An International Specialty Pharmaceutical Group
Company profile

Recordati today

An international specialty pharmaceutical group (€ 1,481.8 million sales in 2019 and > 4,300 employees)

**Specialty & Primary care 83% of revenue**
- Recordati is an important European player in specialty & primary care and OTC and a partner of choice for new product licenses
- Operations in the main European markets, in Russia, Poland and other Central and Eastern European countries, Turkey and in North Africa. Proprietary drugs sold worldwide either directly or through licensees

**Drugs for the treatment of rare diseases 17% of revenue**
- A global presence and a preferred partner
- A richer product development pipeline prioritizing treatments for unmet medical needs

**2019 Group financial highlights**
- Revenue € 1,481.8 million, up 9.6%
- EBITDA\(^{(1)}\) € 544.0 million or 36.7% of sales, up 9.0%
- Operating income (EBIT) € 465.3 million or 31.4% of sales, up 5.2%
- Adjusted Net income\(^{(2)}\) € 383.0 million or 25.8% of sales, up 10.8%
- Net debt € 902.7 million (pro-forma Net debt/EBITDA 1.5 - 1.6 x)

\(^{(1)}\) 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-down of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects.
Company profile

A history of growth, geographical expansion and business diversification

- A mainly Italian company until the end of the nineties
- International expansion strategy started in earnest in 1999
- Expansion through organic development and through acquisitions
- Progressive coverage of Western Europe, Central and Eastern Europe and other areas around the Mediterranean mainly through the acquisition of existing pharmaceutical companies
- Entry into the rare diseases segment following the acquisition of Orphan Europe end 2007
- Worldwide development of the rare diseases business ongoing

Specialty & Primary care
82% of revenue*
77% of EBITDA*
Focus on Europe

Treatments for rare diseases
18% of revenue*
23% of EBITDA*
A worldwide business

*Revenue and EBITDA percentages are those in the first quarter of 2020
Company strategy

**Group Objectives**
Continuation of successful strategy
Steady organic growth from well diversified portfolio
Enhanced by accretive or strategic acquisitions in both SPC & Rare Diseases

<table>
<thead>
<tr>
<th>Specialty &amp; Primary Care</th>
<th>Rare Diseases</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Maintain steady volume-led growth from cash generative core products</td>
<td>• Continue developing the existing portfolio of global brands</td>
</tr>
<tr>
<td>• Reinforce current geographical footprint to remain a partner of choice</td>
<td>• Consolidation of Latin American and Asia/Pacific presence</td>
</tr>
<tr>
<td>• Leverage additional new products on current organization</td>
<td>• Launch new products / indications - Signifor®, Signifor® LAR, Isturisa®, Cystadrops® and Ledaga®</td>
</tr>
<tr>
<td>• Reinvest cash flow into accretive acquisitions</td>
<td>• Progress current R&amp;D pipeline</td>
</tr>
<tr>
<td></td>
<td>• Invest in targeted BD and M&amp;A to reinforce global portfolio</td>
</tr>
</tbody>
</table>

**Exposure to Positive Macro Trends**
Aging populations fuelling higher healthcare expenditure and greater prevalence of chronic disease
Recordati portfolio weighted towards age-related diseases: cardiology, urology, gastrointestinal...
Emerging market exposure driving strong local currency growth: Turkey, Russia, CEE and CIS
Significant unmet need remaining in Rare Diseases, with c.500 approved drugs to date vs. > 6,000 designated rare diseases

1 Source: Third-party consulting firm
Data: First quarter 2020
Pharmaceutical revenue € 417.4 m
* excludes Pharmaceutical chemical revenue of € 11.8 m
A diversified product portfolio

- Drugs for rare diseases 18.0%
- Subsidiaries’ local product portfolios 15.8%
- OTC 19.2%
- Seloken®/Logimax® 7.1%
- Livazo® 3.9%
- Urorec® 6.3%
- Zanipress® 3.5%
- Zanidip® 9.5%
- Pharmaceutical chemicals 2.7%
- Other corporate products 13.4% (excluding OTC)
- Other revenue 0.6%

Data: First quarter 2020
Total revenue € 429.2 m
Core corporate products


Highly selective $\alpha_{1A}$ receptor antagonist indicated for the treatment of symptoms associated with benign prostatic hyperplasia (BPH). Fast onset of action. High efficacy. Very good cardiovascular safety. Generic versions entered the market beginning 2020. Impact of generic competition mainly in France, Italy and Spain. Detailing to physicians to continue in promotion sensitive markets post loss of exclusivity to partially mitigate the impact of generic entry. Lower impact on profits than on sales.

