

Recipharm AB publishes its interim report for the third quarter 2020

July – September 2020

- Net sales amounted to SEK 2,582 million (1,797), an increase of 44%
- EBITA increased by 51% and amounted to SEK 237 million (156) corresponding to an EBITA margin of 9.2% (8.7)
- Operating profit (EBIT) amounted to SEK 192 million (95) and was affected by non-recurring items of SEK +37 million (0)
- Profit after tax amounted to SEK 46 million (81) corresponding to a net margin of 1.8% (4.5)
- Earnings per share amounted to SEK 0.45 (1.19) before dilution and SEK 0.45 (1.19) after dilution. Core EPS amounted to SEK 0.85 (1.23)
- Leverage decreased from 5.6 end of June to 5.1 at the end of the quarter
- No material financial support received for COVID-19

January – September 2020

- Consort Medical Plc consolidated from February 2020
- Net sales amounted to SEK 8,256 million (5,476), an increase of 51%
- EBITA increased by 66% and amounted to SEK 927 million (558) corresponding to an EBITA margin of 11.2% (10.2)
- Operating profit (EBIT) amounted to SEK 502 million (377) and was affected by non-recurring items of SEK - 140 million (0)
- Profit after tax amounted to SEK 116 million (253) corresponding to a net margin of 1.4% (4.6)
- Non-recurring items affected profit after tax with SEK - 160 million (0)
- Earnings per share amounted to SEK 1.45 (3.74) before dilution and SEK 1.45 (3.74) after dilution. Core EPS amounted to SEK 5.52 (4.55)
- Share issues of SEK 2.5 billion in total completed

Thomas Elderred, CEO:

Strategy implementation continues to drive strong results

“Our strong results in the third quarter illustrate that we are delivering on the implementation of our strategy. Despite currency headwinds impacting revenue growth by 4 per cent and EBITA by 5 per cent, we have delivered another strong quarter with EBITA growth of 51 per cent, significantly ahead of the 44 per cent sales growth. With a strong comparison quarter, we still managed to achieve flat organic sales in continuing operations. EBIT increased significantly and excluding non-recurring income but including currency impact, the increase was 63 per cent.

We see strong demand for COVID-19 related products and services and discussions are ongoing with several pharma companies. A first clinical study on Erdosteine as an add-on treatment for COVID-19 has shown positive outcome and we are evaluating how to develop knowledge in this field. During the quarter we started to prepare and allocate sterile manufacturing capacity in order to be able to attract COVID-19 related products. I’m therefore pleased to note that we after the period reached an agreement with US based company Arcturus Therapeutics to manufacture their mRNA-based COVID-19 vaccine. This is strategically a very important agreement for us and should provide further opportunities in biologics for Recipharm. I believe that we will be able to attract



additional important COVID-19 related projects in the near future. These will then have a material positive financial effect starting already early next year.

Operating costs in locations highly affected by the pandemic have been higher, mainly affecting our Sterile Liquids segment. We have also seen some impact on end-market demand of non- COVID-19 related products in all segments. We believe this is a temporary effect. During the quarter, our operations in India have been particularly impacted by the pandemic. But we have successfully mitigated these challenging conditions and achieved an organic sales growth in India of 6 per cent.

Advanced Delivery Systems' sales were impacted by temporary starting materials shortage and certain phasing to the fourth quarter. One of our customers has withdrawn a new product, therefore we expect somewhat softer ADS performance during next quarters Overall demand for inhalation products continues to be good with several new products in development and further projects under negotiation.

I'm very pleased with the execution of our road map to deliver cost and revenue synergies from our acquisition of Consort Medical. During the quarter we benefitted from SEK 26 million of operating cost synergies. There is some more work to be done and by the second quarter 2021 we now estimate that we will reach annual operating cost synergies of SEK 140 million, 12 per cent more than the previously communicated SEK 125 million.

Operationally the Consort entities are well integrated into Recipharm's organisation and in total the Consort entities reported an organic sales growth of 12 per cent, on a pro forma basis, with all entities growing. In Cramlington, UK, certain manufacturing has re-started with a gradual ramp-up to the end of the year. Performance has improved but is still not satisfactory and there are still several improvement activities to be implemented during next year.

Good cash flow and high profit contributed to lower net debt and leverage during the quarter. Leverage is expected to continue to decrease going forward. Our liquidity position has further improved during the quarter and we retain good operating flexibility.

Our efforts during past years to build a resilient top 5 CDMO with global reach will continue to bring benefits to customers and patients. Overall demand continues to be largely unaffected during the ongoing pandemic and we are securing more valuable new contracts than ever before. We will deliver on our strategy and explore the value creating opportunities we see in the market. Looking forward we see continued good organic growth and we expect to well reach our EBITA-margin and return on operating capital long term targets already during next year."

The complete report is attached through the link at the end of the press release.

The company invites investors, analysts and media to a web conference (in English) on 5th November at 10:00 am CET, where CEO Thomas Eldered and CFO Tobias Hägglov will present and comment on the report as well as answer questions.

[Click here](#) to participate in the web conference.

Questions may be submitted by dialling below telephone numbers. If you don't wish to ask questions you only need to participate through the link above.

From Sweden: +46 8 566 426 51

From the UK: +44 333 300 08 04

From the USA: +1 631 913 14 22

Pin code for participants:

67679708#



Contact information

Thomas Eldered, CEO, telephone: +46 8 602 52 10

Tobias Hägglov, CFO, ir@recipharm.com, +46 8 602 52 00

This information is information that Recipharm AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 5 November 2020, at 07:45 CET.

About Recipharm

Recipharm is a leading Contract Development and Manufacturing Organisation (CDMO) in the pharmaceutical industry employing almost 9,000 employees. Recipharm offers manufacturing services of pharmaceuticals in various dosage forms, production of clinical trial material and APIs, pharmaceutical product development and development and manufacturing of medical devices. Recipharm manufactures several hundred different products to customers ranging from big pharma to smaller research and development companies. Recipharm's annual turnover is approximately SEK 11 billion. The company operates development and manufacturing facilities in France, Germany, India, Israel, Italy, Portugal, Spain, Sweden, the UK and the US and is headquartered in Stockholm, Sweden. The Recipharm B-share (RECI B) is listed on Nasdaq Stockholm.

For more information on Recipharm and our services, please visit www.recipharm.com