

Gedeon Richter Earnings Report Q1

Chief Executive Officer presentation

May 12th, 2023



Financial Highlights



39.2 HUFbn

Net Profit¹

↑ +5.8%

210 HUF

EPS

↑ +5.5%

-12.3 HUFbn

Free Cash-flow

↓ n/a

54.1 HUFbn

EBIT²

↑ 44.4%

58.9 HUFbn

Clean EBIT³

↑ 59.1%

14.4%

Return on Equity⁴

↓ -1.5%p

209.7 HUFbn

Consolidated sales

↑ +24.8%

60.7%

Gross margin

↑ +3.6%p

177.8 HUFbn

Pharma sales

↑ +31.4%

¹Profit for the period attributable to owners of the parent

² EBIT: Earnings Before Interest and Taxes, equivalent of Profit from Operations

³Clean EBIT (cEBIT): Gross profit less Operating Expenses (S&M, G&A, R&D) less Clawback expenses plus milestone income. cEBIT represents the profitability as a result of core business activity, excluding any one-off items

⁴Return on Equity formula: Cummulated profit for the period of last 4 quarters divided by the actual quarter's equity



- **Renewed presentation** format to provide more detailed view on the performance of our business units and underlying trends.
- **All four divisions are ahead of plan** with revenue growth balanced across markets and brands.
- Financials were lifted by **currency movements**, which were still in our favour in Q1 2023.
- **Vraylar** strongly benefitted from the addition of aMDD to the label, as well as the focus and care that the product receives from our partner Abbvie.
- Successful in sourcing of late-stage projects in the domain of HRT and steady delivery of internal R&D milestones reflecting our progress in **building the future product portfolio**.

Profits from core operations steadily increasing



Guidance

- On track with the annual guidance

EBIT

- Year-on-year clean EBIT increased on an above average rate (24%) even after adjustment of FX effects.
- Quarterly EBIT growth without FX effects is 10.1% as no Windfall tax was recorded in 2022 Q1; Windfall tax is recognised at significantly lower level (3.4 HUFbn) than liner allocation of the annual estimated amount due to IFRIC21 regulations.

Net financial income

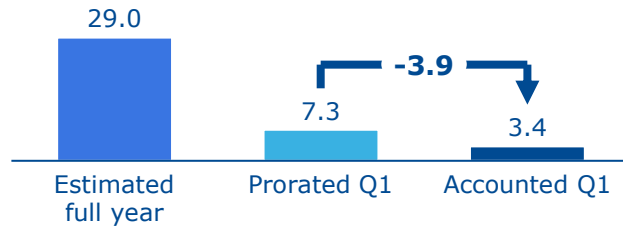
- Net financial income turned into negative as last quarter's headwind continued generating 13 HUFbn unrealised losses, despite management's effort to minimise FX risks mitigated by hedging transactions.

Business drivers

- Gross profit increase of 15.3% after FX adjustments were driven by favourable changes in product portfolio mix, Pharma segment's revenue increased by 17.4% (w/o FX effects), and the lower ratio of wholesale and retail business.
- Sales & Marketing costs increased in a slower rate than gross profits as some of the overhead costs were reallocated to G&A and majority of promotion activities are planned for the later part of the year
- G&A costs stepped up as result of reallocation of overheads plus the impact of the efficiency improvement project costs
- R&D expense uptake started slower