Metoprolol succinate is a beta-blocker mainly indicated for the control of a range of conditions including of hypertension, angina pectoris, disturbances of cardiac rhythm, maintenance treatment after myocardial infarction, and functional heart disorders with palpitations. Logimax® is a fixed combination of metoprolol succinate and felodipine, a calcium channel blocker indicated for the treatment of hypertension.

Livazo® is a potent LDL-lowering drug with a consistent and progressive HDL-raising effect. It is only minimally metabolized through a CYP pathway thereby reducing the risk of drug-drug interactions and providing a clear benefit in patients receiving polypharmacy. Generic versions expected August 2020. Impact from generic competition expected mainly in Spain and Portugal. Detailing to physicians to continue in promotion sensitive markets post loss of exclusivity to mitigate impact of generics entry.

Reagila® indicated for the treatment of schizophrenia. An orally active and potent dopamine D$_3$/D$_2$ receptor partial agonist with preferential binding to D$_3$ receptors and partial agonist at serotonin 5-HT$_{1A}$ receptors. Clinical data shows superior efficacy in the treatment of the negative symptoms of schizophrenia.
Over the counter (OTC) products

Accounts for 19% of sales

Corporate brands generate 41% of OTC sales. Key brands: Procto-Glyvenol®, Hexaspray®, Casenlax®, Laclidigest®

Leading local brands: Magnesio Supremo® and Reuflor® (Italy), Gynkor® and Alodont® (France), Mirfulan® (Germany)

Life-cycle management of key brands

An opportunity to be further developed in all European markets

Opportunities for cross-selling existing products to be identified and pursued

Growth over the plan period expected to be mid to high single digit
Treatments for rare diseases

Treatments for rare diseases - A worldwide business

Large market potential: > 7,000 rare diseases identified for which approved treatments exist for fewer than 10%. Progressive country introduction of rare disease plans and access to diagnostic tests will stimulate the market for orphan drugs.

Sales of drugs for rare diseases in 2019 total € 249.9 million, +16.3%. Double digit annual growth expected.

Ledaga® launched in 2019, sales of Juxtapid® in Japan added in 2019, approval of organic acidemias indication for Carbaglu® in the U.S. and approval and launch of Cystadrops® in the U.S. expected 2020/2021

Acquisition of Signifor®, Signifor® LAR and Isturisa® from Novartis in 2019. Isturisa® now approved in Europe for Cushing’s syndrome and approved and launched in the U.S.A. for Cushing’s disease.

R&D in rare diseases a priority to generate future growth. Pipeline includes a number of new very promising development programs and others are under evaluation.
Treatments for rare diseases – existing portfolio

**NORMOSANG®** (EU-RoW) / **PANHEMATIN®** (US) (human haemin), used to treat acute attacks of hepatic porphyria

**CARBAGLU®** (carglumic acid), indicated in the treatment of hyperammonaemia due to NAGS deficiency and to the main organic acidemias

**SIGNIFOR®/SIGNIFOR® LAR** (pasireotide), used in the treatment of Cushing’s disease and acromegaly

**ISTURISA®** (osilodrostat), used in the treatment of Cushing’s syndrome/disease

**COSMEGEN®** (dactinomycin), used mainly in the treatment of three rare cancers, Wilms’ tumor, childhood rhabdomyosarcoma and choriocarcinoma.

