

Richter Group Report, H1 2021

Budapest, 3 August 2021



Highlights I.

296,803 HUFm

Consolidated
sales

↑+6.5%

56.1%

Gross margin

20.5%

Operating margin

295 HUF

EPS

↓-9.5%

54,915 HUFm

Net profit*

↓-9.3%

* Net income attributable to owners of the parent.

Highlights II.

Women's Healthcare

20 May 2021 - Drovelis®

European Commission granted approval for the marketing authorization of the novel combined oral contraceptive containing 15 mg estetrol and 3 mg drospirenone.

This decision is applicable for all Member States in the European Union.

20 July 2021 - Ryeqo®

European Commission had granted approval for the marketing authorization of a novel oral treatment of moderate to severe symptoms of uterine fibroids in adult women of reproductive age.

This decision is applicable for all Member States in the European Union.

Central Nervous System

2 June 2021 - cariprazine

Extension of existing licensing agreement with AbbVie to include Japan and Taiwan.

The initial agreement covered the territories of the USA and Canada and was extended in 2019 to include certain countries in Latin America.

Other

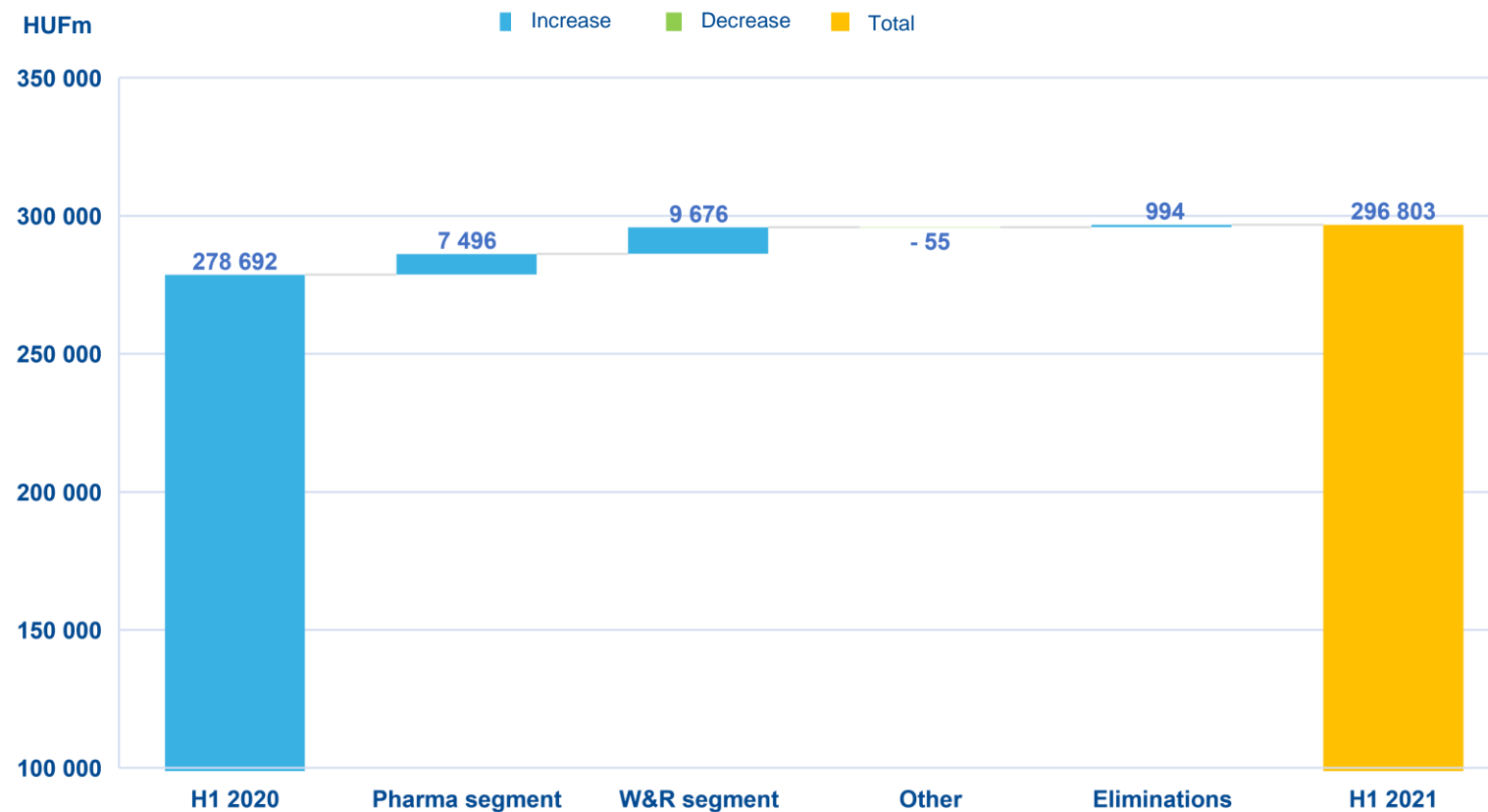
21 June 2021 – Moldova W&R

Richter divested its wholesale and retail operation in the Republic of Moldova.

2 June 2021 – „RICHTER 2031 HUF” bonds

The Company held a successful auction for qualified investors and received funding in the amount of HUF 70,273m from the issued bonds. Its aim is to ensure a favourable funding conditions in preparation for future acquisition opportunities.