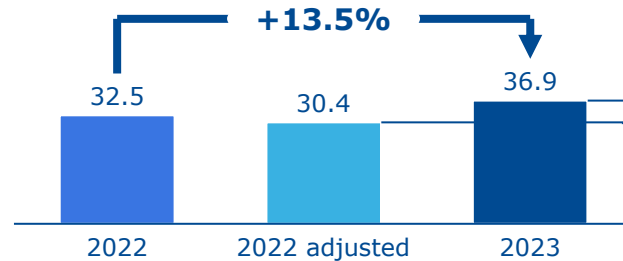
Special items affecting Q1 financials

Windfall tax

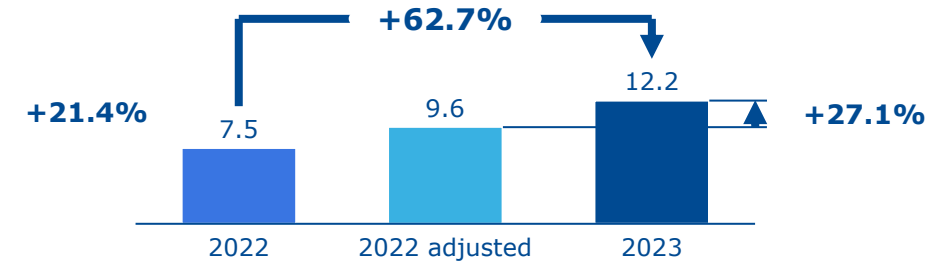


Reallocation of G&A overheads

Sales&Marketing



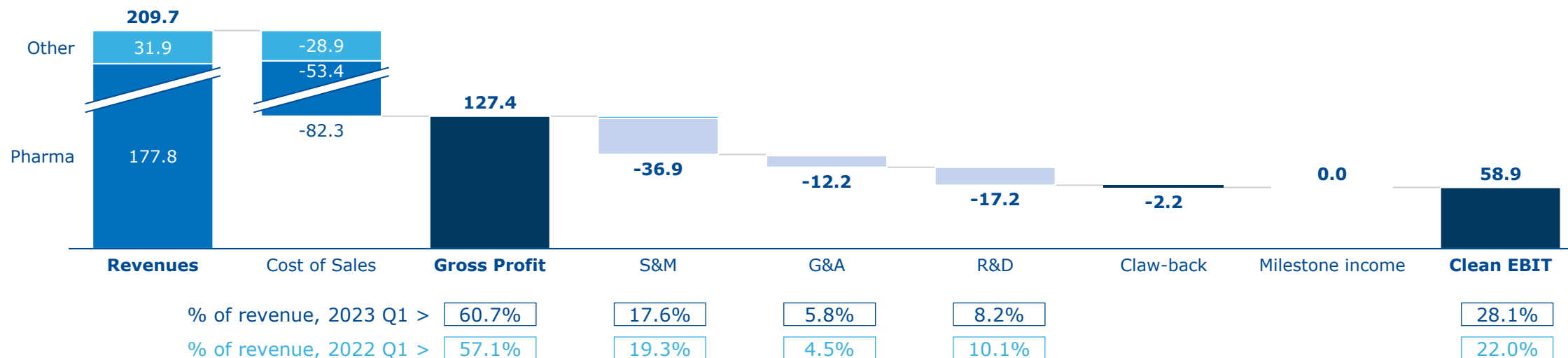
General & Administrative



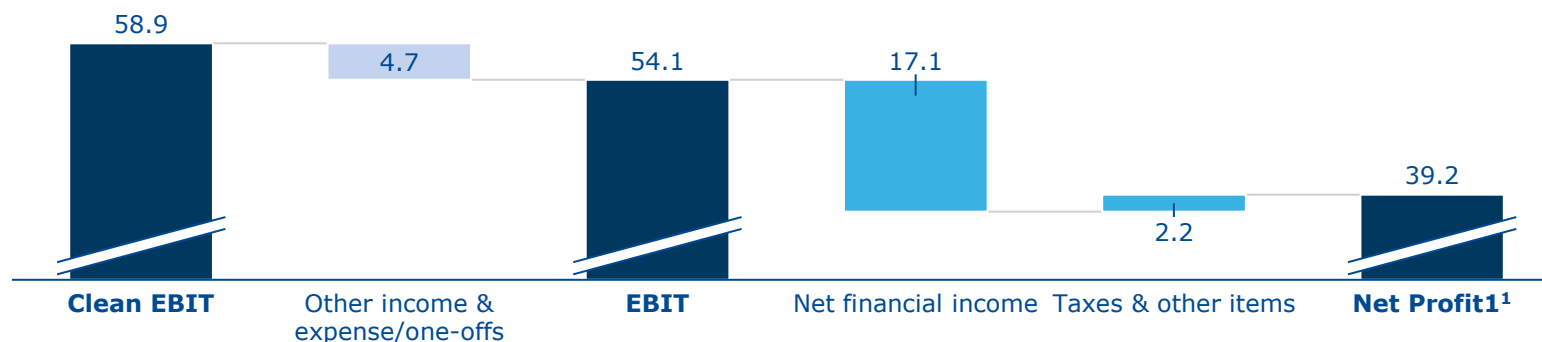
- Relevant accounting standards specifically prohibit to record the prorated amount of the estimated annual windfall tax (IFRIC 21).
- Actual income of the period indicates a lower effective tax rate, which was defined as progressive (1% to 8%).

- The revision of management's estimate for the ratio on overhead expenses resulted in a reallocation from S&M to G&A in the amount of 2.1 HUFbn

Record high first quarter profits elevated given backloaded R&D expenses and special recognition of windfall tax



Consolidated



Technical effects

Reallocation of G&A overheads:

As a result of review of ratio on overhead cost allocation 1.6 HUFbn was reallocated from S&M to G&A costs.

