Recordati S.p.A.

"First Half 2026 Results Conference Call"

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OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining the Recordati First Half 2026 Results Conference Call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

At this time, I would like to turn the conference over to Ms. Eugenia Litz, Vice President of Investor Relations of Recordati. Please go ahead, madam.

EUGENIA LITZ: Thank you, and good afternoon, everyone. I'm pleased to be here today with Rob Koremans, our CEO and Mike McClellan, our CFO, who will present results for the first half of 2026. Also joining for the Q&A session will be Scott Pescatore, Executive Vice President of Rare Diseases; Alberto Martinez, Executive Vice President of Specialty and Primary Care and Milan Zdravkovic, Executive Vice President of R&D. As always, the presentation is available in the investors section of our website.

It is now my pleasure to pass the call over to Rob. Please go ahead.

ROB KOREMANS: Thank you, Eugenia, and good afternoon, everyone. Thank you for joining us today. We are very pleased with our performance in the first half of the year. We delivered another period of strong financial results, continued to execute well across businesses, and maintained the momentum that positions us to achieve our full-year objectives.

Revenue increased to €1.4 billion, representing 6.6% reported growth or 9.1% on a like-for-like at constant exchange rate basis. This performance was driven by the continued strength of our rare disease portfolio, alongside resilient in-market growth across our specialty and primary care business.

EBITDA increased 8.8% to €540 million, delivering a margin of 38.3%, reflecting the quality of our portfolio, favorable product mix, and continued operating discipline. Adjusted net income grew 6.7% to €350 million, while reported net income increased 24.8%, supported by the strength of our underlying business.

Cash generation also remained robust. We generated €299 million of free cash flow during the first half and further strengthened our balance sheet, ending the period with net debt below 1.9 times EBITDA. This gives us considerable financial flexibility to continue investing in our business while pursuing value-creating business development opportunities.

Operationally, rare disease continues to be the key engine of our growth. In the U.S., Isturisa delivered strong performance across all major demand indicators, supported by increasing physician adoption and growing patient demand. During the quarter, we also completed the planned expansion of our customer-facing teams. In addition, we took another important strategic step by expanding our pipeline through our licensing agreement with Ionis for zilganersen, further reinforcing our long-term rare disease growth platform.

And with that, I'll hand over to Mike, who will take you through the financial results for the first half in more detail.

MIKE MCCLELLAN: Thank you, Rob. Turning to rare disease, we delivered another strong performance in the first half, with revenues increasing 17.1% to €604 million, or 22% at constant exchange rates. Growth continues to be broad-based across the portfolio, with particularly strong contributions from endocrinology and hema-oncology.

Within endocrinology, Isturisa once again delivered an outstanding performance, growing 58% year-over-year. This reflects continued momentum in patient acquisition and conversion, underpinned by strong commercial execution. We continue to see significant opportunities for growth as physician adoption expands and more patients gain access to treatment. Signifor also contributed positively, increasing 5.8%, supported by higher volumes in the U.S.

In hema-oncology, revenue increased 14.8%, led by Enjaymo, which grew 31.1% on continued expansion across the U.S., Japan, and EMEA. We also had solid contributions from Carbaglu and Sylvant, demonstrating the breadth of growth across the franchise.

As expected, metabolic was lower versus a particularly strong prior-year comparison, reflecting the timing of Carbaglu shipments across markets and softer demand for Panhematin in the U.S. It is reassuring, however, that the franchise returned to growth during the second quarter. Overall, these results reinforce the strength of our rare disease portfolio, providing a solid foundation for future growth.

If we turn now to specialty and primary care, the business delivered another resilient performance in the first half. Revenue was broadly stable at €774 million, up 0.6% on a like-for-like basis at constant exchange rates, which reflected continued growth of our promoted portfolio, despite a number of expected headwinds during the period.

In cardiovascular, revenue declined 1.6%, reflecting the anticipated impact of the loss of Cardicor, together with lower sales of certain mature products due to order phasing. These headwinds were partly offset by continued success of Vazkepa, which contributed €14 million of revenue in the first half, and ongoing growth from pitavastatin.

