocrinology
- Oncology

Note: *Total OTC of € 177.7 million in H1 2023 and € 155.4 million in H1 2022*
Subsidiaries' local product portfolios of € 114.4 million in H1 2023 and € 121.5 million in H1 2022

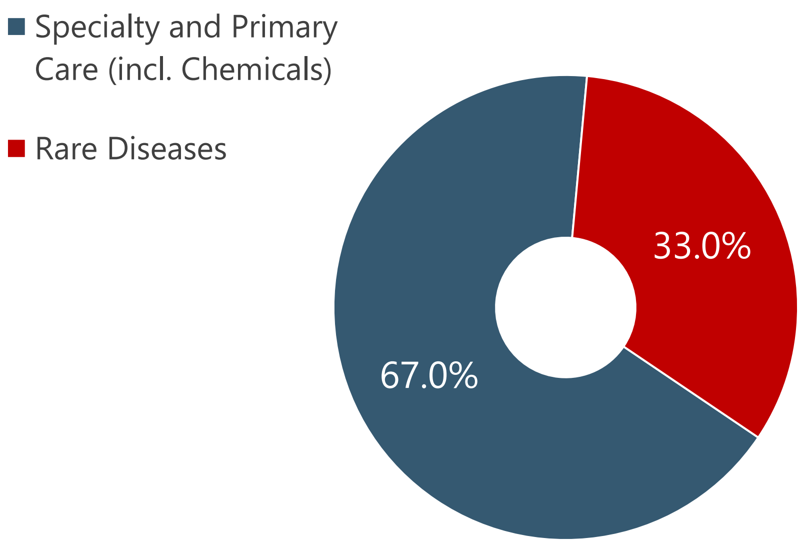
Geographic



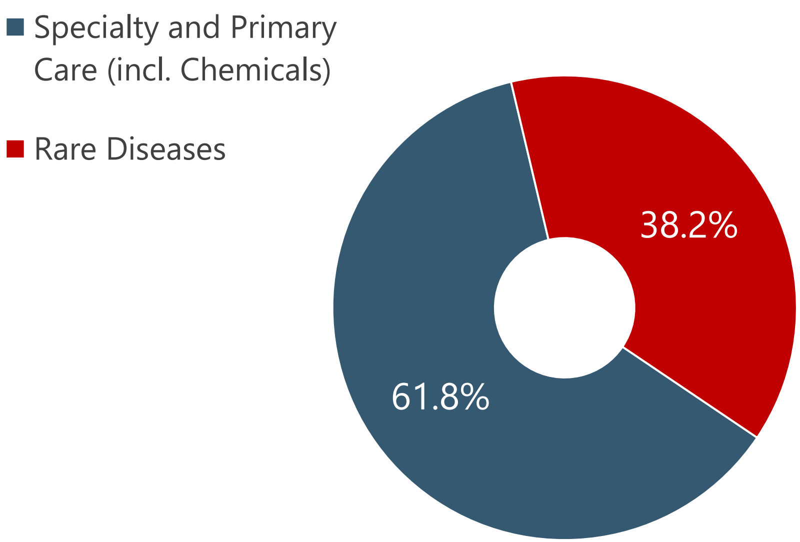
- Italy
- USA
- Other International Sales
- France
- Germany
- Spain
- Other Westerner Europe
- Other CEE
- Russia,
- Türkiye
- Portugal
- North Africa

OPERATING SEGMENTS

Total Revenue H1 2023



EBITDA H1 2023



Margin on Sales:
Rare Diseases: EBITDA [1] 45.0%
Specialty and Primary care: EBITDA [1] 35.9%

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 half 2022 results – Adjusting Items

Reconciliation of Net income to EBITDA[1]

(million Euro)	H1 2023	H1 2022	Change %
Net income	**227.6**	**151.4**	**50.3**
Income taxes	61.3	42.7	
Financial (income)/expenses, net	24.6	38.1	
o/w net FX (gains)/losses [2]	*(4.7)*	*18.7*	
o/w net monetary (gains)/losses from application of IAS 29 (Türkiye)	*(0.9)*	*4.7*	
Non-recurring expenses	3.9	26.4	
Non-cash charges from PPA inventory uplift	20.9	16.9	
Adjusted Operating Income[3]	**338.2**	**275.5**	**22.8**
Depreciation, amortization and write downs	67.9	59.4	
o/w EUSA Pharma	*12.8*	6.6	
o/w write downs of assets	-	2.2	
EBITDA[1]	**406.2**	**334.9**	**21.3**

Reconciliation of Reported Net Income to Adjusted Net income

(million Euro)	H1 2023	H1 2022	Change %
Net income	**227.6**	**151.4**	**50.3**
Net monetary (gains)/losses (IAS 29 Türkiye)	(0.9)	4.7	
Non-recurring expenses	3.9	26.4	
Non-cash charges from PPA inventory uplift	20.9	16.9	
Amortization and write-downs of intangible assets (exc. software)	52.5	45.6	
o/w EUSA Pharma	*12.5*	*6.2*	
Tax effects	(16.6)	(20.2)	
Adjusted Net income[4]	**287.4**	**224.8**	**27.9**

Summary of key items

- **FX gains of € 4.7 million** vs € 18.7 million losses in H1 2022 (RUB)
- **Net monetary gains of € 0.9 million** from application of IAS 29 (Türkiye) in H1 2023, vs € -4.7 million losses in 2022
- **Non-recurring costs of € 3.9 million**, mainly for SPC rightsizing, significantly reduced vs prior year
- **Non-cash charges** arising from Purchase Price Allocation (IFRS 3) of **EUSA Pharma: € 20.9 million** in H1 2023 at the level of gross margin (from unwind of inventory revaluation), consistent with prior year
- **D&A and write downs of assets**: increase of € 8.5 million, of which **€ 6.2 million from EUSA Pharma**

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.