

# Richter Group Report, Q1 2022

Budapest, 10 May 2022



## Extraordinary events I.

### Russian – Ukrainian conflict

- **Responsibility**
  - Safe and sustainable supply of medicines to patients
  - Humanitarian relief granted to those in need and population at large
- **Ukraine**
  - Commercial operations disrupted at the end of February of 2022
  - Richter kept all of its more than 200 local employees on the payroll
  - First six weeks' worth of realised sales to Ukraine were paid in full by our partners
- **Russia**
  - Following the temporary delays, shipments have since then broadly returned to their pre-war routine
  - Delivery times have doubled
  - Retail sales increased: price hikes were complemented in March by stockpiling at final consumer level
  - Wholesalers served exclusively from our local warehouse
  - Russian subsidiaries of the Group have at their disposal significant reserves
  - Risks impacting logistics and the supply chain are increasing
  - Financial terms:
    - Invoices are still issued in RUB
    - Half of our local turnover is naturally hedged, forward contracts concluded for the remainder part

## Extraordinary events II.

### Russian – Ukrainian conflict

- **Social responsibility of Richter to support Ukrainian population**

Exceeding  
HUF 70m

- HUF 10m – Charity Service of the Order of Malta
- HUF 10m – initiative „It’s Good to Be Good”
- Humanitarian drug donation
- Drug donation to UNICEF
- Cash donations of Richter’s employees

- **Other grants**

- Housing and employment support for the employees and their families fleeing Ukraine

## Highlights I.

**168,057 HUFm**

Consolidated  
sales

↑+19.3%

**57.1%**

Gross margin

**22.3%**

Operating margin

**199 HUF**

EPS

↑+37.2%

**37,054 HUFm**

Net profit\*

↑+37.8%

\* Net income attributable to owners of the parent.

## Highlights II.

### Central Nervous System

#### 11 March 2022 – R+D agreement

Richter and AbbVie announced a new co-development and licence agreement to research, develop and commercialise novel dopamine receptor modulators for the potential treatment of neuropsychiatric diseases. The collaboration is based on the results of preclinical research carried out by Richter and includes several new chemical entities selected for development.