**CYSTADANE®** (betaine anhydrous), indicated in the treatment of homocystinuria

**CYSTADROPS®** (cysteamine), indicated in the treatment of corneal cysteine deposits in cystinosis

**CYSTAGON®** (cysteamine), indicated in the treatment of nephropathic cystinosis

**JUXTAPID®** (lomitapide) is a microsomal triglyceride transfer protein inhibitor currently approved for the treatment of homozygous familial hypercholesterolemia (HoFH), available in Japan.

**LEDAGA®** (chlormethine hydrochloride) is a novel gel formulation, applied once a day, indicated for the topical treatment of mycosis fungoides-type cutaneous T-cell lymphoma (MF-CTCL), a rare disease characterized by the abnormal accumulation of malignant T-cells in the skin.

**PEDEA®** (EU-RoW)/**NEOPROFEN®** (US) (ibuprofen I.V.), indicated in the treatment of patent ductus arteriosus

**VEDROP®** (water soluble vitamin E), indicated in the treatment of vitamin E deficiency in pediatric patients suffering from congenital chronic cholestasis

**WILZIN®** (zinc acetate), indicated in the treatment of Wilson’s disease
Recordati Rare Diseases reinforcing its worldwide organization to enhance commercial reach and expertise in endocrinology

Acquisition from Novartis of worldwide rights to Signifor®, Signifor® LAR and Isturisa®. Transaction closed 23 October 2019. Upfront cash consideration of $390 million. Regulatory milestones, in addition to royalties on net sales contingent upon approval and market access of Isturisa®.

Leading commercialization platform established:

- Dedicated office set up in Basel (Switzerland) to lead all clinical, regulatory, supply chain, medical affairs and commercial aspects related to our new endocrinology franchise
- Endocrinology unit with specialized leadership team created in US to:
  - ensure optimization of Signifor® and Signifor® LAR utilization in acromegaly and Cushing’s disease
  - Ensure successful launch of Isturisa® in Cushing’s disease
- Ramp up of organisation in EU and ROW with experienced staff to assure appropriate focus on endocrinology franchise
- Globally more than 70 headcounts being added to the Recordati Rare Diseases structure

Isturisa® approved in EU as a new therapeutic option for patients with Cushing’s syndrome and in the U.S. for patients with Cushing’s disease
Signifor® and Signifor LAR®, an opportunity for continuous growth across the globe

- Injectable somatostatin analogue for the treatment of Cushing’s disease and acromegaly. IP protection until 2026. Orphan drug designation in the US and Europe.
- Peak sales of more than $ 100 million
- In 2019 Signifor® franchise continued to grow (+4%) in almost all key markets
- Re-launch activities of Signifor® LAR ongoing with focus on US, as limited Novartis resources deployed as of early 2017
- More than 70% of overall sales stem from the LAR formulation
  - Strong switch from subcutaneous to LAR formulation in Cushing’s Disease, showing increase in adoption
  - Strong Signifor® LAR uptake in acromegaly
  - Evaluating opportunities in new geographies
- Marketing authorization transferred in February in US, in April in Japan and expected May in EU
- Other key markets to follow in Q2 2020
- Estimated in market Q1 Sales +6% vs 2019 on a like-for-like basis

Signifor® sc approved in CD in 2012 (EU & US, registered WW in > 60 markets)
Signifor® LAR approved in acromegaly in Nov and Dec 2014 (EU and US respectively)
Signifor® LAR approved in CD in Sep 2017/ Jun 18 (EU and US respectively)
Approved in EU and in the U.S. as a new therapeutic option for patients with Cushing’s syndrome and Cushing’s disease respectively

Both the European Commission and the FDA granted marketing authorization for Isturisa® (osilodrostat), indicated for the treatment of endogenous Cushing’s syndrome and Cushing’s disease in adults, respectively.

- Data generated by the clinical program show that Isturisa® leads to biochemical control (normal cortisol levels) in the majority of patients, as well as improvement in multiple clinical features of the disease and in QoL measurements.
- In LINC-3 (phase 3, multicentre, double-blind, randomized withdrawal study), a significantly higher proportion of patients in the osilodrostat arm maintained normal mUFC response at the end of the 8-week randomised withdrawal period (week 34) versus placebo (86.1% vs 29.4%).
- The European Commission and the FDA confirmed the Orphan status of Isturisa®.
- Patient assistance programs and agreement with specialty pharmacy implemented in the US. Launch slated for June-July.
- Launch in selected EU markets starting in Q3.
- Filed in Japan.
- IP protection until 2031.
- Potential peak sales materially above $100 million.