Urology increased 1%, driven by continued strong performance of Eligard, supported by solid underlying demand and a temporary competitor stockout in Türkiye. This was largely offset by a more challenging comparison for Tergynan following its relaunch in Russia last year. And Gastrointestinal revenue increased 3.9%, reflecting primarily good momentum for Procto-Glyvenol across our key markets. Finally, cough and cold declined 9.7% as expected, due to a weaker season across our major markets compared with the prior year.

Overall, we are pleased with the performance of the specialty and primary care business. The continued strength of our promoted brands and resilient underlying demand largely offset the expected impact of product losses, order phasing and seasonal factors, which reinforces the quality and stability of this portfolio.

If we now go to the geographic performance, the first half was characterized by continued strong momentum in the US, which more than offset a number of expected headwinds in selected markets. The U.S. once again delivered a great performance with revenue increasing 29.5% or 38.2% in local currency, driven primarily by Isturisa and Enjaymo.

In Italy, revenue declined 8.5%, reflecting the expected impact of the loss of Cardicor. Spain continued to perform strongly, growing 12.2%, supported by Vazkepa, while France declined 5.3%, primarily reflecting lower sales of mature products and phasing effects. In Germany, revenue was down 6.6%, mainly reflecting our deliberate decision to exit selected low-margin tenders, consistent with our focus on maintaining profitability.

Russia other CIS countries, and Ukraine increased 7.7% in euro terms, despite a softer cough and cold season and a tougher comparison following

the Tergynan relaunch last year. Türkiye continued to deliver excellent growth, increasing 16.2% and 34.3% in local currency, reflecting strong underlying demand across the portfolio, with price increases more than offsetting the currency deflation.

Elsewhere, Portugal, other Western Europe, and other CEE countries all delivered growth, while other international sales were modestly lower, largely reflecting phasing of shipments. Overall, we're pleased with the performance across our geographic footprint. Strong growth in the U.S., together with solid contributions from several key international markets, helped offset localized headwinds and demonstrates the resilience of our diversified business model.

If we turn to the P&L, solid revenue growth and a favorable product mix drove strong profitability and margin expansion in the first half. Revenue increased 6.6% to €1.4 billion, supported by the continued momentum of our diversified portfolio. Gross profit increased to 14.3%, with gross margin improving to 71.5%, benefiting from strong operational performance, a positive mix effect and the absence of prior-year acquisition-related inventory charges.

Operating expenses maintained well-controlled. While SG&A and R&D increased in absolute terms as we continue to invest behind the growth of the business, both remain broadly stable as a percentage of revenue, demonstrating continued operating discipline, though we expect a slight ramp-up in the second half as the added Isturisa investments in the U.S. reach a full run rate.

Non-recurring costs increased due to the acceleration of the Performance Share Plan in the second quarter, triggered by the potential delisting of Recordati. Net financial expenses increased, mainly driven by unrealized

FX losses from the U.S. dollar. Reported net income increased 24.8% to €269.7 million, while adjusted net income rose 6.7% to €349.9 million, with the margin remaining strong at 24.8%. Finally, EBITDA reached €540.2 million, with a 38.3% margin.

We now turn to the cash flow. We generated €299.4 million of free cash flow in the first half, an increase of €42.6 million versus the prior year, reflecting the continued strength of the underlying business. The improvement was primarily driven by higher EBITDA, while working capital usage remained broadly stable year-on-year. Higher income tax payments were more than offset by a favorable contribution from changes in other assets and liabilities. And we continue to maintain a strong financial position, ending the first half with a net debt below 1.9 times EBITDA.

And finally, we are confirming our full-year 2026 financial targets. We expect net revenue in the range of €2.73 billion to €2.8 billion, driven by high teen organic growth at constant exchange rates for rare diseases. For SPC, we expect low single-digit organic growth at constant exchange rates, reflecting some one-off headwinds while the fundamentals of the business remain strong.

For EBITDA, we expect a range of €995 million to €1.30 billion, including the investments behind the Isturisa opportunity in the U.S., leading to a sustained leader setting margins of approximately 36.5%. And for adjusted net income, we expect a range of €655 million to €685 million, with a margin of approximately 24%. Our targets for 2027 also remain unchanged.

With that, I'll turn it back over to Rob to open up the Q&A session.

