



RECORDATI: FIRST QUARTER 2021 RESULTS AND 2021-2023 THREE-YEAR PLAN APPROVED; 2023 REVENUE FORECAST BETWEEN € 1,900 AND € 2,000 MILLION

- Consolidated net revenue € 384.8 million in the first quarter (-10.3% or -6.8% at constant exchange rate)
- EBITDA⁽¹⁾ € 150.0 million, -13.2%.
- Operating income € 124.9 million, -15.9%.
- Net income € 89.9 million, -19.2%.
- Adjusted net income ⁽²⁾ € 104.4 million, -16.6%.
- Net financial position⁽³⁾: net debt of € 852.6 million. Free Cash Flow⁽⁴⁾ of €110.2 million.
- Shareholders' equity € 1,329.1 million.
- Approval of the plan for the 2021-2023 period which foresees, based on continuous organic growth combined with new development initiatives, 2023 revenue between € 1,900 and € 2,000 million.
- Stock options allocation as part of the "2021-2023 Stock Options Plan".

Milan, 6 May 2021 - The Board of Directors of Recordati S.p.A. approved the Group's Interim Report at 31 March 2021, representing additional voluntary financial reporting⁽⁵⁾. The Report was prepared using the assessment, measurement and recognition criteria prescribed by international accounting standards (IFRS). The financial statements at 31 March 2021 will be available today at the company's offices and on the company's website (www.recordati.it) and can also be viewed on the authorised storage system 1Info (www.1Info.it).

Financial highlights

- **Consolidated net revenue** was € 384.8 million, compared to € 429.2 million in the first quarter of last year (-10.3% or -6.8% at constant exchange rate), reflecting the continued impact of the COVID-19 pandemic, in particular on seasonal flu medications, the adverse currency exchange rates and the loss of exclusivity in 2020 for silodosin and pitavastatin. The comparison with the first quarter of 2020 is further affected by the accelerated buying that occurred last year for around € 20 million as wholesalers and pharmacies dealt with the onset of the health emergency, while in the first quarter of 2021 there was a reduction of stocks, especially for seasonal flu medications. Net revenue includes € 16.8 million relating to the new product Eligard®, acquired under license from Tolmar International Ltd. in January.
- **EBITDA⁽¹⁾** at € 150.0 million, was down 13.2% compared to the first quarter of 2020, accounting for 39.0% of revenue. The drop was mainly due to the decrease in revenue.
- **Operating income** was € 124.9 million, decreasing by 15.9% over the same period of the previous year, and was at 32.5% of revenue.
- **Net income** at € 89.9 million, was down 19.2% compared to the first quarter of 2020, accounting for 23.4% of revenue. The decrease was due to the drop in operating income and higher financial expenses, which includes net foreign exchange losses of € 3.7 million and lower income compared to the first quarter of 2020.

RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA S.p.A.

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€ 26,140,644.50 SHARE CAPITAL, FULLY PAID IN
MILAN, MONZA, BRIANZA and LODI BUSINESS REGISTER 00748210150
TAX CODE/VAT NO. 00748210150
MILAN ECONOMIC AND ADMINISTRATIVE INDEX 401832

Company under the Management and Coordination of Rossini Luxembourg S.à.r.l

- **Adjusted net income** ⁽²⁾ was € 104.4 million, down by 16.6% over the same amount in 2020, at 27.1% of revenue.
- The **net financial position** ⁽³⁾ at 31 March 2021 recorded net debt of € 852.6 million compared to net debt of € 865.8 million at 31 December 2020. Over the period, € 35.0 million was paid to Tolmar International pursuant to the license agreement for Eligard® and € 14.5 million to Almirall for the Flatoril® rights. In addition, treasury shares were purchased for € 43.2 million, net of proceeds for the exercise of stock options. **Free cash flow** ⁽⁴⁾, which is operating cash flow before these effects and financing items was € 110.2 million in the period, an increase of € 20.9 million compared to the first quarter of 2020, mainly due to a lower absorption of working capital. Shareholders' equity was € 1,329.1 million.

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

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

⁽³⁾ Cash and cash equivalents, less bank debts and loans, which include the measurement at fair value of hedging derivatives.

⁽⁴⁾ Operating cash flow excluding financing items, milestones, dividends, purchases of treasury shares net of proceeds from exercise of stock options.