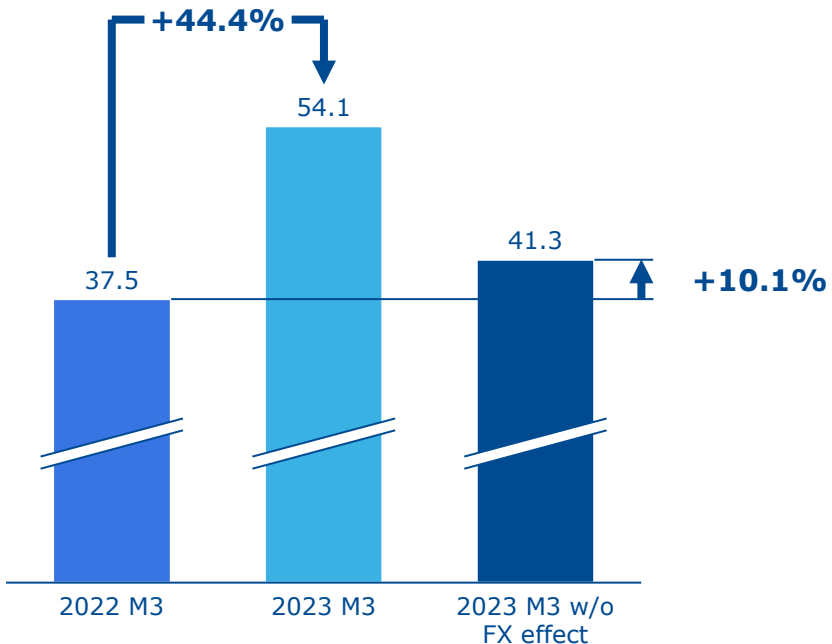
Recognition of windfall tax:

Applying IFRIC 21, liability can only be recognized on the actual income recorded, resulting in significantly lower level (3.4 HUFbn) than liner allocation of the annual expected tax.

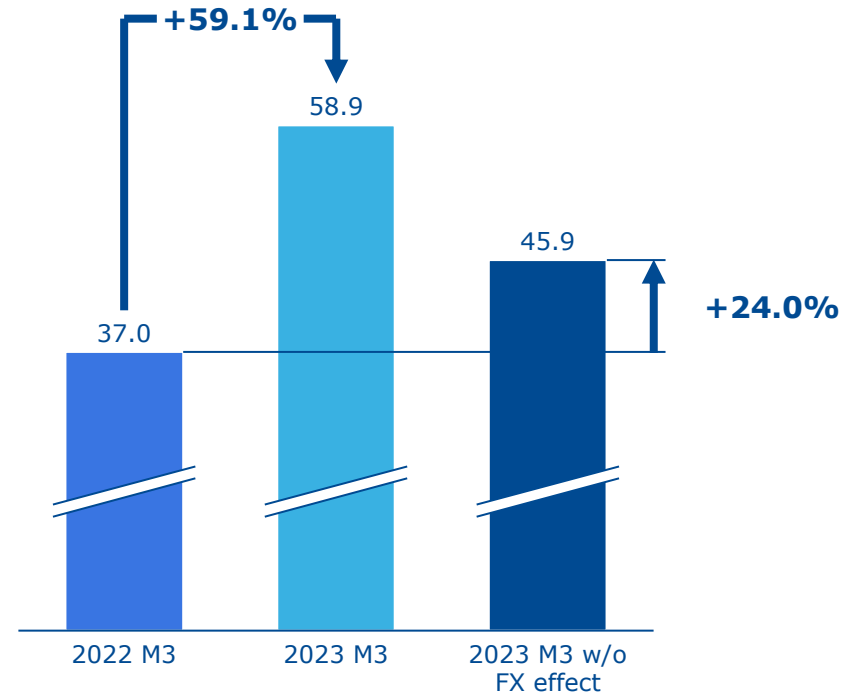
EBIT broke the quarterly record again with a y-o-y increase of 44% boosted by FX effect; but underlying ex-FX growth at 24%



EBIT (year-on-year)