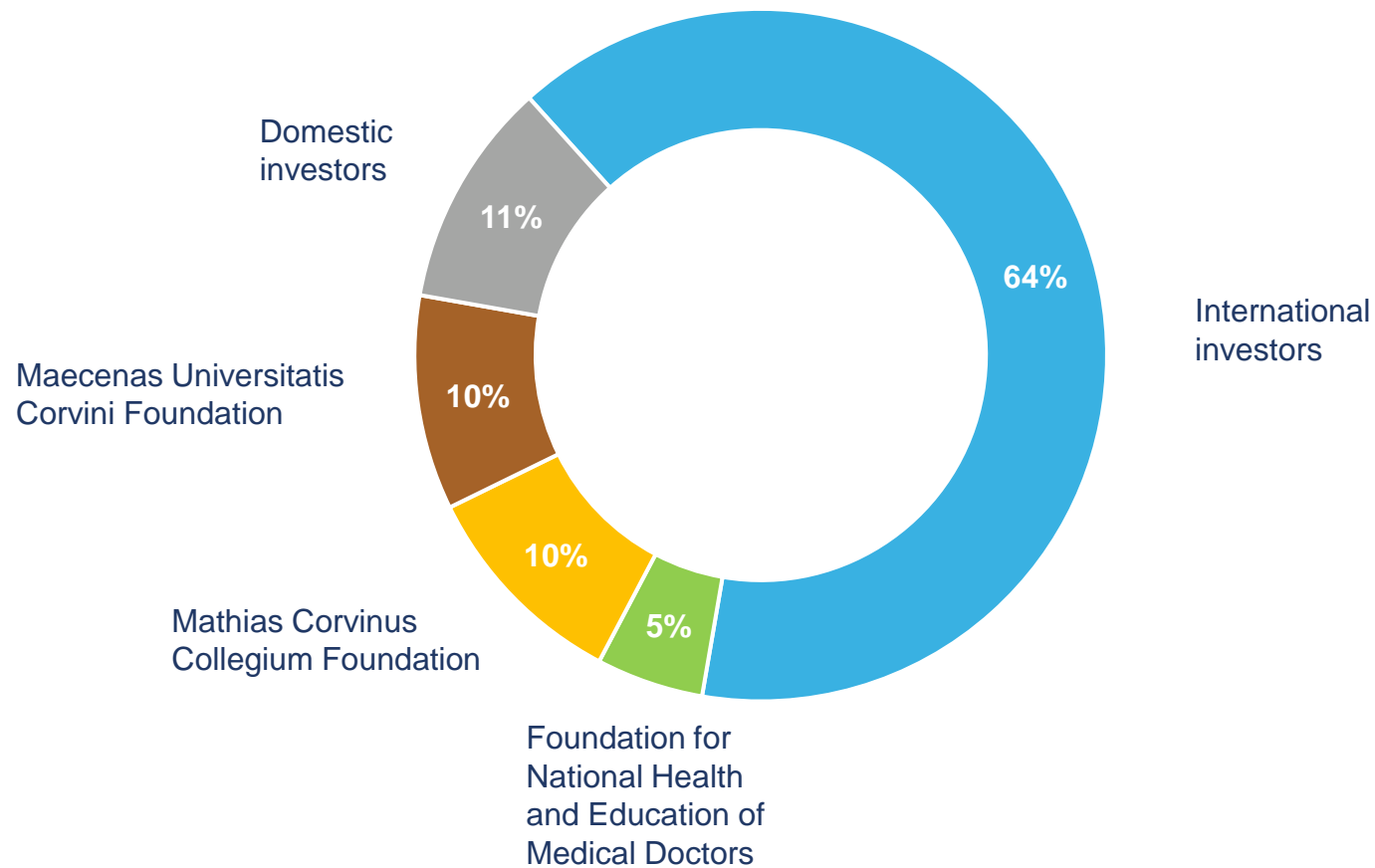
### Central Nervous System

#### 27 April 2022 – Vraylar®

Richter's partner, AbbVie announced that Health Canada has approved Vraylar® as monotherapy for the acute management of manic, mixed, and depressive episodes associated with bipolar I disorder in adults, as well as the treatment of schizophrenia in adults.

# Share Ownership Structure

31 March 2022



## Reconciliation of consolidated sales by segments (HUFm)

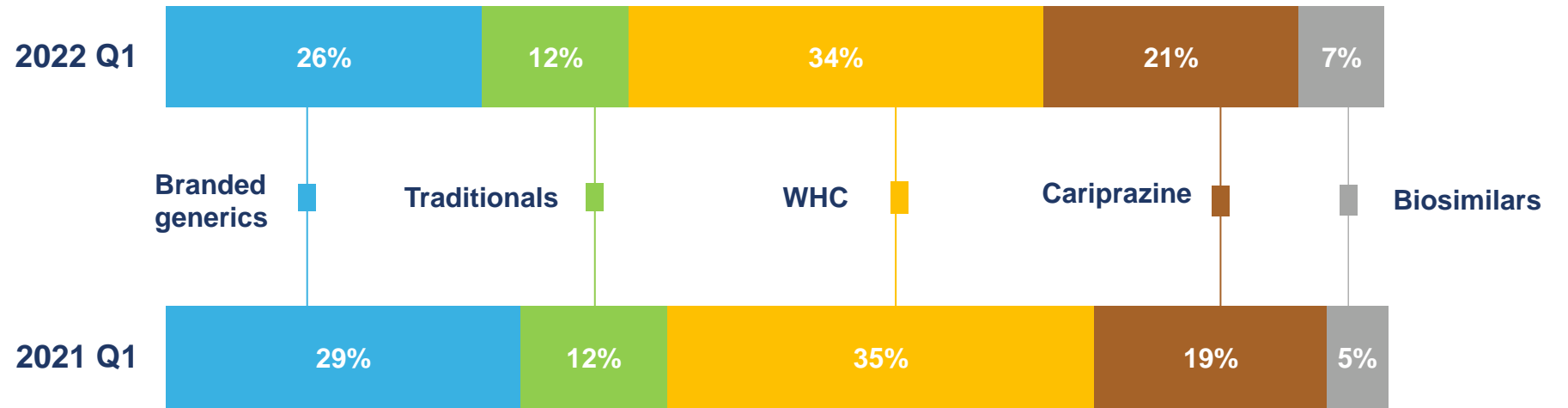


The pharma segment accounts for **81%** of consolidated turnover.