*Mufc = mean urinary free cortisol; RR = response rate; ULN = upper limit of normal.

Research and Development

**Specialty and Primary Care**

Focus on the development of products in specialty care areas on a European basis.

Life-cycle management and indication expansion activities.

**Treatments for rare diseases**

Advance projects in current development pipeline.

Identify and add new development projects to the pipeline.

Global approach for the development of treatments for rare diseases.

Internal new product development, life-cycle management and indication expansion.
## A well balanced product pipeline

<table>
<thead>
<tr>
<th>NAME</th>
<th>ORIGINATOR</th>
<th>INDICATION</th>
<th>DEVELOPMENT STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>methadone</td>
<td></td>
<td>Treatment of cancer-related pain in cases of resistance or intolerance to opioids</td>
<td>Approved in France</td>
</tr>
<tr>
<td>CARBAGLU® (carglumic acid)</td>
<td>Recordati</td>
<td>Hyperammonaemia due to NAGS deficiency and to the main organic acidemias</td>
<td>Development of new formulation in EU and USA Filed in USA for the organic acidemias indication</td>
</tr>
<tr>
<td>CYSTADROPS® (cysteamine)</td>
<td>Recordati</td>
<td>Treatment of corneal cysteine deposits in cystinosis</td>
<td>Approved and marketed in EU Filed in USA</td>
</tr>
<tr>
<td>ISTURISA® (osilodrostat)</td>
<td>Novartis/Recordati</td>
<td>Endogenous Cushing’s syndrome</td>
<td>Approved in EU Approved and launched in USA</td>
</tr>
<tr>
<td>REC 0551</td>
<td>Recordati/Meyer Hospital (Florence)</td>
<td>Retinopathy of Prematurity (ROP)</td>
<td>Phase II</td>
</tr>
<tr>
<td>REC 0559/MT8</td>
<td>Recordati/MimeTech</td>
<td>Low molecular weight non-peptidic nerve growth factor (NGF) mimetic in development for the treatment of neurotrophic keratitis</td>
<td>Phase II Orphan drug designation granted in the EU and by the FDA</td>
</tr>
<tr>
<td>REC 0545</td>
<td>Recordati/AP-HP</td>
<td>Acute decompensation episodes in MSUD</td>
<td>Formulation development, clinical development ongoing Orphan drug designation granted in the EU</td>
</tr>
</tbody>
</table>
First quarter 2020 highlights

• Exceptional organisation responsiveness to deal with effects of unprecedented crisis, safeguarding employees and assuring continuity of supply

• Very strong financial results, reflecting underlying performance in line with plan and incremental revenue driven by customers’ stockpiling at start of COVID-19 lockdowns:
  - Revenue € 429.2 million, +12.1%, includes € 14.7 million contributed by Signifor® and Signifor® LAR
  - EBITDA(1) € 172.9 million or 40.3% of sales, +20.1%
  - Net Income € 111.2 million or 25.9% of sales, + 20.7%
  - Adjusted Net Income(2) € 125.2 million or 29.2% of sales, + 23.5%

• Results reflect an estimated € 20 million revenue (€ 13 million operating profit) from extra stocking in the channel, expected to be reabsorbed in Q2. € 2 million non-recurring COVID-19 costs recorded

• Net debt at € 880.8 million, compared to net debt of € 902.7 million at 31 December 2019, reflecting strong cash flow, milestone payment of $20 million for EU Isturisa® approval and net share repurchases for € 44.0 million

• Approval with orphan drug status obtained in the EU and in the US for the marketing of Isturisa® (osilodrostat) in January and March 2020 respectively, with marketing authorisations now transferred. Filing of Isturisa® New Drug Application in Japan

(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-down of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects.
Recordati contingency planning to counter impact of COVID-19 epidemiological emergency