Reconciliation of consolidated sales by segments

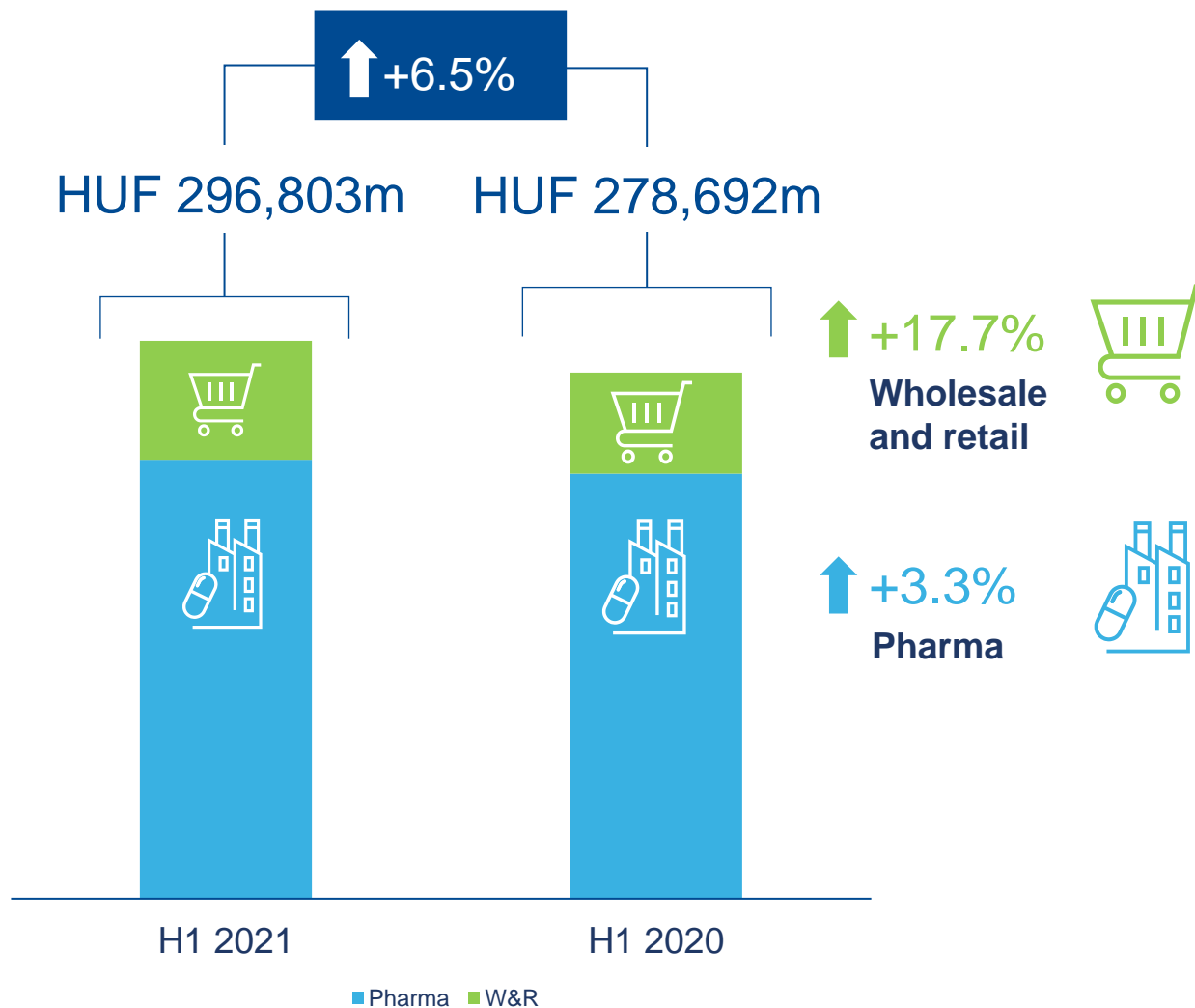


The pharma segment accounts for **80%** of consolidated turnover.

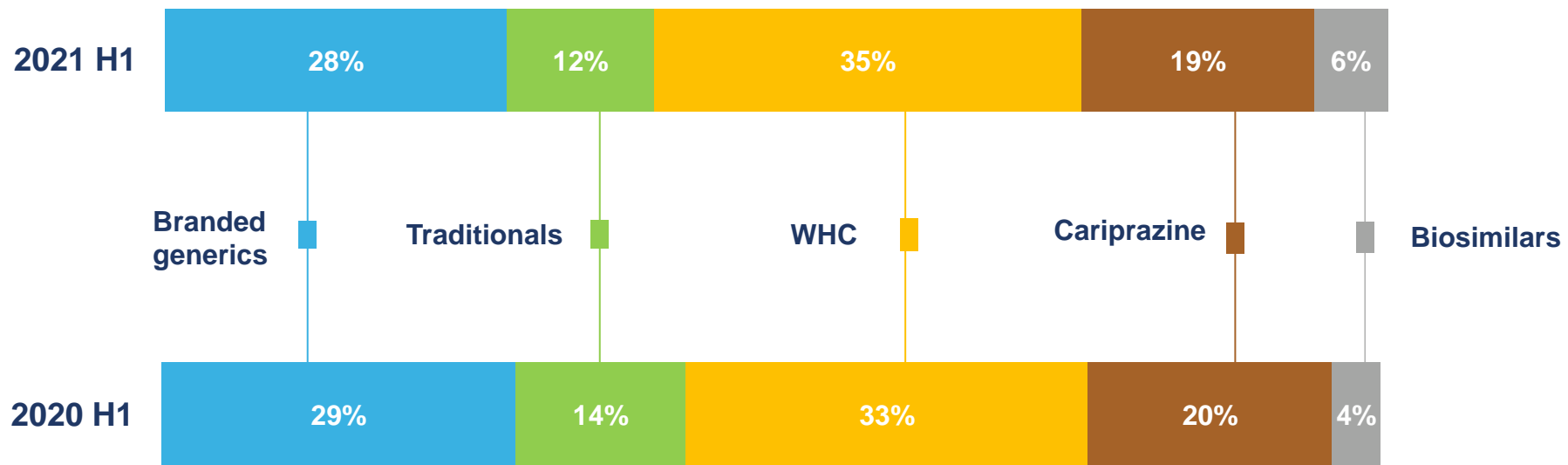
The share of Group sales in the pharmaceutical segment declined within the Group.