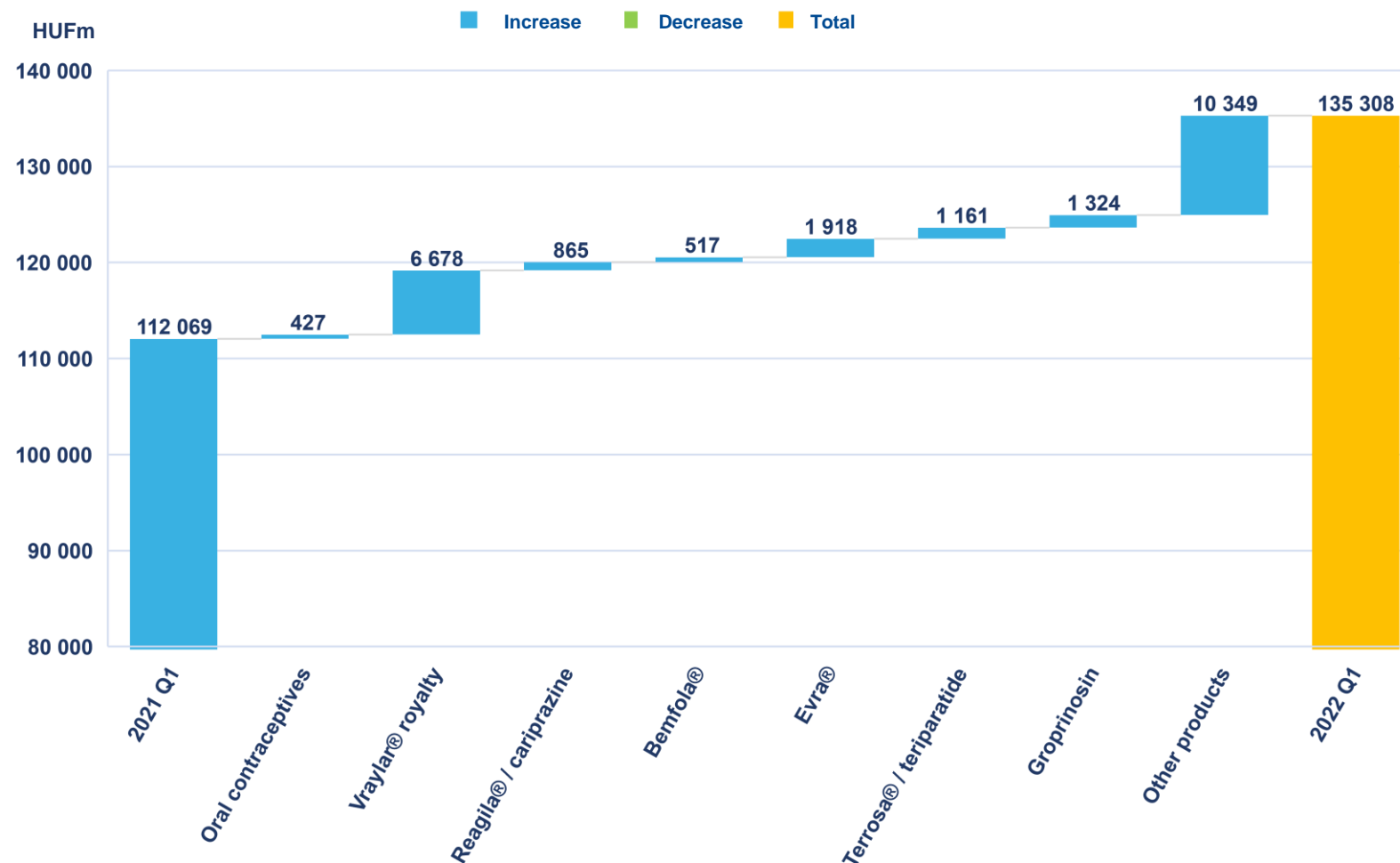
The share of sales in Pharma segment increased within the Group.

Exchange rate loss at consolidated sales level: **HUF 1,578m**

# Revenue by strategic pillars (%)



## Change in the turnover of our selected products



Turnover of **Vraylar®** royalty showed a robust growth of 32.1% (21.4% in USD terms) in the first quarter of 2022.

Direct sales of **Evra®** have commenced at the end of 2021. Almost half of its turnover (47%) reported in the first quarter of 2022 are now arising from direct sales of Richter.

**Groprinosin** sales also resumed in the reported period after having depleted previously accumulated stocks.

## Key products (1/2)

### Cariprazine



Central Nervous System

HUF 29,030m  
(EUR 79.1m)

Turnover

↑ +35.1%\*

**USA - Vraylar®**  
HUF 27,479m **royalty income**  
(increase of 32.1% yoy)

**Submission of a supplemental New Drug Application (sNDA) – MDD adjunctive therapy**

Altogether by the end of first quarter 2022 cariprazine was available in **47 countries** globally.