**Safe environment for our employees**

- Implementation of measures to protect individuals and to prevent infection diffusion (home-working, sanitization, DPIs use, social distance etc.)
- New working models in all manufacturing plants to support distancing measures
  - Revision of working time and re-distribution of people in Turkey, Italy and Tunisia
  - Two-shift model in France (Nanterre)
  - Week-end shifts introduction in France (Montluçon) and Spain

**Supply chain continuity for all our businesses in all markets**

- Alternative supply flow for starting materials and intermediates to feed Recordati’s API plants, both for captive and merchant portfolios
- Stock management tuning both for APIs and FDFs (Finished Dosage Forms)
- Stock delocalization for FDFs
- Alternative FDF supply flows
- Planning and production programmes revision for FDFs both in Recordati’s and CMOs’ plants
- Alternative logistic and distribution models
## Main product sales

**Corporate products including drugs for rare diseases account for 69.6% of revenue**

<table>
<thead>
<tr>
<th>Product Description</th>
<th>1Q 2020 (million Euro)</th>
<th>1Q 2019 (million Euro)</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zanidip® (lercanidipine)</td>
<td>40.7</td>
<td>37.4</td>
<td>8.7</td>
</tr>
<tr>
<td>Zanipress® (lercanidipine+enalapril)</td>
<td>14.9</td>
<td>14.2</td>
<td>4.6</td>
</tr>
<tr>
<td>Urorec® (silodosin)</td>
<td>27.1</td>
<td>27.8</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Livazo® (pitavastatin)</td>
<td>16.6</td>
<td>13.2</td>
<td>26.1</td>
</tr>
<tr>
<td>Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)</td>
<td>30.3</td>
<td>23.0</td>
<td>31.6</td>
</tr>
<tr>
<td>Other corporate products (1)</td>
<td>91.8</td>
<td>79.7</td>
<td>15.1</td>
</tr>
<tr>
<td>Drugs for rare diseases</td>
<td>77.5</td>
<td>56.2</td>
<td>37.9</td>
</tr>
</tbody>
</table>

(1) Include the OTC corporate products for an amount of € 34.2 million in 2020 and € 31.1 million in 2019 (+10.0%)

(2) Includes revenue related to Signifor® and Signifor® LAR of € 14.7 million in 1Q 2020 and none in 1Q 2019
## Composition of revenue by geography

<table>
<thead>
<tr>
<th></th>
<th>1Q 2020</th>
<th>1Q 2019</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>78.6</td>
<td>80.2</td>
<td>(2.0)</td>
</tr>
<tr>
<td>France</td>
<td>41.3</td>
<td>37.9</td>
<td>8.9</td>
</tr>
<tr>
<td>Germany</td>
<td>39.1</td>
<td>36.1</td>
<td>8.4</td>
</tr>
<tr>
<td>Russia, other CIS countries and Ukraine</td>
<td>35.3</td>
<td>28.3</td>
<td>24.7</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>31.9</td>
<td>26.3</td>
<td>21.1</td>
</tr>
<tr>
<td>Turkey</td>
<td>27.5</td>
<td>22.0</td>
<td>25.0</td>
</tr>
<tr>
<td>Spain</td>
<td>25.0</td>
<td>22.8</td>
<td>9.5</td>
</tr>
<tr>
<td>Portugal</td>
<td>13.1</td>
<td>11.0</td>
<td>18.7</td>
</tr>
<tr>
<td>Other CEE countries</td>
<td>28.1</td>
<td>19.5</td>
<td>44.1</td>
</tr>
<tr>
<td>Other W. Europe countries</td>
<td>24.6</td>
<td>17.3</td>
<td>42.3</td>
</tr>
<tr>
<td>North Africa</td>
<td>12.0</td>
<td>11.4</td>
<td>5.4</td>
</tr>
<tr>
<td>Other international sales</td>
<td>61.0</td>
<td>58.4</td>
<td>4.4</td>
</tr>
<tr>
<td><strong>TOTAL PHARMACEUTICALS (1)</strong></td>
<td><strong>417.4</strong></td>
<td><strong>371.3</strong></td>
<td><strong>12.4</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1Q 2020</th>
<th>1Q 2019</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia (RUB) (2)</td>
<td>2,041.6</td>
<td>1,695.0</td>
<td>20.5</td>
</tr>
<tr>
<td>Turkey (TRY) (2)</td>
<td>176.3</td>
<td>128.5</td>
<td>37.2</td>
</tr>
<tr>
<td>U.S.A. (USD)</td>
<td>35.2</td>
<td>29.9</td>
<td>17.6</td>
</tr>
</tbody>
</table>