Exchange rate loss at consolidated sales level: **HUF 4,692m**

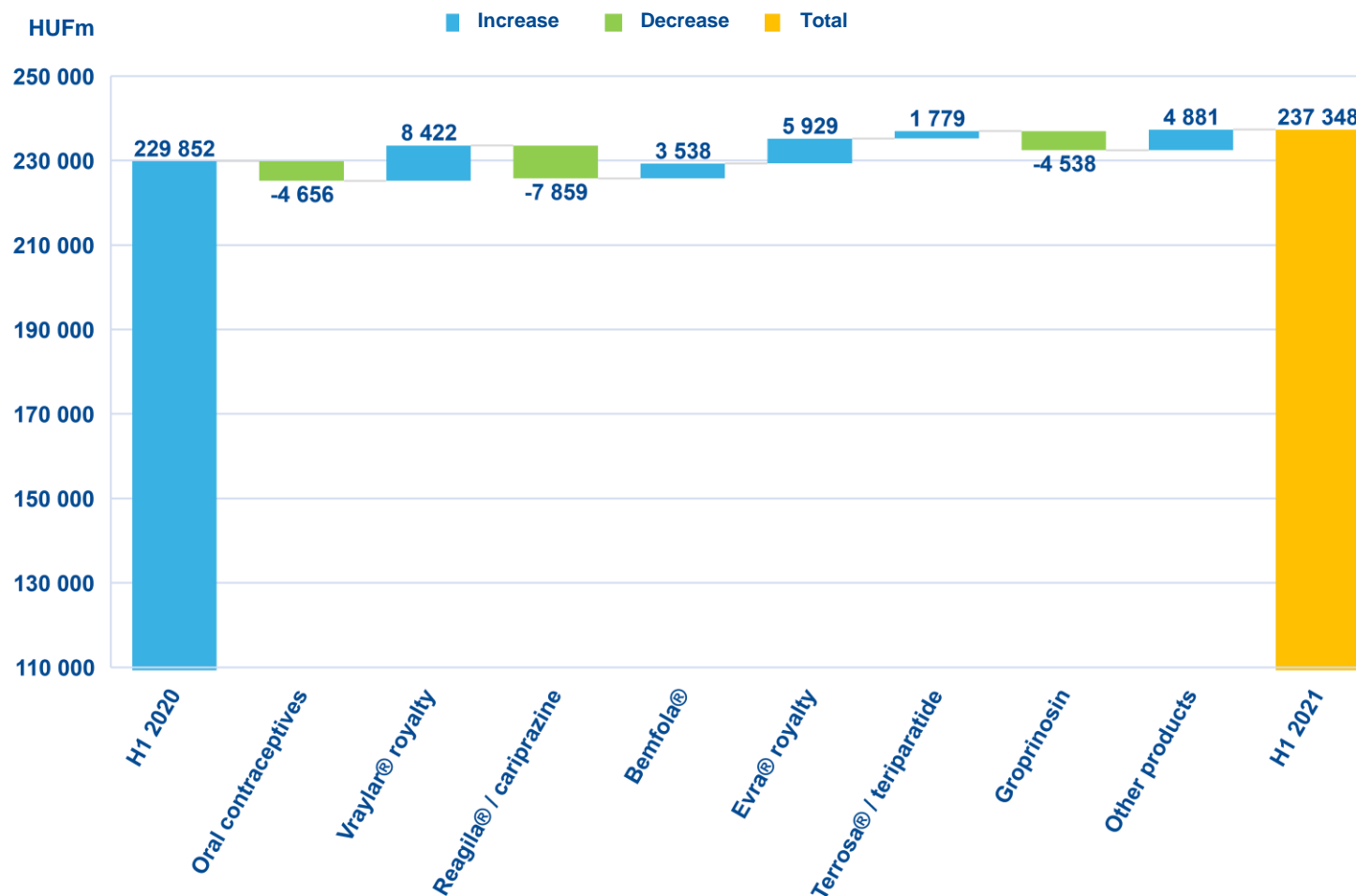
Consolidated sales by main business segments



Revenue by strategic pillars (%)



Change in the turnover of our selected products



Turnover of **Vraylar®** showed a robust growth in the second quarter 2021. When adjusting the base period figure for the sales related milestone received, year-on-year growth of royalties accounted for on behalf of Vraylar® sales in the USA grew by 23.9% (30.4% in USD terms) during the reported period.

Sales of **Bemfola®** improved significantly as a result of low base figures together with that most of the fertility centres resumed their activities in many European countries.

Oral contraceptives and **Groprinosin** achieved high sales levels during the first six months of 2020 – providing a high base.

Key products (1/2)

Cariprazine



Central Nervous System

HUF 45,666m
(EUR 127.6m)

Turnover

↑ +1.2%*

* Significant milestone income in the base period.

USA -

HUF 43,720m Vraylar®
royalty income
(increase of 23.9% yoy)

**Ongoing phase III
clinical trials – MDD
adjunctive therapy**

Reagila®

Egypt, Malaysia-
market launch

As of 1 July 2021 the product
also became available in
Russia to patients suffering
from both bipolar mania and
bipolar depression disorders.

Terrosa®



Biosimilars

HUF 5,784m
(EUR 16.2m)

Turnover

↑ +44.4%

Rapid sales growth

**Geographical split of
teriparatide revenues:**
Europe: ~67%
Japan: ~24%

South Korea, Canada, Israel
market launch

Key products (2/2)

Bemfola®



WHC

HUF 10,425m
(EUR 29.1m)

Turnover

↑ +51.4%

Improving sales occurred as most of the fertility centres resumed their activities in many European countries.

The robust increase was partly due to the exceptionally weak first half 2020.

Evra®



WHC

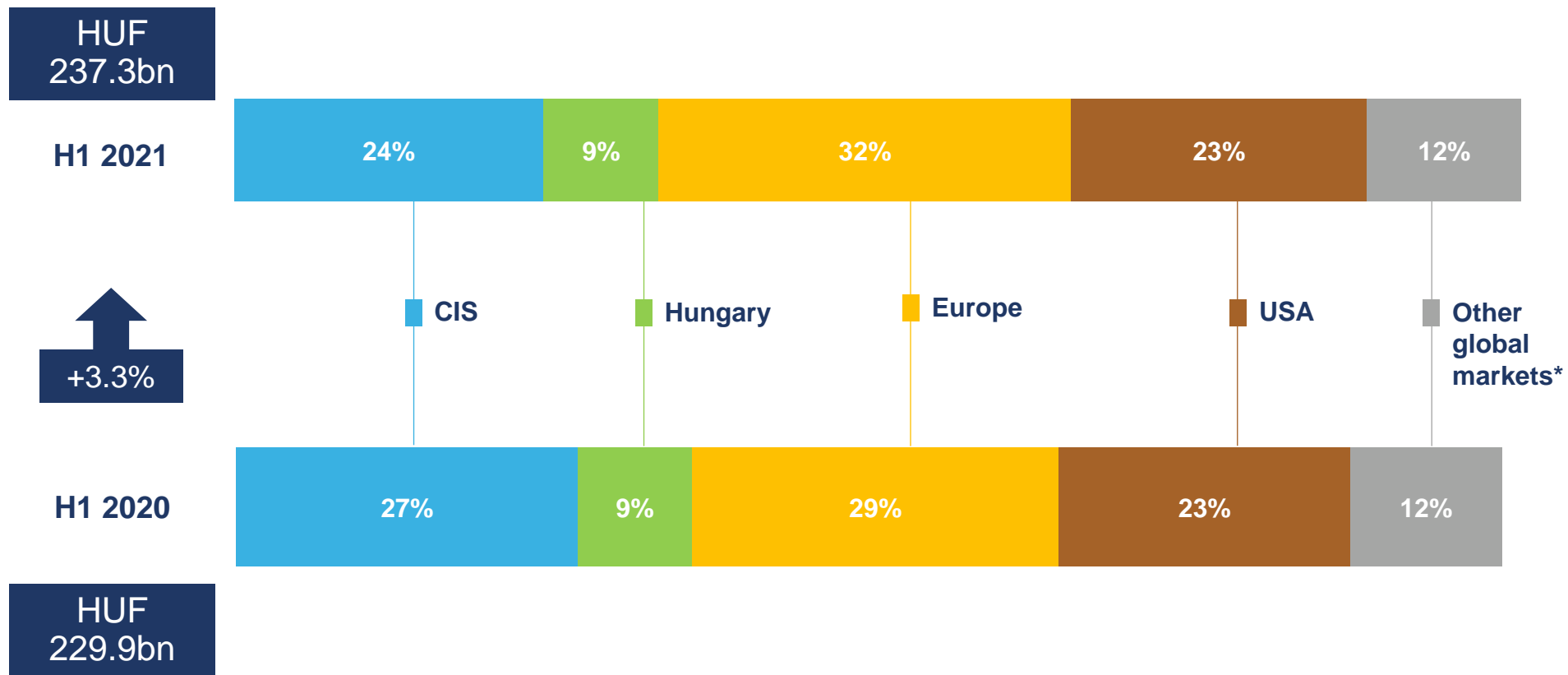
HUF 5,929m
(EUR 16.6m)

Royalty

According to a transitional business licence agreement, royalty revenues in respect of product sales are reported as sales.