### Terrosa®



Biosimilars

HUF 3,536m  
(EUR 9.6m)

Turnover

↑ +48.9%

**Geographical split of teriparatide revenues:**

Europe: ~66%

Japan: ~27%

Steady growth

## Key products (2/2)

### Bemfola®



WHC

HUF 5,772m  
(EUR 15.7m)

Turnover

↑ +9.8%

The increase is primarily due to proceeds from WEU region.

### Evra®



WHC

HUF 5,291m  
(EUR 14.4m)

Turnover

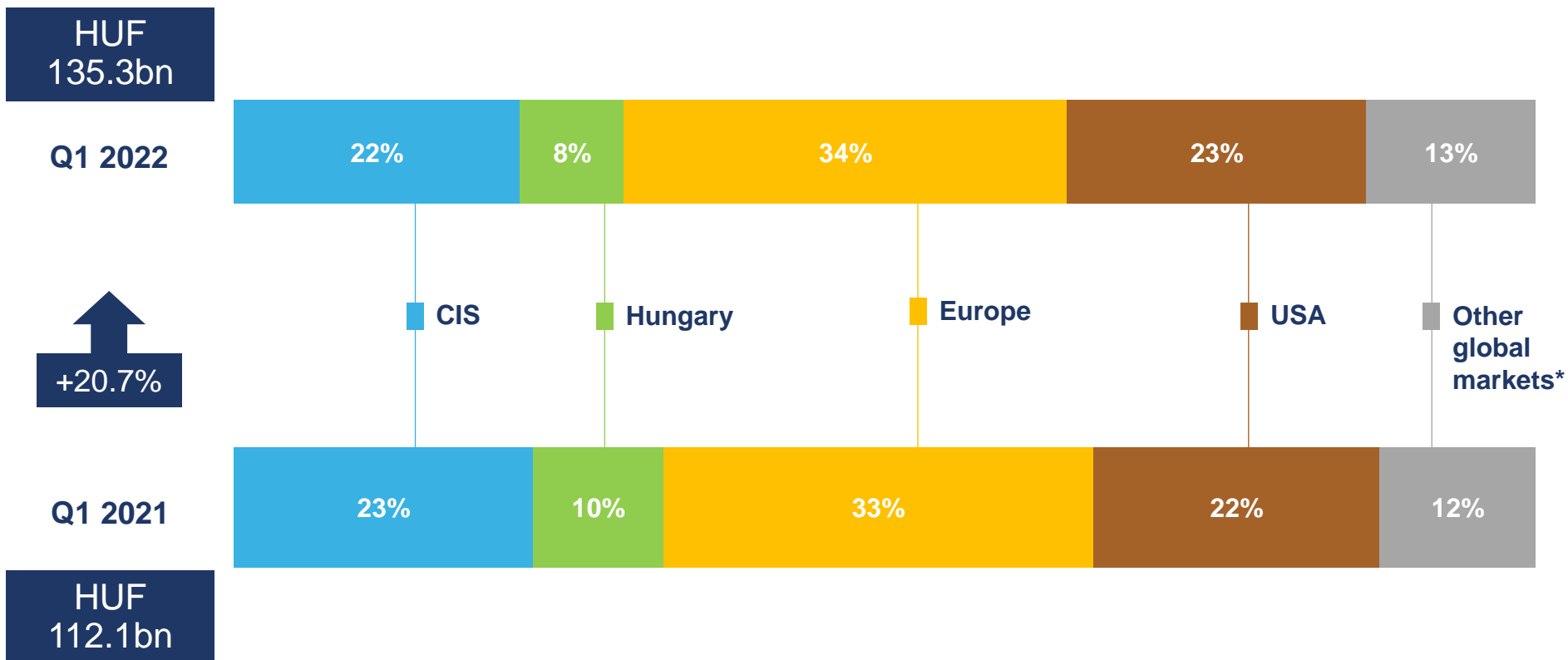
↑ +56.9%

Revenue split:

Royalty income – HUF 2,818m (53%)

Direct sales – HUF 2,473m (47%)

# Sales by geographies (%)



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

## Change in turnover by geographies



In **Western European region** increasing proceeds of specialty products (Evra<sup>®</sup>, Terrosa<sup>®</sup> and Bemfola<sup>®</sup>) together with proceeds from contract manufacturing activities of Richter-Helm Biologics contributed the most to the substantial sales increase.