(1) Both years include sales as well as other income and exclude sales of pharmaceutical chemicals for an amount of € 11.8 million in 1Q 2020 and € 11.7 million in 1Q 2019 (+0.6%)
(2) Net revenues in local currency in Russia and in Turkey exclude sales of products for rare diseases.
# First quarter 2020 results

<table>
<thead>
<tr>
<th>(million Euro)</th>
<th>1Q 2020</th>
<th>1Q 2019</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>429.2</td>
<td>383.0</td>
<td>12.1</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>303.7</td>
<td>266.5</td>
<td>14.0</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>70.8</td>
<td>69.6</td>
<td></td>
</tr>
<tr>
<td><strong>SG&amp;A Expenses</strong></td>
<td>118.2</td>
<td>111.8</td>
<td>5.7</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>27.6</td>
<td>29.2</td>
<td></td>
</tr>
<tr>
<td><strong>R&amp;D Expenses</strong></td>
<td>34.9</td>
<td>29.2</td>
<td>19.8</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>8.1</td>
<td>7.6</td>
<td></td>
</tr>
<tr>
<td><strong>Other Income (Expense), net</strong></td>
<td>(2.1)</td>
<td>0.5</td>
<td>n.s.</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>(0.5)</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>148.4</td>
<td>126.0</td>
<td>17.8</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>34.6</td>
<td>32.9</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>111.2</td>
<td>92.1</td>
<td>20.7</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>25.9</td>
<td>24.1</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted Net Income (1)</strong></td>
<td>125.2</td>
<td>101.4</td>
<td>23.5</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>29.2</td>
<td>26.5</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA (2)</strong></td>
<td>172.9</td>
<td>143.9</td>
<td>20.1</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>40.3</td>
<td>37.6</td>
<td></td>
</tr>
</tbody>
</table>

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

(2) 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.
First quarter 2020 - alternative performance measures: reddefinition of EBITDA and introduction of Adjusted Net Income

- Given the growing amount of intangible assets on the Group’s balance sheet, in order to provide information in line with best practice in the sector and to allow comparability with other players, our report has been extended to include an additional performance measure, **adjusted net income**, which adjusts reported Net Income for the following items and their tax effect:
  - Amortization and impairment of intangible assets (excluding software) and impairment of goodwill.
  - Non-recurring

- A reconciliation between reported Net Income and Adjusted Net Income for 2019 and 2020 target is provided in the table below

<table>
<thead>
<tr>
<th>(million Euro)</th>
<th>1Q 2020</th>
<th>1Q 2019</th>
<th>FY 2020 Target</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>111.2</td>
<td>92.1</td>
<td>360 - 370</td>
<td>368.9</td>
</tr>
<tr>
<td>Amortization and write-down of intangible assets (excl. software)</td>
<td>15.9</td>
<td>12.0</td>
<td>64</td>
<td>53.2</td>
</tr>
<tr>
<td>Tax effect</td>
<td>(3.4)</td>
<td>(2.7)</td>
<td>(16)</td>
<td>(12.1)</td>
</tr>
<tr>
<td>Non-recurring items</td>
<td>2.0</td>
<td>0</td>
<td>0</td>
<td>(27.0)</td>
</tr>
<tr>
<td>Tax effect</td>
<td>(0.5)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ADJUSTED NET INCOME</td>
<td>125.2</td>
<td>101.4</td>
<td>408 - 418</td>
<td>383.0</td>
</tr>
</tbody>
</table>