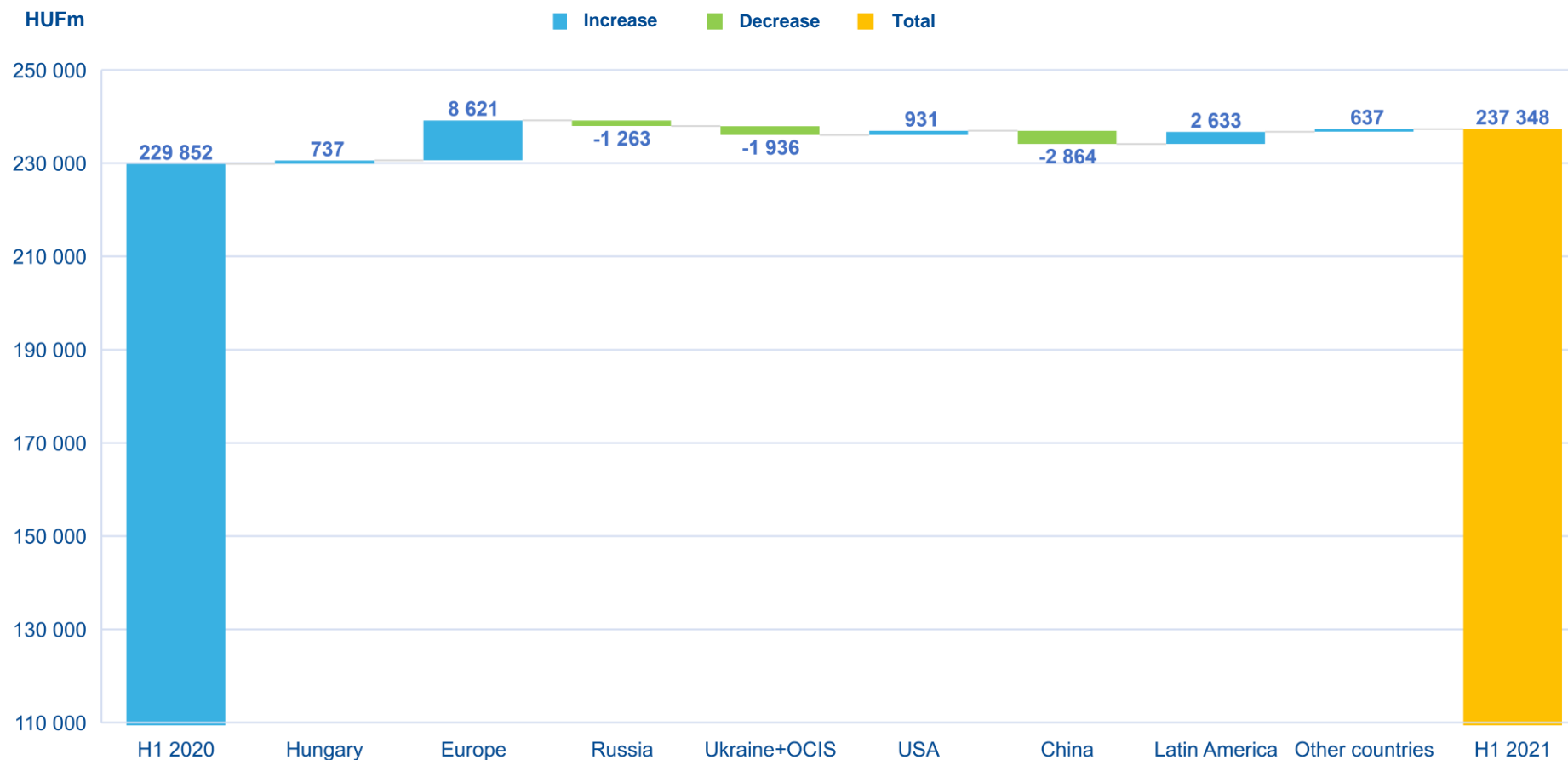
In the reported period following royalty proceeds of Evra®, the product is on our TOP10 products list.

Sales by geographies (%)



* Including the regions of China, Latin America and Rest of the World.