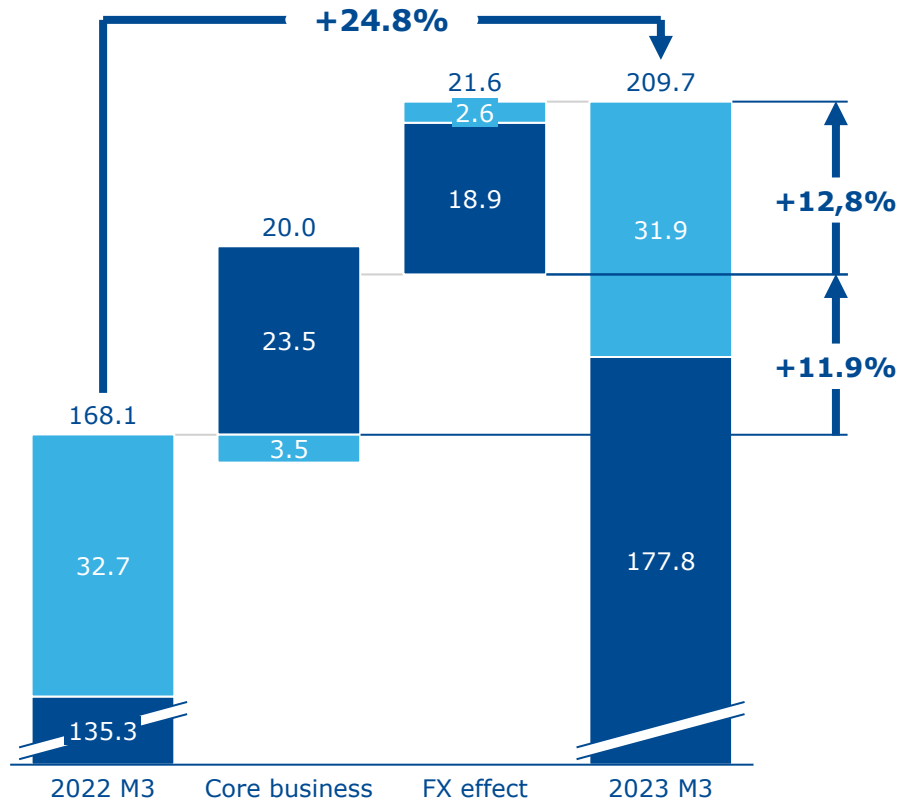


Clean EBIT (year-on-year)



Consolidated sales was ~25% higher; driven by steady growth in core business supported by positive FX environment

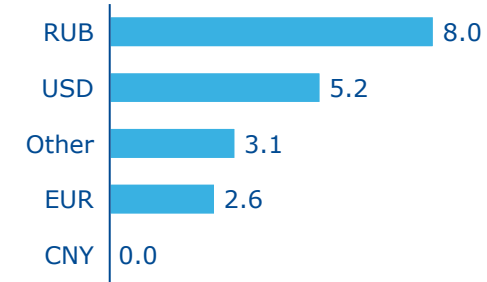
Other revenue
Pharma revenue



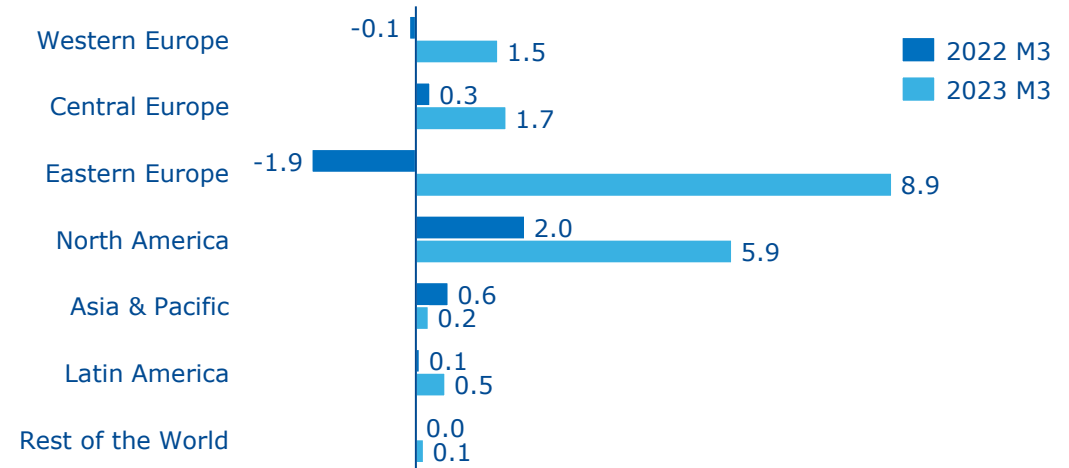
Pharma segment

FX impact by currencies

2023 M3

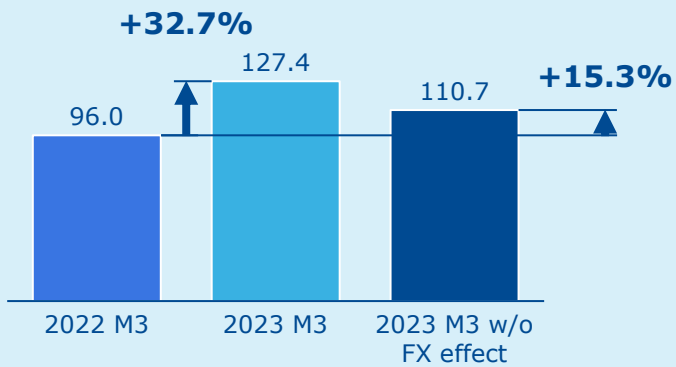


FX impact by region

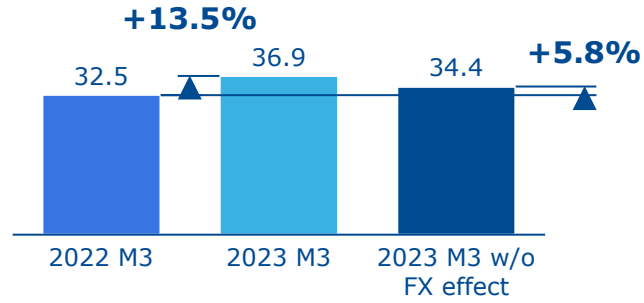


Overhead reallocation from S&M to G&A and cost of efficiency improvement projects increased G&A by 2.8 HUFbn