In the **USA** Vraylar<sup>®</sup> royalty income contributed materially to the sales levels achieved during the reported period.

Sales growth in **China** arose primarily from higher sales of Escapelle and turnover from Bromocriptin resulting from uneven timing of shipments.

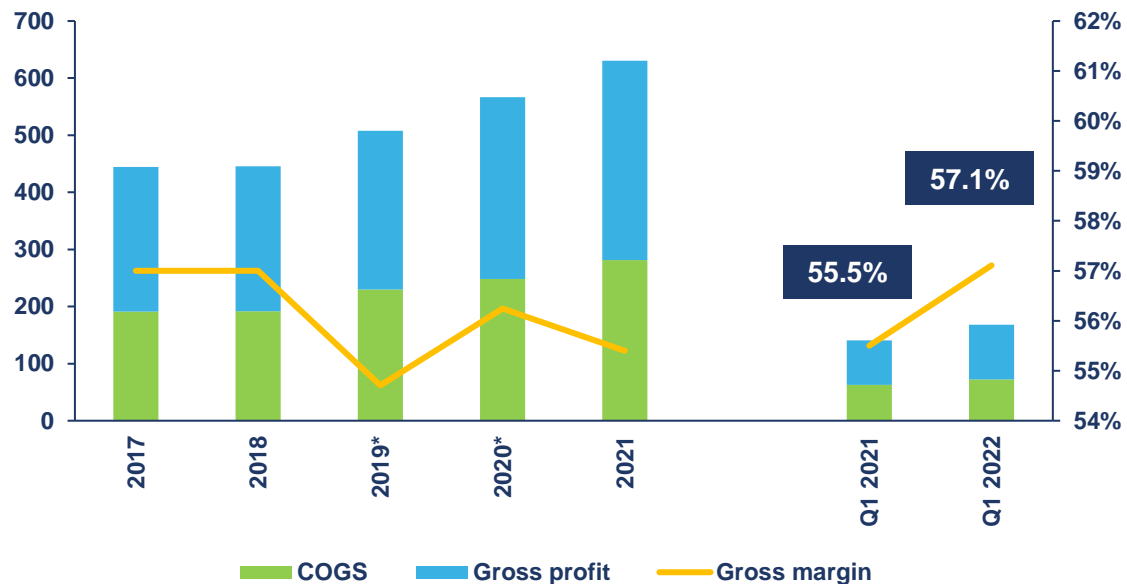
## Consolidated Financials – Highlights

	HUFbn	Change %	EURm	as % of total revenues
<b>Total revenue</b>	168.1	19.3	458.1	
<b>Gross profit</b>	96.0	22.7	261.7	57.1
<b>Profit from operations</b>	37.5	53.7	102.2	22.3
<b>Profit for the period*</b>	37.1	37.8	101.0	22.0
	HUF	Change %	EUR	
<b>EPS (diluted)</b>	199	37.2	0.54	

\* Net income attributable to owners of the parent.

## Increasing gross profit and decreasing margin (HUFbn)

HUFbn



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

(%)	Q1 2021	Q1 2022
<b>Pharmaceuticals</b>	67.4	68.5
<b>Wholesale and retail</b>	8.2	8.5