Change in turnover by geographies

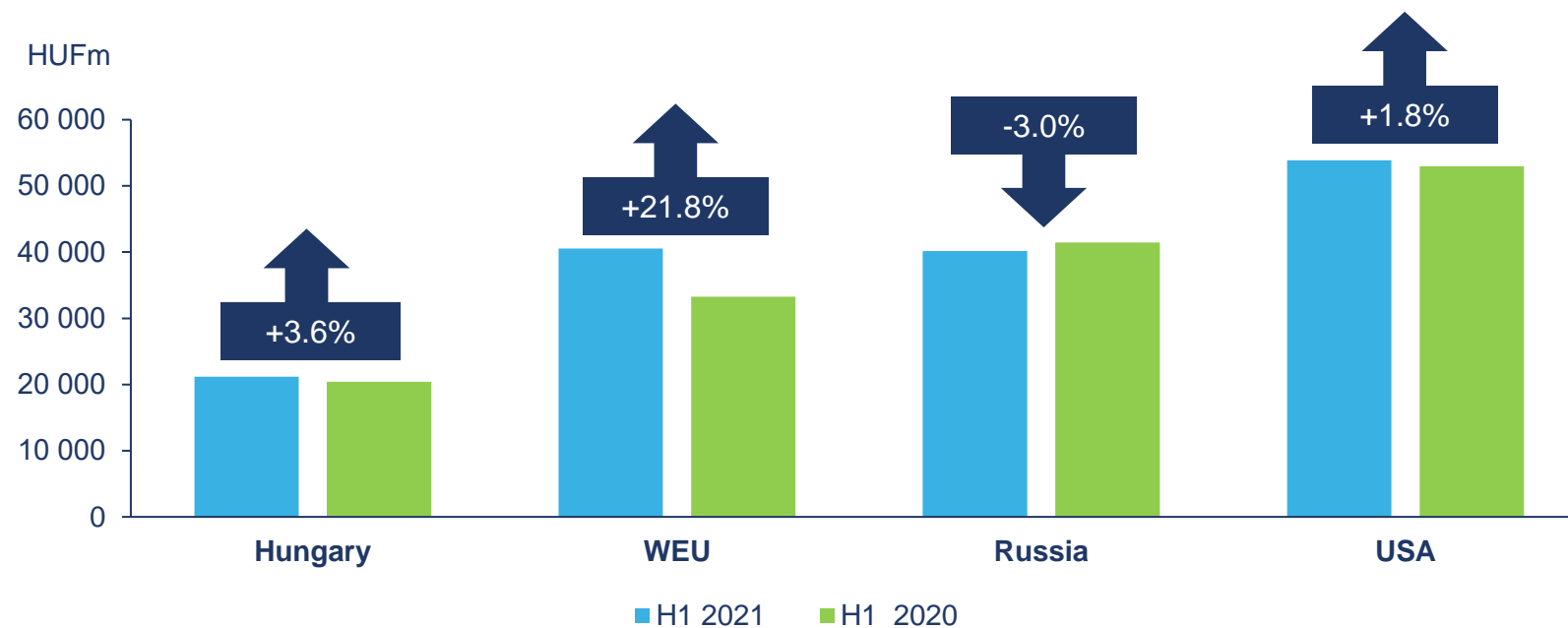


In **Europe** substantial increases of Bemfola[®], Terrosa[®] and royalty proceeds of Evra[®] resulted in an outstanding sales level.

In the **USA** Vraylar[®]-related revenues grew marginally despite a one-off milestone payment last year.

In **China** the delisting of Cavinton injectables from 1 January 2020 together with certain pre-shipments, which occurred in the fourth quarter of 2020 impacted negatively our sales level.

Sales by main regions (HUFm)



(HUFm)	H1 2021	H1 2020	Change
Hungary	21,173	20,436	737
WEU	40,521	33,272	7,249
Russia	40,178	41,441	-1,263
USA	53,879	52,948	931

The effects of the COVID-19 pandemic



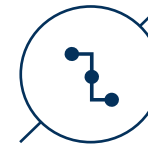
Our employees

- **Preserving the health of our colleagues remains our most important aim**
- **Travel restrictions partly sustained**
- **Social distancing**, provision of **protective gear**
- **Supporting remote work** and providing the necessary equipment
- **Continuous internal communication**



Sales

- **Decrease in demand due to limitation of doctor-patient contact**
- The absence of a flu season
- Slimmer opportunities for promotional activities comprising in-person encounters and information campaigns



Management

- Fluctuations in orders
- **Increase in level of inventory**
- **Vertically integrated business model**, flexible response
- Cautious approach to receivables



Financials

- **Solid foundations:** capital strength, no loans
- **Mitigation of foreign exchange risks** via natural hedging
- Sustained payment compliance / ability

Strengths and challenges in key markets



USA

Significant increase in royalty income related to the sales of Vraylar®

WEU

Higher turnover of Bemfola® and Terrosa®

Royalty income of Evra®

Latin America

Higher sales of WHC portfolio

Royalty income of Evra®



Russia

New submitted prices came into effect during first half of 2021

Local manufacturers realised higher sales in volume terms compared to declining sales of international drug producers.

CEE

Lower sales of seasonal products

China

Delisting of Cavinton injectables with effect from 1 January 2020

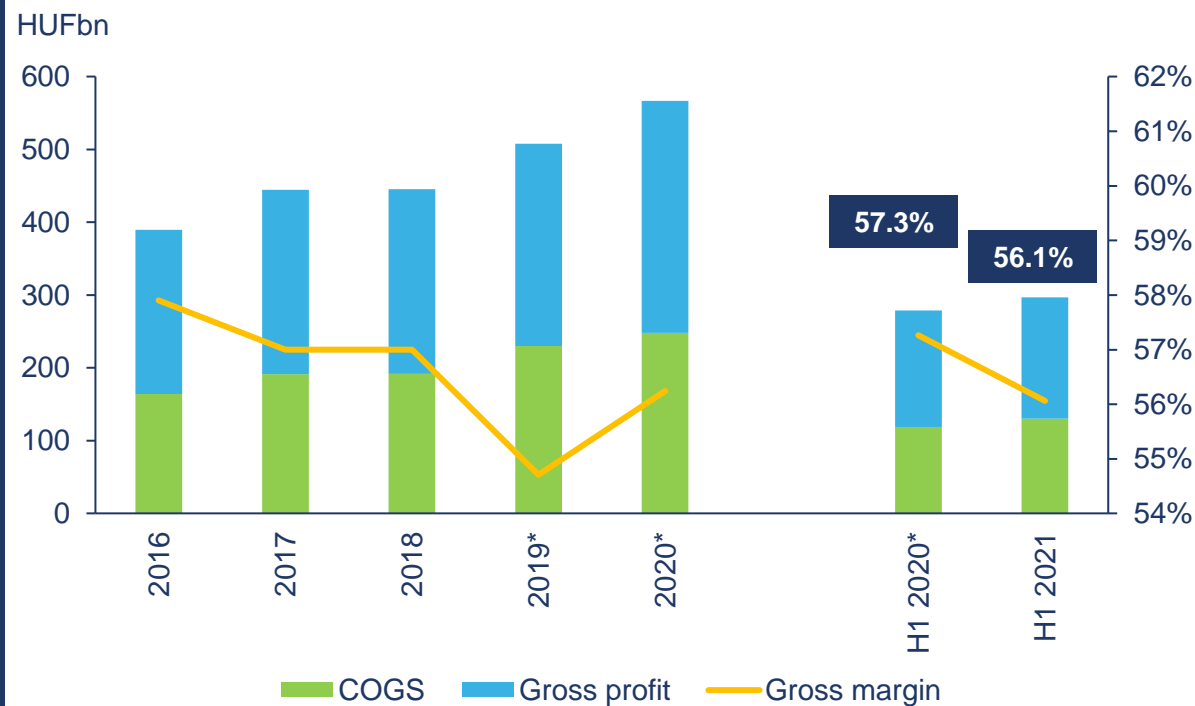
Certain pre-shipments occurred in the fourth quarter of 2020

Consolidated Financials – Highlights

	HUFbn	Change %	EURm	as % of total revenues
Total revenue	296.8	6.5	829.7	
Gross profit	166.4	4.3	465.3	56.1
Profit from operations	60.8	16.2	170.0	20.5
Profit for the period*	54.9	-9.3	152.4	18.5
	HUF	Change %	EUR	
EPS (diluted)	295	-9.5	0.83	

* Net income attributable to owners of the parent.

Increasing gross profit and decreasing margin (HUFbn)



* Reclassification of depreciation of intangible assets representing sales and other product-related licenc rights.