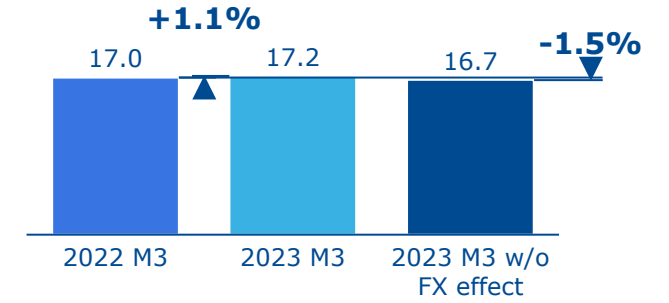
Gross profit



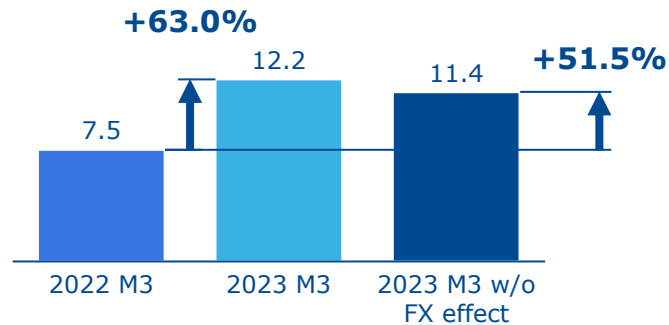
Sales & Marketing



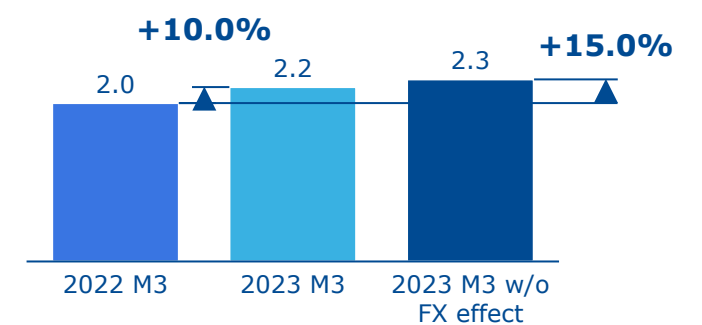
Research & Development



General & Administrative

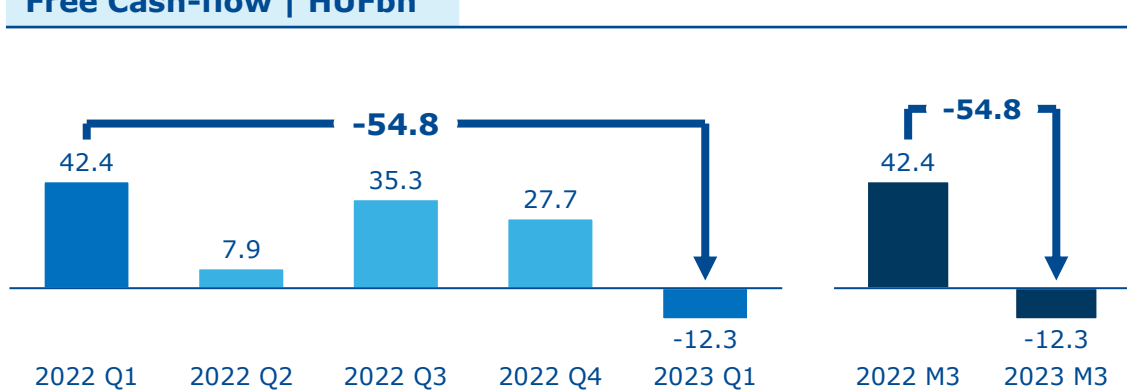


Clawback

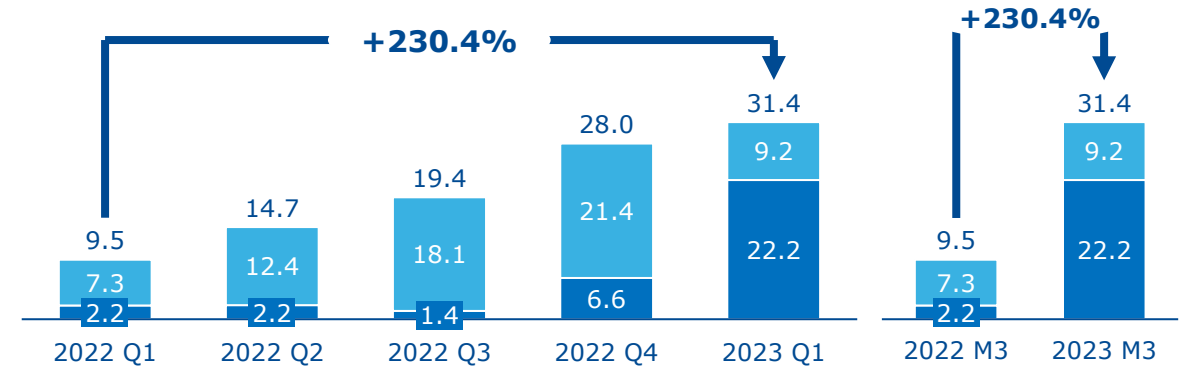


Temporary negative FCF after investing ~20 HUFbn to WHC portfolio; stockpiling increased cash conversion cycle