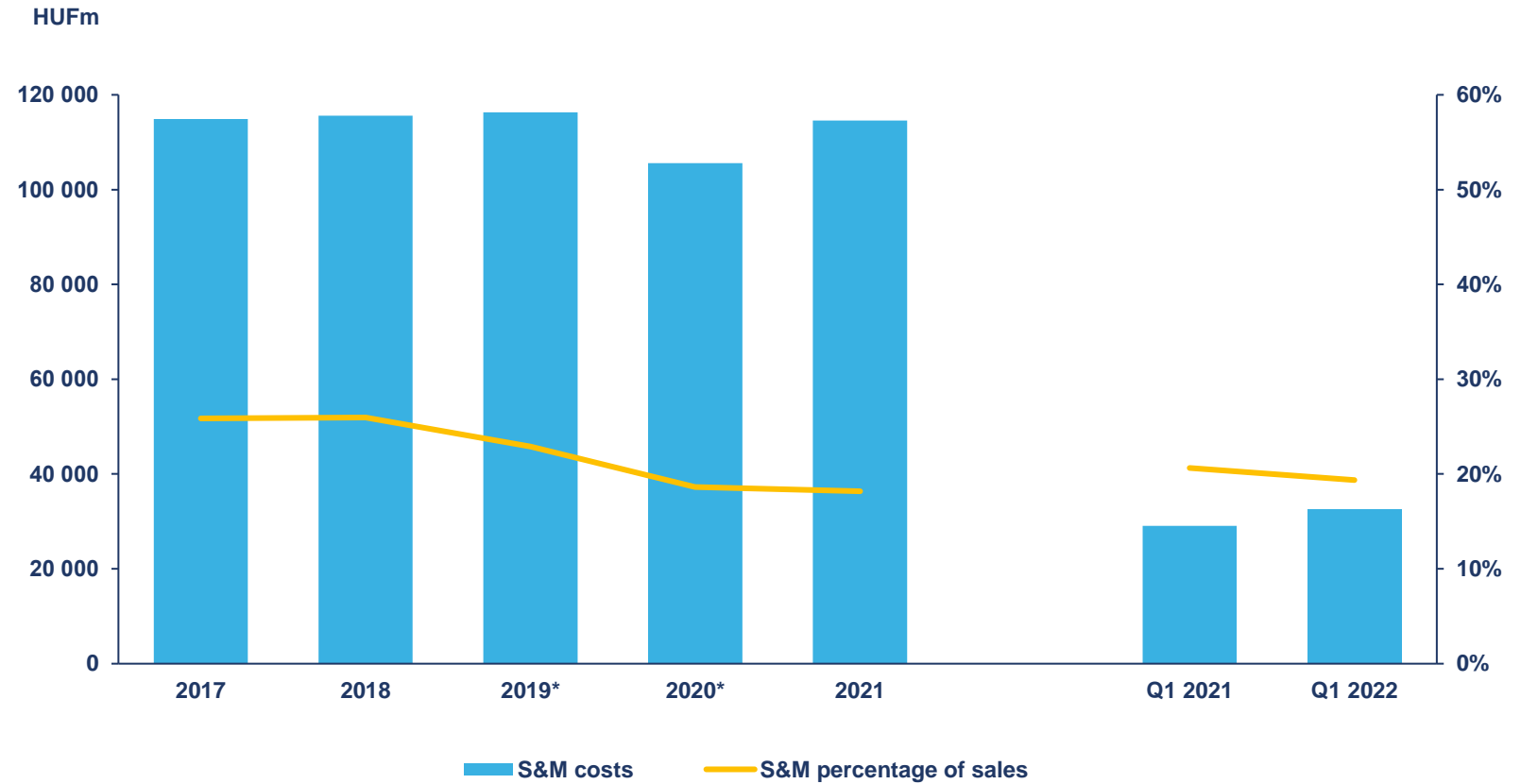
Significant increase in royalties received in respect of the sales of Vraylar® (HUF 6,678m)

Turnover proceeds from certain traditional and WHC products increased

Higher turnover being achieved by the core Pharmaceutical segment, exceeded the sales growth reported by the lower margin Wholesale and retail business