(%)	H1 2020	H1 2021
Pharmaceuticals	67.1	67.8
Wholesale and retail	10.3	8.3

+

Significant increase in royalties received in respect of the sales of Vraylar® (HUF 8,422m)

+

Royalty in respect of Evra® has appeared as a new element

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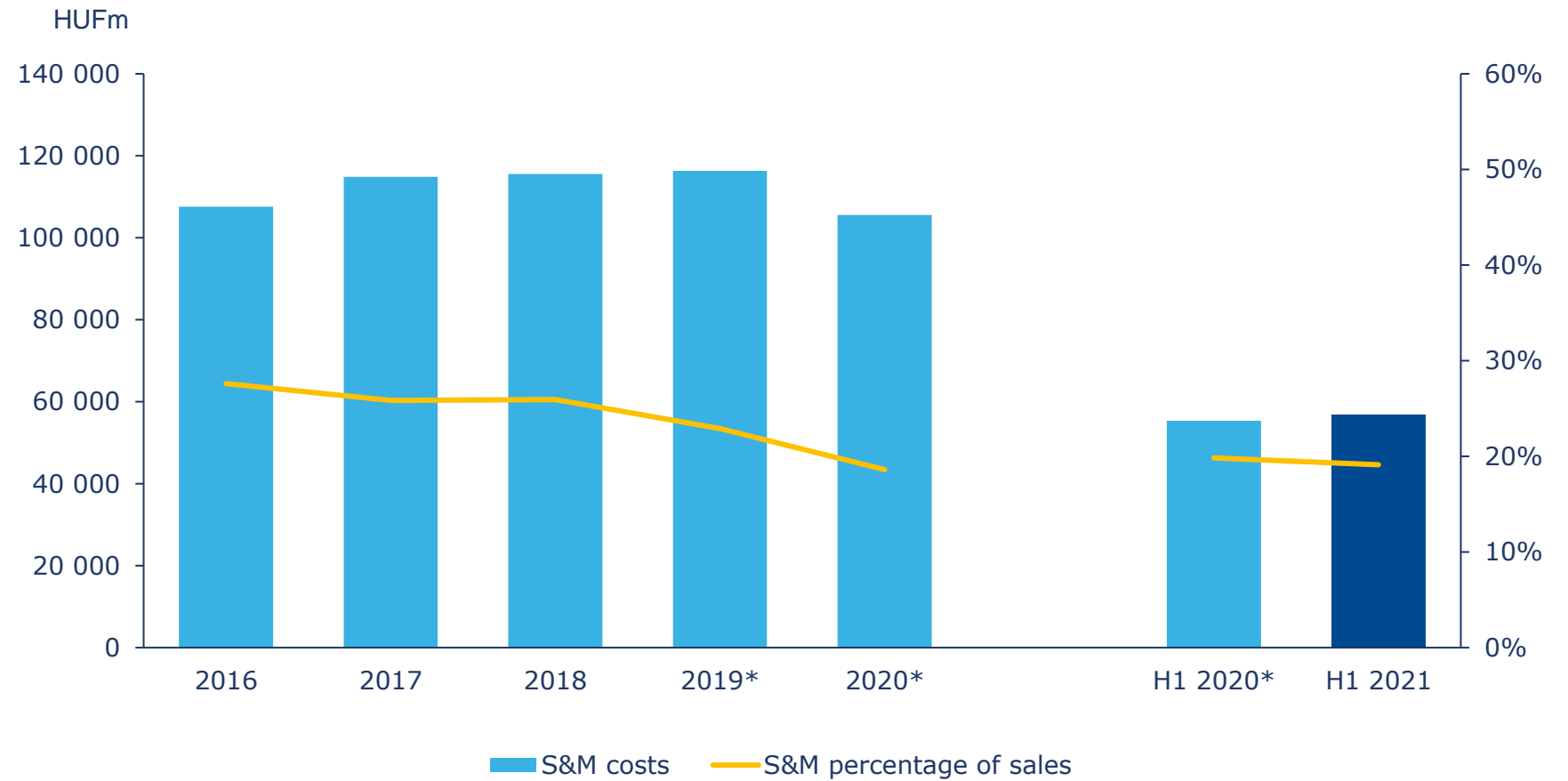
Declining sales of high margin OCs

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No stockpiling of antiviral Groprinosin as opposed to the base period

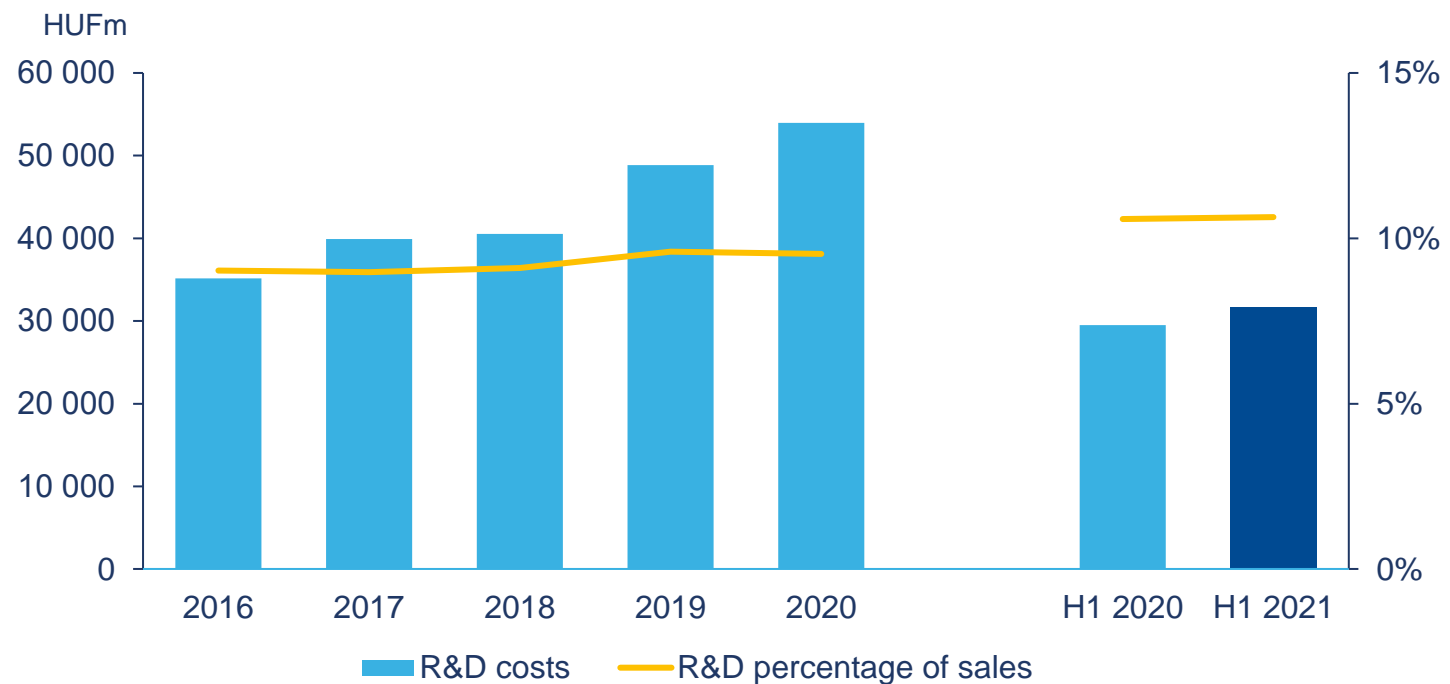
Vraylar® USA sales related milestone accounted for during the base period, which was not repeated in the reported period.