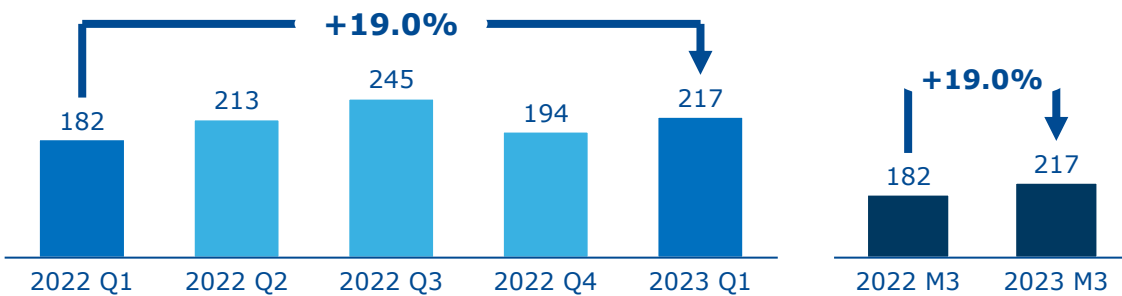
Free Cash-flow | HUFbn



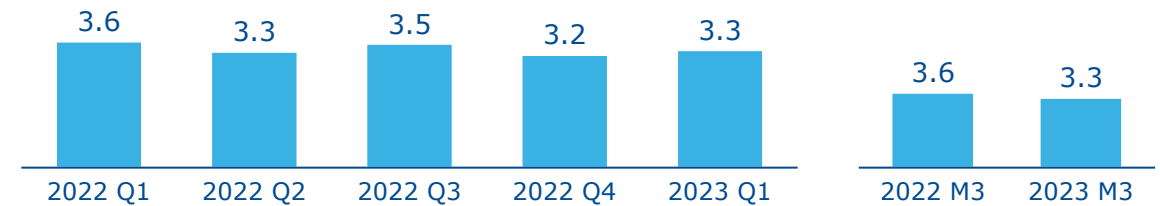
■ CAPEX of tangible assets
■ Acquisition of intangible assets







Cash Conversion cycle | days



Current Ratio

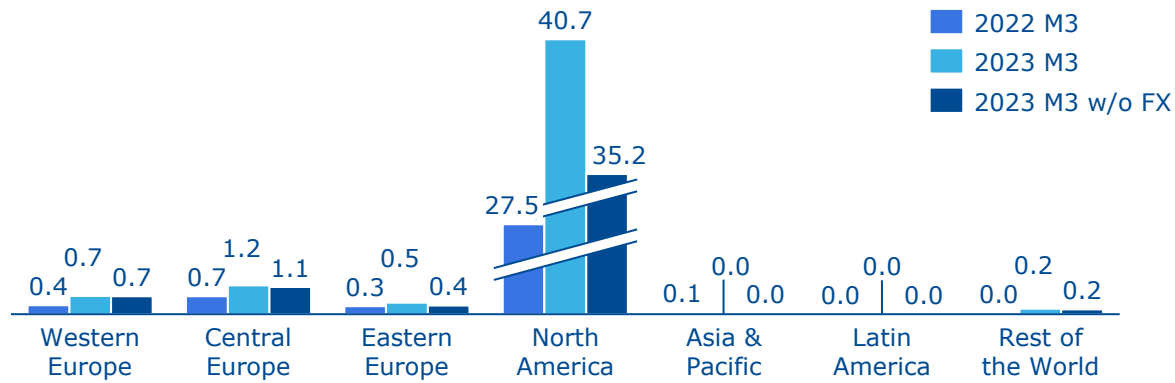


Profitability in Q1 improved in each focus area, largest improvement in WHC followed by CNS