⁽⁵⁾ You are reminded that Italian Legislative Decree 25/2016, which implements Directive 2013/50/EU, no longer stipulates the submission of an interim management report, which was previously required in terms of paragraph 5 of Art. 154-ter of Legislative Decree 58/1998.

2021-2023 three-year plan: updated strategy and outlook

On 22 February, the Company announced the financial targets for 2021, which foresaw revenue of between € 1,570 million and € 1,620 million, EBITDA between € 600 and € 620 million and adjusted net income between € 420 and € 440 million.

Despite the drop in sales, financial results for the first quarter were in line with expectations. Consistently with the objectives set at the beginning of 2021, we expect a gradual recovery of the reference markets after the pandemic in the second half of the year, with lower incidence of seasonal flu infections throughout 2021.

The Board of Directors of Recordati S.p.A. also approved the plan for the 2021-2023 three-year period (the "Plan"). The Plan foresees that the development of the Recordati Group will continue to be supported by organic growth of the product portfolio, combined with acquisitions and business development operations aimed at strengthening the Group's presence in both the segments where it operates. For 2023, including the contribution of additional acquisitions that could be finalized over the plan period, this forecasts revenue between € 1,900 and € 2,000 million, EBITDA between € 720 and € 760 million and adjusted net income between € 530 and € 560 million.

As already announced on 28 April 2021, today, 6 May at 3:00 pm CET (2:00 pm GMT), Recordati will be presenting the results for the first quarter 2021 to the financial community, together with its updated strategy and outlook for the 2021-2023 three-year period approved by the Board of Directors. The full presentation will be made available on the Company's website www.recordati.it.

Management Comments

“The first quarter of the year reflects the impact of the pandemic persisting in all geographic areas where the Group operates, in particular for seasonal flu medications. The continued discipline on costs, combined with the reduction in promotional activities as a result of the restrictions, produced operating results and profits in line with our expectations, even if lower than the first quarter of the previous year”, stated Andrea Recordati, Chief Executive Officer. “We are particularly satisfied with solidity of the Group results, the progress made with the addition of the new product Eligard® to our portfolio and the continued growth, at 9.6%, of sales of our specialties for the treatment of rare diseases”, continued Andrea Recordati.

“Finally, the Board of Directors approved the plan for the next three-year period, 2021-2023, during which we will continue our strategy and commitment to grow and further strengthen the Group, through organic development of our activities combined with targeted business development operations and acquisitions in both segments where we operate. We expect on average over the plan period annual revenue growth of 10.4%, average annual EBITDA growth of 9.1% and 9.9% for adjusted net income over the period.”

Additional significant resolutions

Stock options allocation as part of the “2021-2023 Stock Options Plan”

Pursuant to Art. 84-bis of Consob Regulation no. 11971/99 (“Issuers Regulation”) and based on the proposal by the Remuneration and Nomination Committee that met on 26 April 2021, the Board of Directors today resolved to allocate 3,219,500 options, in respect of the “2021-2023 Stock options Plan” approved by the Shareholders' Meeting on 20 April 2021, to 276 Beneficiaries of Recordati S.p.A and its subsidiaries (see attached table).

Exercising the options is subject to having achieved the cumulative performance target over the three years included in the Performance Period (2021-2023) set with reference to adjusted net income.

The exercise price, equalling the arithmetic average of the prices recorded on the Stock Market over the period included between the allocation date and the same day of the previous calendar month, is € 45.97.

The allocation conditions are detailed in the disclosure document referred to in the Directors' Report under point three of the Shareholders' Meeting agenda of 20 April 2021, which is available on the Company website at the following link:

https://www.recordati.com/en/corporate_governance/remuneration/stock_option_plans/#pagetop

Guidelines on maximum number of appointments that each director may hold in other listed companies or in larger companies.

Based on the proposal by the Remuneration and Nominations Committee, the Board of Directors today approved the Guidelines regarding the maximum number of appointments held in other companies, which is deemed compatible with performing duties as a director of Recordati S.p.A. For more information on these guidelines and their implementation, please visit our Company's website https://www.recordati.com/en/corporate_governance/board_of_directors/

Conference Call

Today, 6 May at 3:00 pm CET (2:00 pm GMT), Recordati management will be hosting a conference call with the financial community to present the first quarter 2021 results and the 2021-2023 three-year strategy and outlook update.

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 69 174 15 713

Callers are invited to dial in 10 minutes before conference time. If conference operator assistance is required to connect, please dial *0.

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.

A recording of the proceedings will be subsequently placed on the website www.recordati.com.