S&M costs (HUFm)

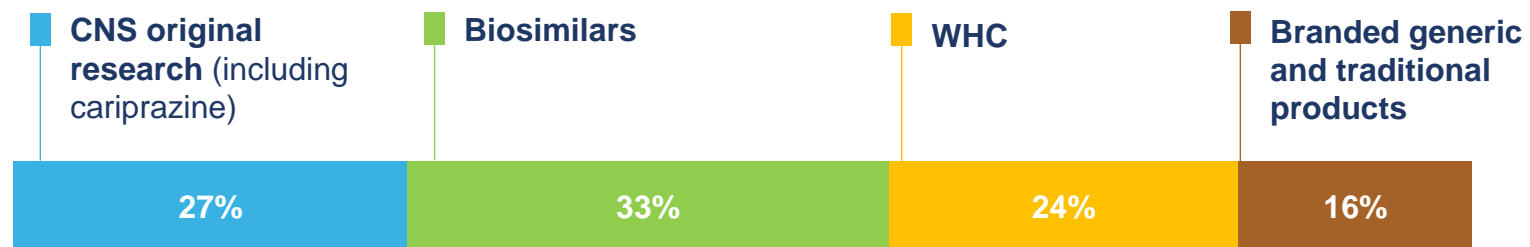


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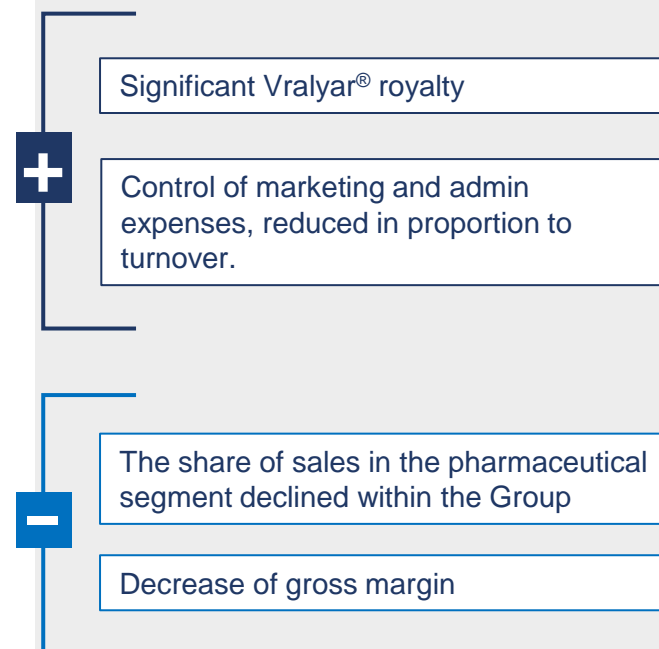
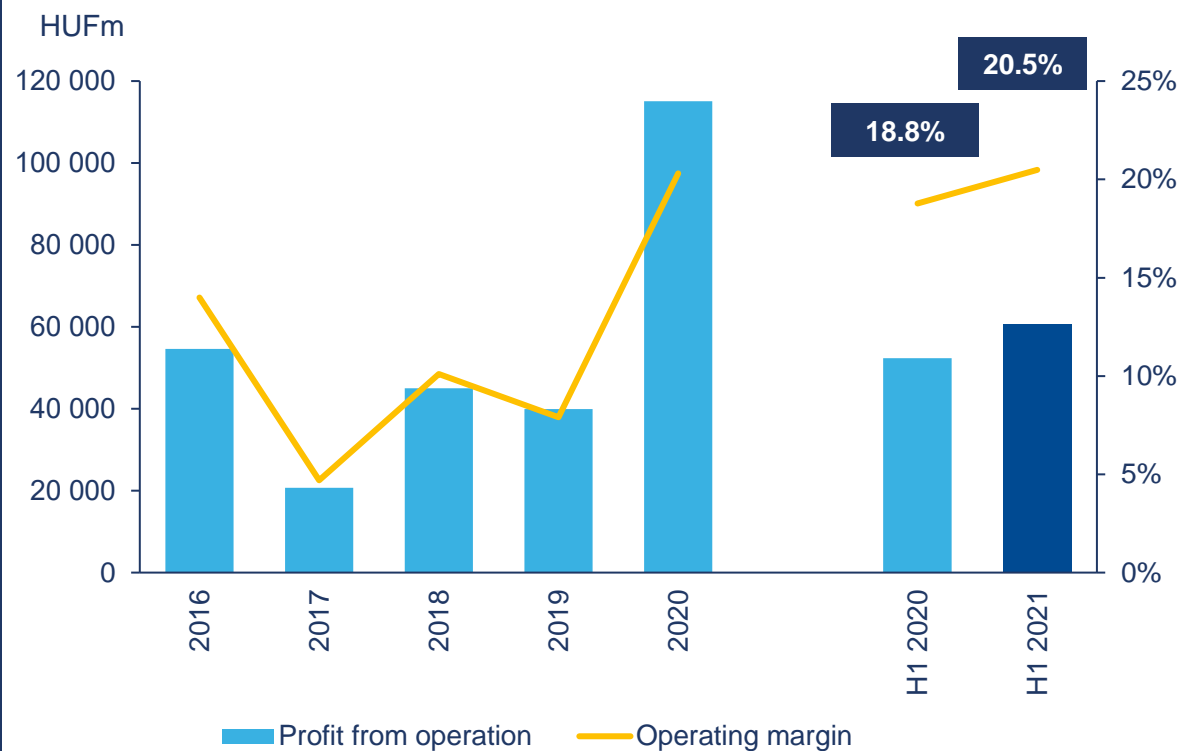
R&D costs (HUFm)