ROB KOREMANS: Thanks Mike. And before we do so, I would like to remind everyone that the proposed transaction with CVC and GBL is subject to an ongoing offer process. The offer document was published on July 22nd and is publicly available, together with Recordati's board statement and the opinion of the Independent Directors.

As all relevant information is contained in these publicly available documents, we are not able to comment further on the transaction beyond what has already been disclosed. We would therefore appreciate keeping today's discussions in Q&A focused on our business, our performance in the first half year, and are now happy to take your questions.

Q&A

OPERATOR: This is the Chorus Call Conference operator. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchtone telephone. To remove yourself from the question queue, please press "*" and "2." Please pick-up the receiver when asking a question. We kindly ask you to speak slowly and clearly. Anyone who has a question may press "*" and "1" at this time.

The first question comes from Charles Pitman-King from Barclays. Please go ahead.

CHARLES PITMAN-KING: Hi, guys. Charles Pitman-King from Barclays. Thanks very much for taking my questions. A few, if I may. Just thinking about some of the dynamics on your product sales. Within the cardiovascular business, Livazo in particular kind of showed very strong 1H sales. I'm just wondering if you could describe a little bit more around what the key driver of this was, and you mentioned order phasing. Was this a factor here, and how does it affect your other cardiovascular products?

And then secondly, maybe with urology, you mentioned about Eligard strength. Are you able to quantify any of the benefit related to the stock out? Is this expected to reverse? And just how can we think about that Tergynan offset? This is an unfamiliar product, at least from my perspective.

And then maybe just a quick final one on SPC margins. They look like they're coming down over time, just by, I assume, most of the margin being the incremental SG&A being allocated to R&D, to rare disease. So just wondering how you're thinking about SPC margins over time. Thank you.

ROB KOREMANS: Yes. Thank you, Charles. I'm happy to give Alberto the floor.

ALBERTO MARTINEZ: Thank you, Rob. Cardiovascular, there are different dynamics. I think you specifically refer to Livazo, pitavastatin. This is driven by strong growth, primarily in Russia and Türkiye, which are markets where we do promote this product. But it's also partly because of the repatriation of a brand of these products in Spain that we undertook from the beginning of the year in January, bringing the product from Esteve into Recordati, while previously the product was in the hands of international. All of that combined is bringing a higher growth of Livazo than expected. But the market dynamics remain solid and continues to grow, but more in the single-digits than in the double-digits.

Then, I think you mentioned as well about the other phasing dynamics and spreads around metoprolol and lercanidipine. There are different dynamics there with competitors out of stock, with different situations in Romania, with a significant crisis, both political and economic, that is influencing the sales of Betaloc. But overall, the product continues to perform well on an in-market basis. The same is applied to lercanidipine, where we see also

some phasing dynamics with one of our partners, Menarini, this year that is reducing the level of stock that they have or API in their business. But the in-market demand continues to be very strong in the relevant markets for Menarini, which is Russia and CIS markets primarily.

So hopefully that covers though…you want to cover the SPC margins, Rob, or you want me to cover it?

ROB KOREMANS: No, I am happy to do that. I believe what we're doing on margins has been based on 3 things, right. 1), wherever there's an opportunity to increase the price and where we have flexibility, we do so if the market circumstances allow. We continue to be very efficient in our operations and continue to focus on that. And we believe that these margins that we are now are sustainable, and the right sizing that has happened on the commercial part to a large extent, and that we communicated already a couple of times is behind us. So it's really more in the mix where we have.

And I don't know, Alberto, anything you want to add here?

ALBERTO MARTINEZ: No, it's just to say that the margin of SPC has just been improving over recent years, also thanks to a significant right-sizing of our commercial operations. We also have to recognize that we are relaunching Vazkepa, and as a product at launch phase, we need to invest, and that is minimally impacting the margins of SPC. But the margins of SPC, according to what we see, remains very strong and well above any other peers in the specialty care space.

CHARLES PITMAN-KING: Thank you. The other question just related to urology, just the Eligard versus Tergynan dynamics. Wondering if you could quantify the competitive stock-out benefit for Eligard and just what we should be considering for Tergynan, given this is an unfamiliar product?

ALBERTO MARTINEZ: Okay. Eligard continues to grow robustly in the markets, it's mid-to-high single-digit growth across the regions. We obviously have declared before that there is higher competition in the space with the arrival of some new competitors, some innovative products coming in the market. But Eligard, unlike other ADTs, is defending very well and effectively growing as being reported.