***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, 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 2020 was € 1,448.9 million, operating income was € 469.0 million and net income was € 355.0 million.*

For further information:

Recordati website: www.recordati.com

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This document contains forward-looking statements relating to future events and future operating, economic and financial results of the Recordati group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Actual results may therefore differ materially from those forecast as a result of a variety of reasons, most of which are beyond the Recordati group's control. The information on the pharmaceutical specialties and other products of the Recordati group contained in this document is intended solely as information on the Recordati group's activities, and therefore, as such, it is not intended as medical scientific indication or recommendation, nor as advertising.

RECORDATI GROUP

Summary of the consolidated results,
prepared in accordance with International Financial Reporting Standards (IFRS)
(€ thousands)

INCOME STATEMENT	First quarter 2021	First quarter 2020	Change %
NET REVENUE	384,838	429,235	(10.3)
Cost of sales	(104,069)	(125,511)	(17.1)
GROSS PROFIT	280,769	303,724	(7.6)
Selling expenses	(93,347)	(99,854)	(6.5)
Research and development expenses	(41,456)	(34,928)	18.7
General and administrative expenses	(20,062)	(18,369)	9.2
Other income/(expenses), net	(1,017)	(2,147)	(52.6)
OPERATING INCOME	124,887	148,426	(15.9)
Financial income/(expenses), net	(8,893)	(2,896)	n.s.
PRE-TAX INCOME	115,994	145,530	(20.3)
Income taxes	(26,110)	(34,335)	(24.0)
NET INCOME	89,884	111,195	(19.2)
ADJUSTED NET INCOME ⁽¹⁾	104,433	125,175	(16.6)
EBITDA ⁽²⁾	150,021	172,872	(13.2)
Attributable to:			
Equity holders of the Parent	89,872	111,183	(19.2)
Non-controlling interests	12	12	0.0
EARNINGS PER SHARE			
Basic ⁽³⁾	€ 0.436	€ 0.540	(19.3)
Diluted ⁽⁴⁾	€ 0.430	€ 0.532	(19.2)

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

(2) Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, and non-recurring charges.

(3) Earnings per share (EPS) are based on average shares outstanding during the respective period, 206,225,973 in 2021 and 205,786,745 in 2020, net of average treasury stock, which amounted to 2,899,183 shares in 2021 and 3,338,411 shares in 2020.

(4) Diluted earnings per share is calculated by taking into account stock options granted to employees.

COMPOSITION OF NET REVENUE	First quarter 2021	First quarter 2020	Change %
Total revenue	384,838	429,235	(10.3)
Italy	72,793	81,536	(10.7)
International	312,045	347,699	(10.3)

RECORDATI GROUP

Summary of the consolidated results,
prepared in accordance with International Financial Reporting Standards (IFRS)
(€ thousands)

ASSETS	31/03/2021	31/12/2020
Property, plant and equipment	131,384	133,250
Intangible assets	1,143,837	1,115,811
Goodwill	560,466	562,116
Other equity investments and securities	47,405	45,581
Other non-current assets	18,867	6,861
Deferred tax assets	74,188	75,084
TOTAL NON-CURRENT ASSETS	1,976,147	1,938,703
Inventories	243,684	251,252
Trade receivables	307,910	268,897
Other receivables	35,208	47,291
Other current assets	13,366	10,245
Derivative instruments measured at fair value	11,068	7,036
Cash and cash equivalents	250,085	188,230
TOTAL CURRENT ASSETS	861,321	772,951
TOTAL ASSETS	2,837,468	2,711,654

RECORDATI GROUP

Summary of the consolidated results,
prepared in accordance with International Financial Reporting Standards (IFRS)
(€ thousands)

SHAREHOLDERS' EQUITY AND LIABILITIES	31/03/2021	31/12/2020
Share capital	26,141	26,141
Share premium reserve	83,719	83,719
Treasury shares	(126,637)	(87,516)
Reserve for derivative instruments	(3,091)	(2,659)
Translation reserve	(213,558)	(217,303)
Other reserves	72,757	70,707
Profits carried forward	1,502,720	1,151,053
Net income	89,872	354,984
Interim dividend	(103,143)	(103,143)
Shareholders' equity attributable to equity holders of the Parent	1,328,780	1,275,983
Shareholders' equity attributable to non-controlling interests	289	277
TOTAL SHAREHOLDERS' EQUITY	1,329,069	1,276,260
Loans - due after one year	800,325	778,238
Provisions for employee benefits	21,296	21,174
Deferred tax liabilities	41,110	41,219
Other non-current liabilities	17,058	16,299
TOTAL NON-CURRENT LIABILITIES	879,789	856,930
Trade payables	145,065	132,096
Other payables	104,383	95,671
Tax liabilities	37,096	29,743
Other current liabilities	10,623	11,250
Provisions for risks and charges	15,656	17,113
Derivative instruments measured at fair value	4,730	9,770
Loans - due within one year	275,060	270,254
Short-term debts to banks and other lenders	35,997	12,567
TOTAL CURRENT LIABILITIES	628,610	578,464
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,837,468	2,711,654