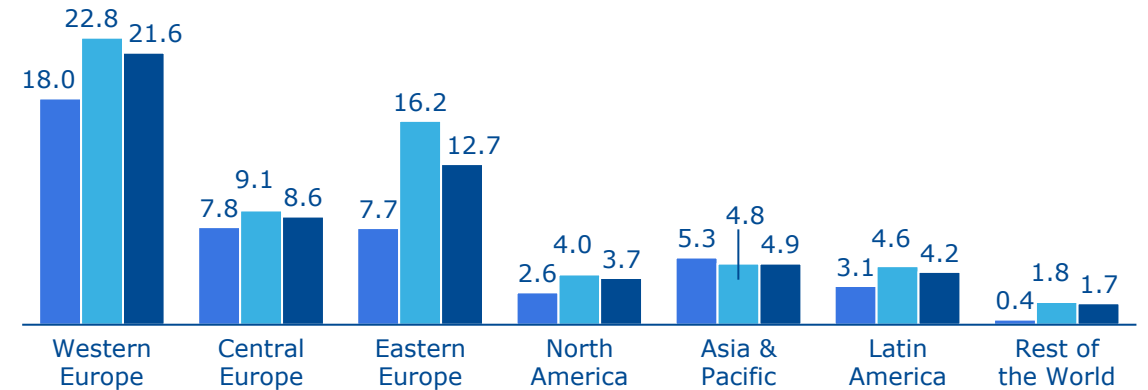
2023 M3	 WHC	 CNS	 BIO	 GM	Pharma other	Pharma	Other	Eliminations	Group total
Revenues	63.3	43.3	7.9	59.5	3.8	177.8	36.0	-4.1	209.7
Cost of Sales	-18.3	-0.2	-6.1	-25.6	-3.1	-53.4	-32.8	3.9	-82.3
Gross Profit	45.0	43.1	1.8	33.9	0.7	124.4	3.2	-0.2	127.4
Sales & Marketing Costs	-20.0	-0.8	-1.5	-12.2	-0.3	-34.7	-2.2	0.0	-36.9
General & Administrative expenses	-5.2	-0.2	-0.6	-4.9	-0.3	-11.1	-1.1	0.0	-12.2
Research & Development	-4.0	-5.4	-6.0	-1.8	0.0	-17.2	0.0	0.0	-17.2
Claw-back	-1.1	-0.3	-0.1	-0.8	0.0	-2.2	0.0	0.0	-2.2
Milestone income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Clean EBIT	14.7	36.5	-6.4	14.2	0.1	59.1	-0.1	-0.2	58.9

CNS remain US focused, WHC and BIO with massive WEU footprint, GM safeguards our traditional market presence