Split of R&D spending (%) – H1 2021

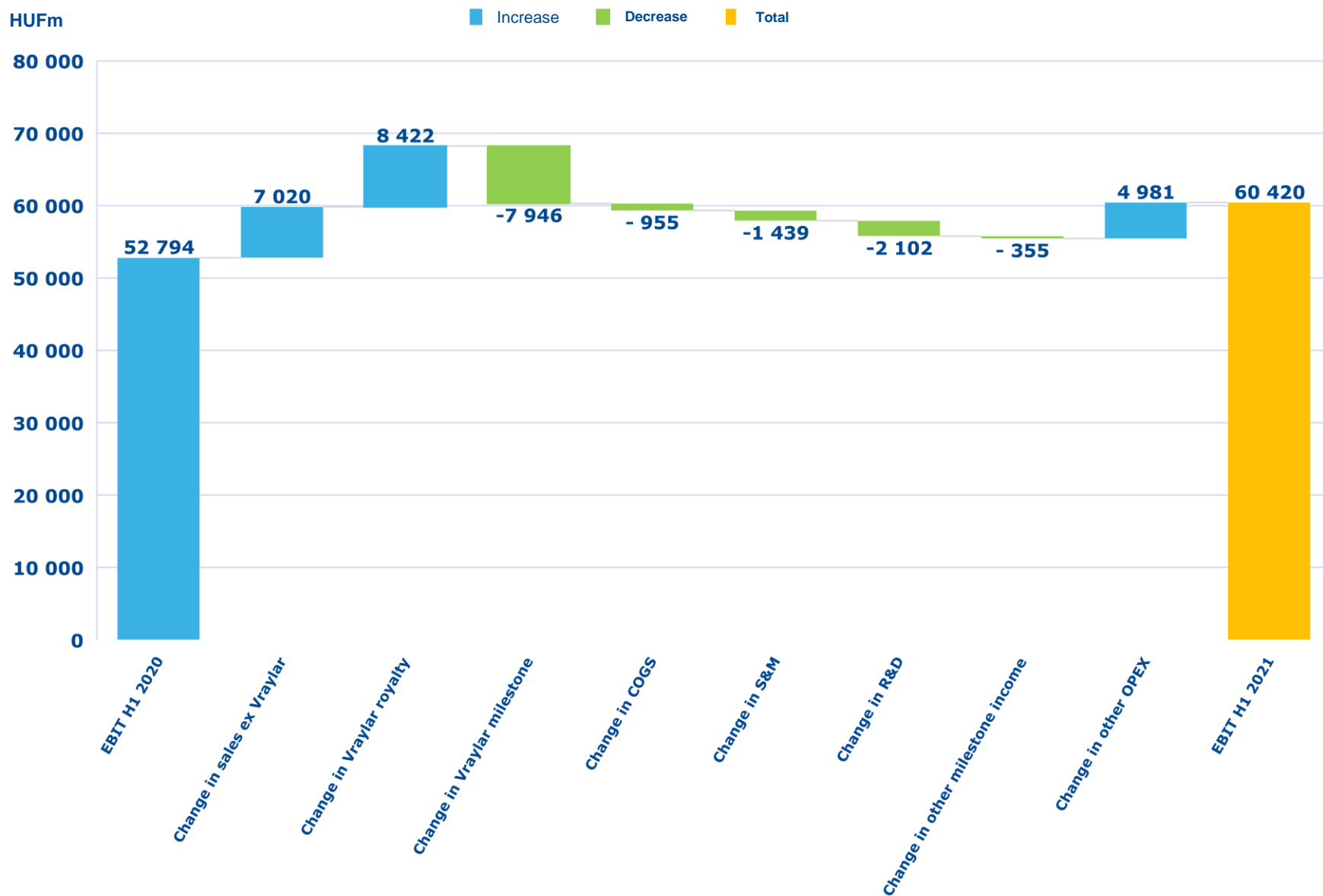


Increasing operating profit and margin (HUFm)



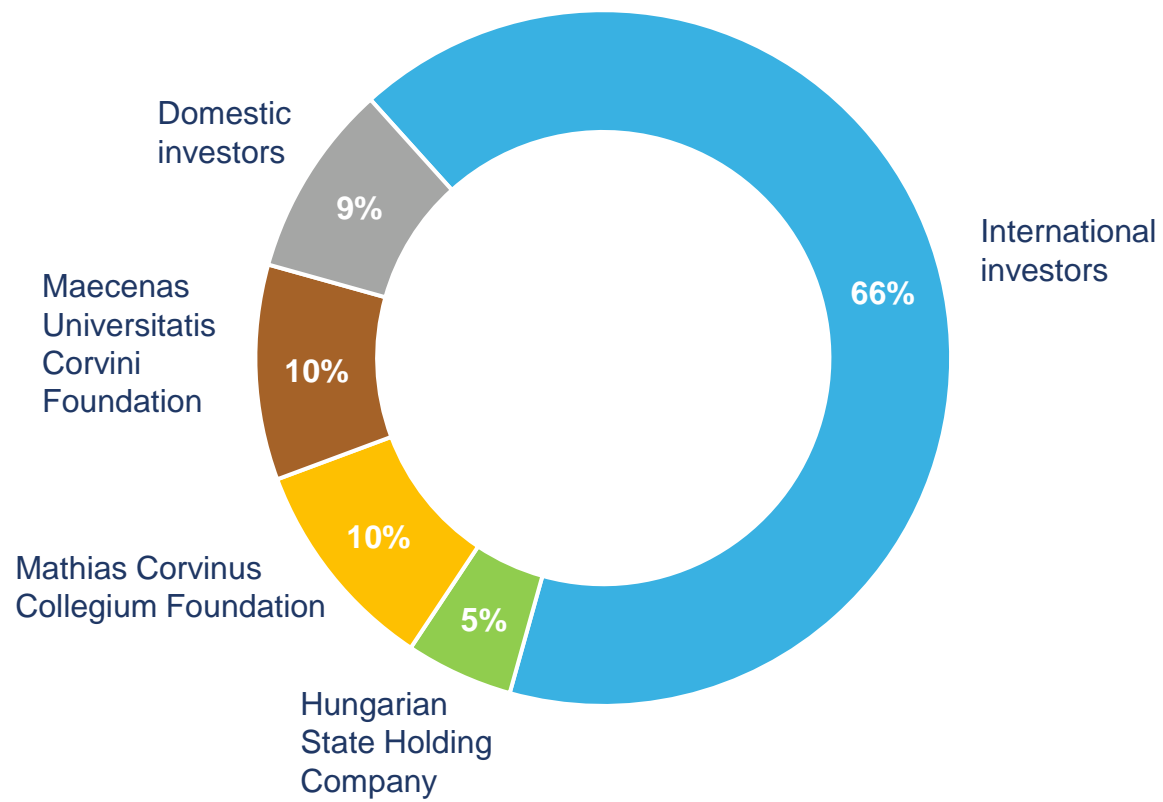
(%)	H1 2020	H1 2021
Pharmaceuticals	23.0	25.5
Wholesale and retail	0.3	0.4

Reconciliation of pharma segment operating profit



Share Ownership Structure

30 June 2021





RICHTER GEDEON