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 Company's documentation, books and accounting records.

TABLE No. 1 of outline 7 of Annex 3A of Regulation No. 11971/1999

NAME OR CATEGORY	POSITION	FRAME 2							
		Stock Option							
		SECTION ONE							
		Options relating to currently valid plans, approved on the basis of previous shareholders' resolutions							
		Date of the shareholders' resolution	Description of instrument	Options held as at 31 st December 2020	Options exercised since beginning of the plan until 31 st December 2020 ****	Date of grant by BoD	Exercise price €	Market price of the underlying shares on the grant date (official price) €	Exercise period (from to) ***
Andrea Recordati	Director and Chief Executive Officer	17/04/2014	Options on Recordati S.p.A. shares with physical delivery	90,000	2014-2018 Plan: 90,000 2018-2022 Plan: 0	29/07/2014	12.29	11.917	2018** - 31.12.2022 (3rd tranche) 2019** - 31.12.2022 (4th tranche)
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	108,000		13/04/2016	21.93	22.318	2018** - 31.12.2024 (1st tranche) 2019** - 31.12.2024 (2nd tranche) 2020** - 31.12.2024 (3rd tranche) 2021** - 31.12.2024 (4th tranche)
		18/04/2018	Options on Recordati S.p.A. shares with physical delivery	200,000		03/08/2018	30.73	31.920	2020** - 31.12.2026 (1st tranche) 2021** - 31.12.2026 (2nd tranche) 2022** - 31.12.2026 (3rd tranche) 2023** - 31.12.2026 (4th tranche)
Fritz Squindo	Director *	17/04/2014	Options on Recordati S.p.A. shares with physical delivery	90,000	2014-2018 Plan: 90,000 2018-2022 Plan: 0	29/07/2014	12.29	11.917	2018** - 31.12.2022 (3rd tranche) 2019** - 31.12.2022 (4th tranche)
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	108,000		13/04/2016	21.93	22.328	2018** - 31.12.2024 (1st tranche) 2019** - 31.12.2024 (2nd tranche) 2020** - 31.12.2024 (3rd tranche) 2021** - 31.12.2024 (4th tranche)
		18/04/2018	Options on Recordati S.p.A. shares with physical delivery	130,000		03/08/2018	30.73	31.920	2020** - 31.12.2026 (1st tranche) 2021** - 31.12.2026 (2nd tranche) 2022** - 31.12.2026 (3rd tranche) 2023** - 31.12.2026 (4th tranche)

* Please be informed that Mr. Squindo is a beneficiary of the reported stock option plans not as a member of the Board of Directors of Recordati S.p.A., but as an employee of the Company.

** Thirty days following the shareholders meeting held to approve the annual report of the previous year.

*** Tranches of options which already vested and not yet exercised subsequent to vesting may be exercised before and not later than the end of the eighth financial year following that in which the Board of Directors granted the options.

Furthermore, each tranche consists of 25% of the options granted to the participant.