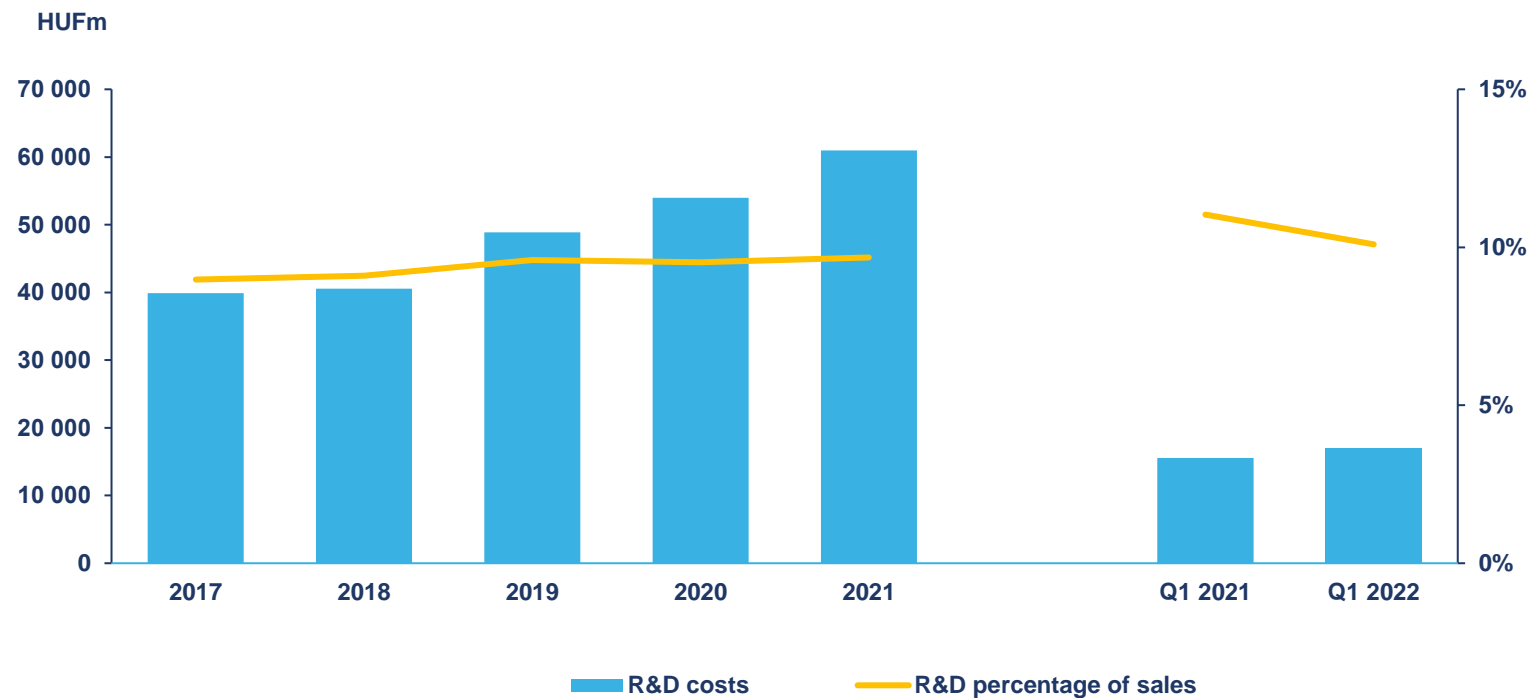
Gross profit was positively impacted by a higher amount of royalties received and direct sales proceeds from Evra® (HUF 1,918m)

## S&M costs (HUFm)



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

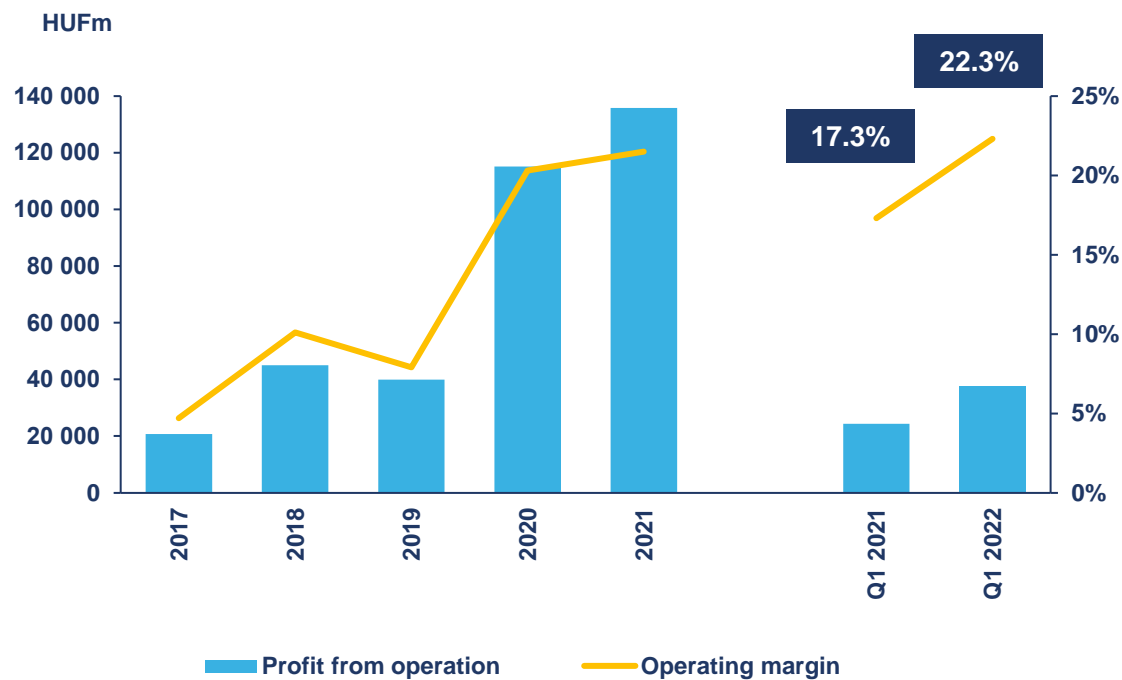
# R&D costs (HUFm)



