

RECORDATI: PRELIMINARY 2020 RESULTS CONFIRM CONTINUED GROWTH OF OPERATING INCOME AND NET INCOME. EBITDA +4.7% AND ADJUSTED NET INCOME +7.3%.

- Consolidated revenues € 1,448.9 million, -2.2% (+0.4% at constant exchange rates).
- EBITDA⁽¹⁾ € 569.3 million, +4.7%.
- Operating income € 469.0 million, +0.8%.
- Net income € 355.0 million, -3.8%; excluding the non-recurring “Patent Box” tax benefits, net income increased by +3.2%.
- Adjusted Net income⁽²⁾ € 410.4 million, +7.3%.
- Net financial position⁽³⁾: net debt of € 865.8 million, with positive underlying cash generated, excluding dividends and payments associated with new licenses and milestones, of approximately € 360 million.
- New product launches, combined with portfolio expansion through new commercial agreements, lay the foundation for solid future growth.
- 2021 objectives include continued growth in revenues, EBITDA⁽¹⁾ and adjusted net income⁽²⁾.
- Approved a share buy-back program to service the stock options plans.
- Payment dates of the 2020 dividend balance and the 2021 interim dividend announced

Milan, 22 February 2021 – The Board of Directors of Recordati S.p.A. reviewed the preliminary consolidated financial statements for 2020 and the 2021 objectives. The company’s final consolidated annual financial statements will be submitted to the Board for approval on 18 March 2021.

Financial highlights

- **Consolidated revenues**, at € 1,448.9 million, fell by 2.2% compared to 2019, reflecting also the devaluation of almost all currencies against the euro, which was especially notable during the second half of the year. At constant exchange rates, the Group’s sales grew slightly by +0.4%. Revenues for the new drugs acquired at the end of 2019, Signifor® and Signifor® LAR and initial sales of Isturisa® totalled € 79 million.
- **EBITDA⁽¹⁾** was € 569.3 million, an increase of 4.7% over 2019, thanks to expense controls and a better gross margin, at 39.3% of sales, up compared to 36.7% in 2019.
- **Operating income** was € 469.0 million, an increase of 0.8% over the previous year, lower compared to EBITDA growth due to the increase in amortization associated with new products, a margin of 32.4% of sales compared to 31.4%.
- **Net income**, equalled € 355.0 million, at 24.5% of sales, compared to € 368.9 million in 2019; excluding non-recurring “Patent Box” tax benefits, equal to € 2 million in 2020 and to € 27 million in 2019, net income increased by 3.2% thanks to the progress in operating income and the decrease in financial expenses.

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MILAN ECONOMIC AND ADMINISTRATIVE INDEX 401832

- **Adjusted net income**⁽²⁾, equal to € 410.4 million, grew by 7.3% compared to 2019, at 28.3% of sales, higher than the previous year, which as 25.8%.
- **Net financial position**⁽³⁾ at 31 December 2020 recorded a net debt of € 865.8 million, which was lower compared to the net debt of € 902.7 million at 31 December 2019. In the period, dividends of € 212.7 million were distributed and payments were made for milestones and licenses for new products for a total value of approximately € 99.1 million. Treasury shares were purchased for a total disbursement, net of sales for the exercise of stock options, of € 12.2 million. Net of these effects, the Group's solid cash generation was confirmed at approximately € 360 million.

Management Comments

"In 2020, our Group faced and successfully overcame various challenges, some of which were expected, such as the loss of exclusivity for some corporate products, others which emerged during the year at the onset of the COVID-19 pandemic. Despite the influence these events had on the market and therefore also on our business, the Group demonstrated resilience and the ability to react in a challenging environment. This allowed us to achieve absolutely positive results, with EBITDA of € 569.3 million, up by +4.7%, and Adjusted net income of € 410.4 million, up by +7.3%. This was possible thanks to all the Group employees who ensured the continuation of business even in the most acute stages of the epidemic", stated CEO Andrea Recordati. "We were able to limit the impact of the pandemic by carefully managing costs and successfully increasing our business in the rare diseases sector, by adding Signifor® and Signifor® LAR to our portfolio and launching Isturisa®, products acquired from Novartis in 2019. We also continued to work towards the growth and consolidation of our Group, with the launch of Cystadrops in the United States, and finalising new agreements to expand the portfolio. To this end, we added a license and supply agreement with ARS Pharmaceuticals, signed in September, for ARS-1, an epinephrine-based nasal spray, and an additional deal with Tolmar International Ltd, finalised at the beginning of 2021, for a license and supply agreement to market Eligard® (leuprolide acetate), a marketed medicinal product for the treatment of hormone dependent advanced prostate cancer.

All of these transactions lay the foundation for the Group's continued and solid growth. In 2021, with the help of the transactions already disclosed and assuming a gradual recovery of our reference markets after COVID-19 in the second half of the year, we expect revenues between € 1,570 million and € 1,620 million, EBITDA between € 600 million and € 620 million, and adjusted net income between € 420 and € 440 million".

⁽¹⁾ Net income before financial (income) expense, provision for taxes, depreciation, amortization and write-down of property, plant and equipment, intangible assets and goodwill, and non-recurring items.

⁽²⁾ Net income excluding amortization and write-downs of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects.

⁽³⁾ Cash and short-term financial investments less bank overdrafts and loans, which include the measurement at fair value of hedging derivatives.

Approved a share buy-back program to service the stock options plans

Today, the Board of Directors also approved to launch a share buy-back program under art. 5 of (EU) Regulation no. 596/2014 for a maximum of up to 1,500,000 ordinary shares - within the maximum cash outlay of EUR 75 million - in execution of the resolution adopted by the Shareholders' meeting held on 29th April 2020, for the servicing of current and future stock option plans in favour of the Recordati Group's management. Such program will be executed through an intermediary - which will operate in full independency ("riskless principal") – whose identification is on-going, further to a specific delegation of powers.

Dates of payment of dividends during 2021

As a follow-up to – and consistently with - the press release on 2021 corporate events calendar, published on 30 November 2020, Recordati S.p.A. announces that the payment of the balance of the 2020 financial year dividend is planned for 26 May 2021, on each outstanding share at 24 May 2021 (ex-dividend date) and record date 25 May 2021, while payment of the interim dividend for the 2021 financial year is planned for 24 November 2021, on each outstanding share at 22 November 2021 (ex-dividend date) and record date 23 November 2021^(*).

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 documentation evidence, books and accounting records.

Conference Call

Recordati will be hosting a conference call today, **22 February**, at **4:00 p.m.** Italian time (3:00 p.m. London time, 10:00 a.m. New York time). 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 17415713

Callers are invited to dial in 10 minutes before conference time. If conference operator assistance is required during the connection, please dial* followed by 0 or call +39 02 806 1371. A recording of the conference call will be placed on the website www.recordati.com.

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.

() Recordati S.p.A. specifies that this press release is not a forecast of the existence of the conditions for the dividend distribution.*



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 throughout the whole of Europe, including Russia, 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, proprietary and under license, in a number of 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 2019 was € 1,481.8 million, operating income was € 465.3 million and net income was € 368.9 million.

For further information:

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