**** Options exercised and expired are excluded.

NAME OR CATEGORY	POSITION	FRAME 2							
		Stock option							
		SECTION ONE							
		Options relating to currently valid plans, approved on the basis of previous shareholders' resolutions							
		Date of the shareholders' resolution	Description of instrument	Options held as at 31 st December 2020	Options exercised since beginning of the plan until 31 st December 2020 ***	Date of grant by BoD	Exercise price €	Market price of the underlying shares on the grant date (official price) €	Exercise period (from to) *
N. 6 Key Management Personnel as at 6 th May 2021		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	58,500	2014-2018 Plan: 296,500 2018-2022 Plan: 32,500	29/07/2014	12.29	11.917	2018** - 31.12.2022 (3rd tranche) 2019** - 31.12.2022 (4th tranche)
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	213,000		13/04/2016	21.93	22.328	2018** - 31.12.2024 (1st tranche) 2019** - 31.12.2024 (2nd tranche) 2020** - 31.12.2024 (3rd tranche) 2021** - 31.12.2024 (4th tranche)
		18/04/2018	Options on Recordati S.p.A. shares with physical delivery	402,500		03/08/2018	30.73	31.920	2020** - 31.12.2026 (1st tranche) 2021** - 31.12.2026 (2nd tranche) 2022** - 31.12.2026 (3rd tranche) 2023** - 31.12.2026 (4th tranche)
Other Beneficiaries as at 6 th May 2021 (168)		13/04/2010****	Options on Recordati S.p.A. shares with physical delivery	0	2010-2013 Plan: 515,000 2014-2018 Plan: 5,775,500 2018-2022 Plan: 524,500	17/04/2013	7.16	7.35	Please note that these are fully exercised options, but with expiry date 31.12.2021
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	0		30/10/2013	8.93	9.4005	Please note that these are fully exercised options, but with expiry date 31.12.2021
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	540,000		29/07/2014	12.29	11.917	2016** - 31.12.2022 (1st tranche) 2017** - 31.12.2022 (2nd tranche) 2018** - 31.12.2022 (3rd tranche) 2019** - 31.12.2022 (4th tranche)
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	1,154,000		13/04/2016	21.93	22.328	2018** - 31.12.2024 (1st tranche) 2019** - 31.12.2024 (2nd tranche) 2020** - 31.12.2024 (3rd tranche) 2021** - 31.12.2024 (4th tranche)
		18/04/2018	Options on Recordati S.p.A. shares with physical delivery	3,085,000		03/08/2018	30.73	31.920	2020** - 31.12.2026 (1st tranche) 2021** - 31.12.2026 (2nd tranche) 2022** - 31.12.2026 (3rd tranche) 2023** - 31.12.2026 (4th tranche)

* Tranches of options already vested and not yet exercised subsequent to vesting may be exercised before and not later than the end of the eighth financial year following that in which the Board of Directors granted the options.

Furthermore, each tranche consists of 25% of the options granted to the participant.

** Thirty days following the shareholders meeting held to approve the annual report of the previous year.

*** Options exercised and expired are excluded.

**** Solely for employees of the American subsidiary Recordati Rare Diseases Inc.

TABLE No.1 of the outline Annex 3A of Regulation No. 11971/1999

NAME OR CATEGORY	POSITION	FRAME 2						
		Stock Options						
		SECTION 2						
		Newly assigned Options on the basis of a decision of the Board of Directors ("BoD") to implement the shareholders' resolution, as proposed by the Remuneration and Nominations Committee ("RNC")						
		Date of shareholders' resolution	Description of the instrument	Number of options	Date of grant of the BoD as proposed by the RNC	Exercise price €	Market price of underlying shares on the grant date € **	Possible exercise period
Andrea Recordati	Director and Chief Executive Officer	20 th April 2021	Options on Recordati S.p.A. shares with physical delivery	130,000	BoD 6 th May 2021 RNC 26 th April 2021	45.97	45.851	2024*** - 31.12.2029 ****
Fritz Squindo	Director*	20 th April 2021	Options on Recordati S.p.A. shares with physical delivery	65,000	BoD 6 th May 2021 RNC 26 th April 2021	45.97	45.851	2024*** - 31.12.2029 ****
N. 6 Key management personnel		20 th April 2021	Options on Recordati S.p.A. shares with physical delivery	342,500	BoD 6 th May 2021 RNC 26 th April 2021	45.97	45.851	2024*** - 31.12.2029 ****
Others beneficiaries (268)		20 th April 2021	Options on Recordati S.p.A. shares with physical delivery	2,682,000	BoD 6 th May 2021 RNC 26 th April 2021	45.97	45.851	2024*** - 31.12.2029

* Please be informed that Mr. Squindo is a beneficiary of the reported stock option plans not as a member of the Board of Directors of Recordati S.p.A., but as an employee of the Company.

** Official price on the day before the grant date (5th May 2021).

*** The thirtieth day from the Shareholders meeting held to approve the financial statements related the financial year ended 31st December 2023 or, if subsequent, the date corresponding to the 36th month from the Grant Date (6th May 2021).

**** Considering the lock-up restriction (please refer to the Information Memorandum of the Stock Option Plan 2021-2023 for its definition) from the vesting date until the 24th month after such date. The lock-up restriction applies only to Recordati's top management.