- The definition of EBITDA will also be amended to also exclude non recurring items
- Non-recurring items in Q1 2020 were limited to € 2 million of costs related to COVID-19 crisis, being mainly donations; no non recurring items were recorded in Q1 2019
- Non-recurring items in FY 2019 relate to the “patent box” tax benefit of € 27.0 million for the period 2015-2018
First quarter 2020 results

Operating Segments

Revenue

- Treatments for rare diseases: 18.0%
- Specialty & primary care: 82.0%

EBIT

- Treatments for rare diseases: 22.9%
- Specialty & primary care: 77.1%

EBITDA

- Treatments for rare diseases: 23.0%
- Specialty & primary care: 77.0%

Margin on sales:
- Treatments for rare diseases: EBITDA 51.3%, EBIT 43.9%
- Specialty & primary care: EBITDA 37.9%, EBIT 32.5%
Net financial position

*Net debt reduced by € 22 million vs Dec 2019, reflecting strong cash flow, net share repurchases for € 44.0 million and milestone payment of $ 20 million for EU Isturisa® approval*

<table>
<thead>
<tr>
<th>(million Euro)</th>
<th>31 Mar 2020</th>
<th>31 Dec 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short-term financial investments</td>
<td>196.1</td>
<td>187.9</td>
<td>8.2</td>
</tr>
<tr>
<td>Bank overdrafts and short-term loans</td>
<td>(9.2)</td>
<td>(13.4)</td>
<td>4.2</td>
</tr>
<tr>
<td>Loans and leases – due within one year*</td>
<td>(145.5)</td>
<td>(149.8)</td>
<td>4.3</td>
</tr>
<tr>
<td>Loans and leases – due after one year*</td>
<td>(922.2)</td>
<td>(927.4)</td>
<td>5.2</td>
</tr>
<tr>
<td><strong>NET FINANCIAL POSITION</strong></td>
<td><strong>(880.8)</strong></td>
<td><strong>(902.7)</strong></td>
<td><strong>21.9</strong></td>
</tr>
</tbody>
</table>

* Includes change in fair value of the relative currency risk hedging instruments (cash flow hedge)
**2020 target assumptions**

- Mid single digit Net Revenue growth
- Signifor®, Signifor® LAR and initial sales of Isturisa® in Europe contributing net revenue of around € 70 million*
- Additional investment to maximise opportunity of new Endocrinology franchise in both EU and US
- Slight improvement in EBITDA margin due to product/country mix and stable operating income margin
- Tax rate to be of around 23 - 24%

**Current view**

- Net Revenue likely to be slightly below guidance range, due to:
  - FX headwind of roughly -1%
  - Impact on Q2-Q3 demand in markets most affected by COVID-19 lockdowns
- Signifor®, Signifor® LAR and Isturisa® target unchanged; early Isturisa® US sales off-set slight delay in EU MA transfer on Signifor® and Signifor® LAR
- € 5-6 million incremental investment in US behind early US Isturisa® launch (and € 3 million incremental amortization charge)
- EBITDA margin improvement on track, net of non-recurring COVID-19 costs (€ 6-8 million, mostly donations)
- No change re tax assumptions

* Only margins on sales of Signifor® and Signifor® LAR booked until marketing authorizations are transferred from Novartis to Recordati.
The Recordati share

The Recordati share (ticker REC, Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271) has been listed on the Italian Stock Exchange since 1984. It belongs to the FTSE MIB, the FTSE IT Health Care and the STOXX Europe 600, Health Care, MSCI indexes.

Share capital consists of 209,125,156 ordinary (common) shares with a par value of €0.125 each.

2018 EPS (diluted): €1.494
2019 EPS (diluted): €1.764

2019 dividend per share: €1.00
Dividend pay-out ratio: ±60% of group net income

Ownership:

Consortium of investment funds controlled by CVC Capital Partners 51.8%

Institutional 40.7%
Italian institutional: 2.9%
Foreign institutional: 37.8%
US institutional: 13.1%

Retail 5.3%
Treasury stock 2.2%
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 RECIM, 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, both 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.

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