One exceptional event is the fact that in Türkiye, the main competitor went out of the market. And today Eligard is the only ADT available for patients, and we have been able, with a huge effort from our supply chain, to meet the needs from the patients. And we are seeing an exceptional performance of Eligard in Türkiye. And obviously, that is an effect that is not expected to be sustained in the future. We don't know how long that competitor will be out of the market. But…and therefore, will have a reverse effect at some point. But we are reporting it transparently as soon as it happened, as we always do.

In the case of Tergynan, it was the relaunch last year in Russia. We reported it as well last year, and now we're seeing some influence of that in the overall growth of urology. But so far, it's also a good performance of Tergynan in Russia and in other territories.

CHARLES PITMAN-KING: Thank you so much. Very helpful.

OPERATOR: As a reminder, if you wish to register for a question, please press "*" and "1" on your telephone. The next question comes from Kirsty Ross-Stewart from BNP Paribas. Please go ahead.

KIRSTY ROSS-STEWART: Hi there. Yes, Kirsty Ross-Stewart from BNP Paribas. Maybe a couple for Scott. On Isturisa, I know that in Q1 you were mentioning some

delays with converting patients into commercial prescriptions. Just wondering if you could provide an update on this. Has there been any improvement in your conversion rate since Q1? And if so or if not, what's driving that? And if I can try and push you for kind of a number to quantify any improvement versus Q1 and how much progress towards the optimal scenario, which I guess is kind of full patient conversion, that would be very helpful?

And secondly, just on the zilganersen that you've been licensed from Ionis. I think the US opportunity is estimated around $200 million in consensus. So just wondering if you could talk to the relative size of the opportunity in the markets that you have rights for and the timelines behind development and approval here? Thank you.

SCOTT PESCATORE: Sure. No problem. Thanks for your questions. I appreciate it. So with regards to Isturisa, you are absolutely right, I mean, we were seeing a bit of a slow conversion rate in the first quarter. This has picked up significantly in the second quarter. We have had almost more than 20% additional conversions versus the first quarter. So we did see some pull-through there, which was very positive news. But this is a metric that needs to continue to improve. We have significant enrollments which are coming in, and they have increased also very strongly in the second quarter. But we really need to pull those through into conversions.

If you are asking sort of what are some of the things that are driving that, I mean, I think we mentioned in the last call, we did have a bit of churn because of some insurance pull-through and from Obamacare expiring and people kind of bridging their therapy in the first quarter. That's washed out in the second quarter a bit. We still have a bit of that churn, but it is less than in the first quarter, so it is smoothing a bit, which is helping the conversion.

We're also seeing a significant number of new prescribers, which is also generating some of the slow conversions, because clearly not being familiar with the product or the processes, it is taking a little bit more time to get those patients on drug. However, some of the things that we have seen in the second quarter are repeat prescribers and prescribers that have had more than one patient on therapy. So the conversion from enrollment to new patient start has been quite a bit smoother with them.

So we continue to see this progression for the rest of the year, and it is something that we are going to be focusing on, trying to manage ways to make this easier for physicians and for patients to make sure that when they get the prescription for Isturisa, that they can actually receive the drug as quickly as possible.

And I think your second question was on Ionis, on zilganersen?

ALBERTO MARTINEZ: Right. We have not guided, and I do not think it is a good point now to give a guidance on this opportunity. As you know, it is an ultra, ultra-rare disease. And the pricing outside of the U.S., where we are going to be responsible for bringing this to patients, it's going to be different from in the U.S.. But I don't want to guide on an opportunity here. It is a wonderful opportunity for patients that suffer from this, because it is a very effective treatment for a very small but severely impacted patient group.

KIRSTY ROSS-STEWART: Understood. Thank you.

OPERATOR: Ladies and gentlemen, there are no more questions registered at this time.

ROB KOREMANS: Yes, I think we've had very clear and solid results, and we're a bit limited in what we can say and who can participate and ask questions. I would like to

thank you for joining us today, and we are committed to maybe enjoy a little bit of a summer break here in Italy and then continue our businesses. Look forward to seeing you, talking to you next. Thank you all and have a good day.