## Split of R&D spending (%) – Q1 2022



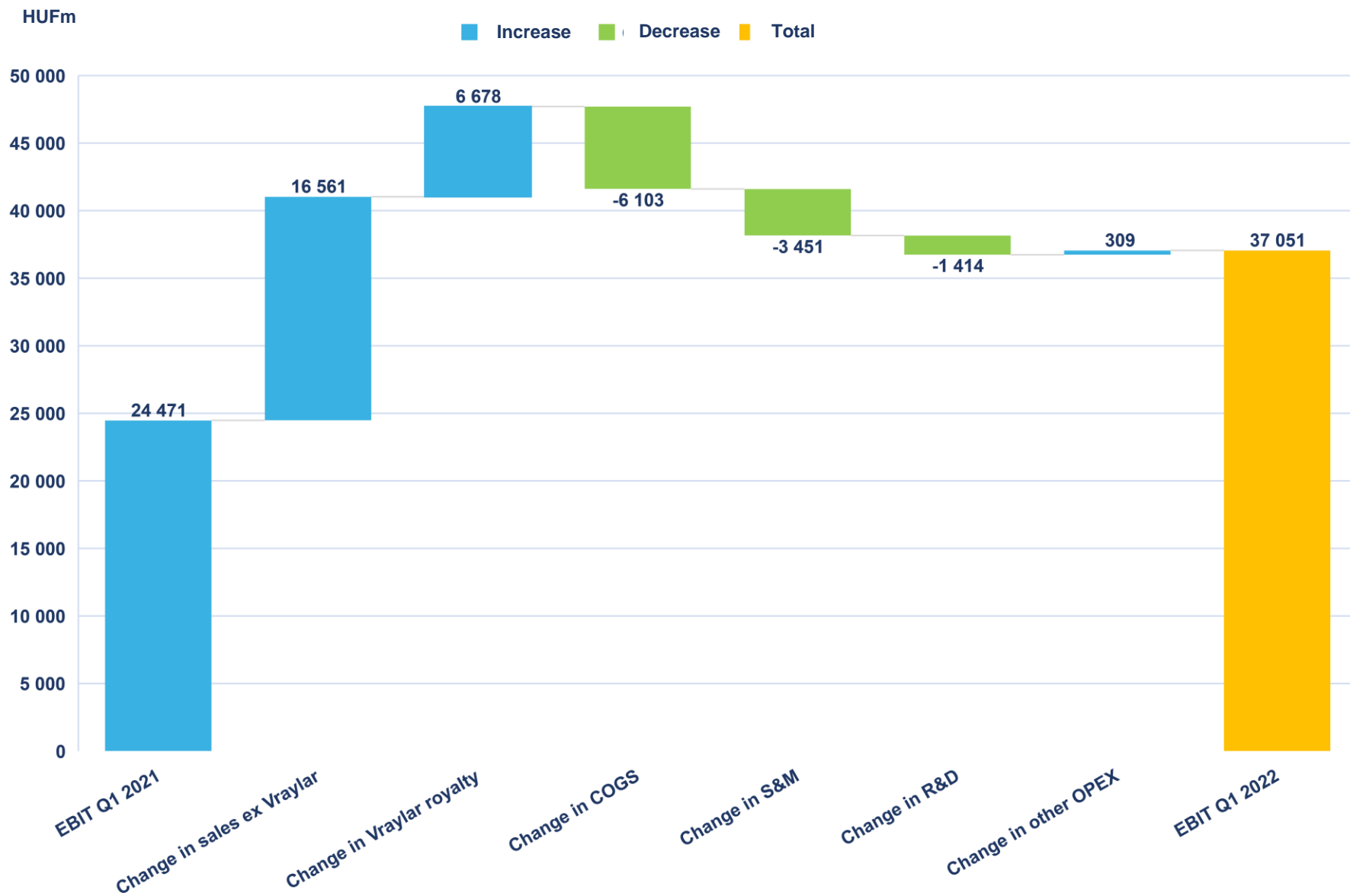
## Increasing operating profit and margin (HUFm)



- +
- Significant Vraylar® royalty
- S&M and R&D expenses increased however their proportion to turnover reduced
- Share of sales in Pharma segment increased within the Group

(%)	Q1 2021	Q1 2022
Pharmaceuticals	21.8	27.4
Wholesale and retail	0.1	0.5

# Reconciliation of pharma segment operating profit





RICHTER GEDEON