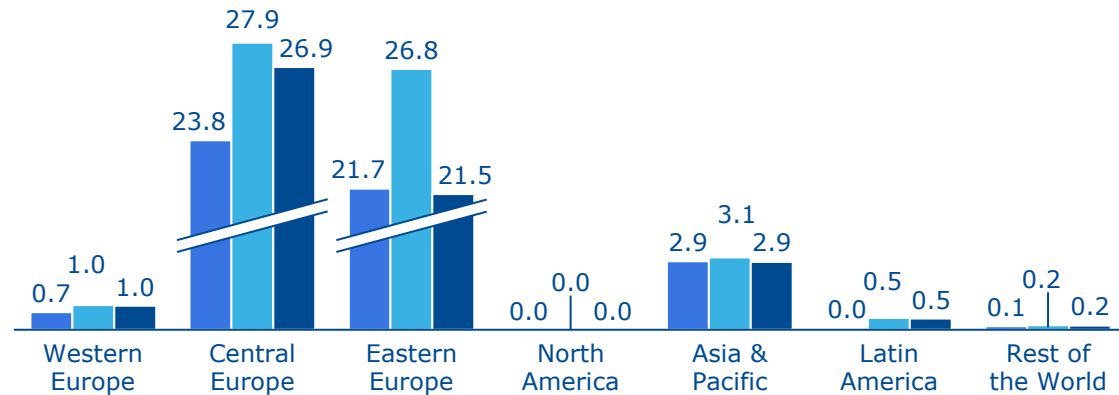
Neuropsychiatry | Revenue



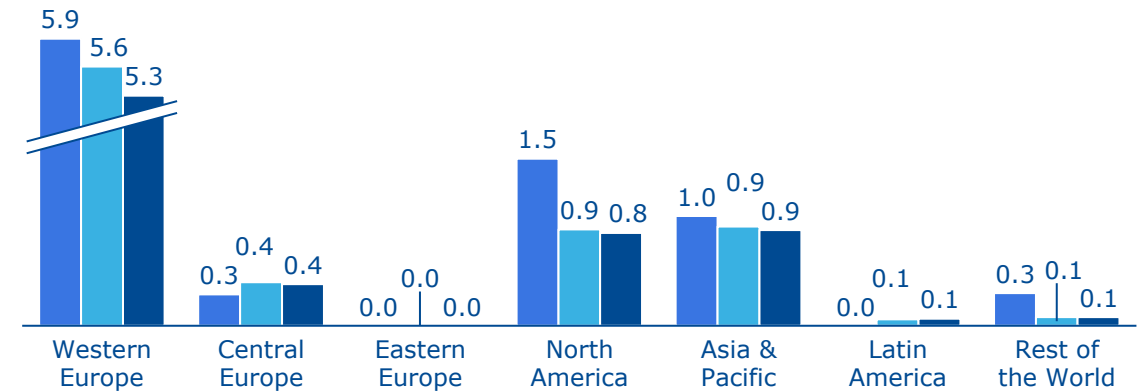
Women's Healthcare | Revenue



General Medicine | Revenue



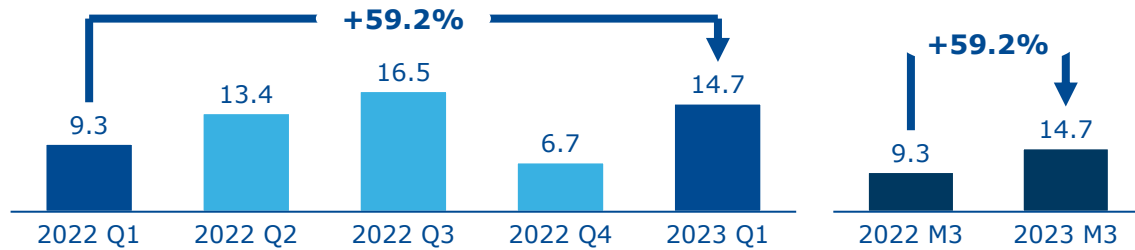
Biotechnology | Revenue



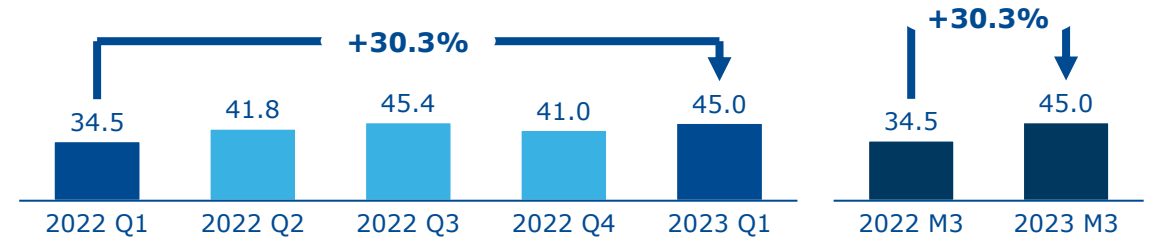
Women's Healthcare | Healthy increase in profits with continuous uptake on new product launches



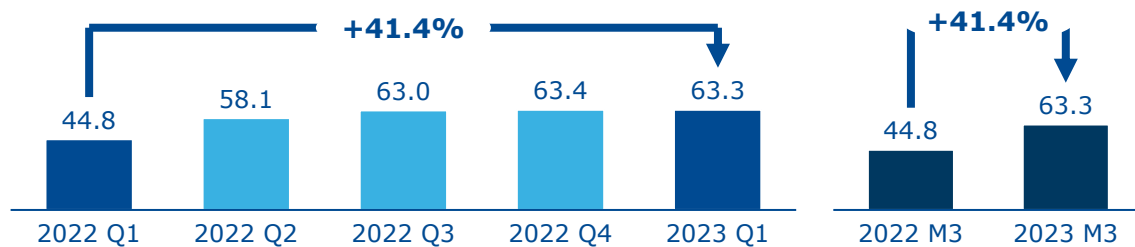
Clean EBIT



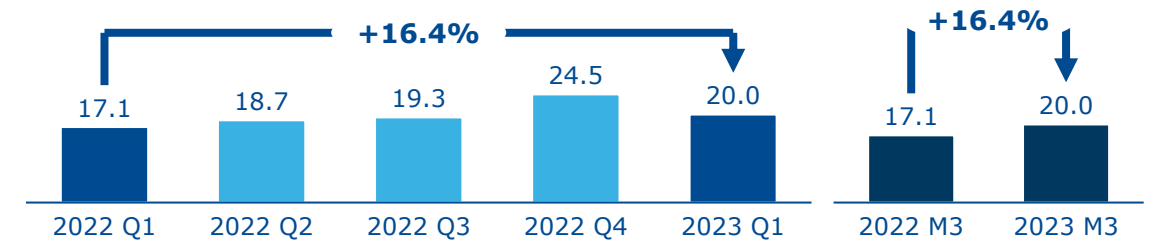
Gross profit



Revenue



Sales & Marketing



Key messages

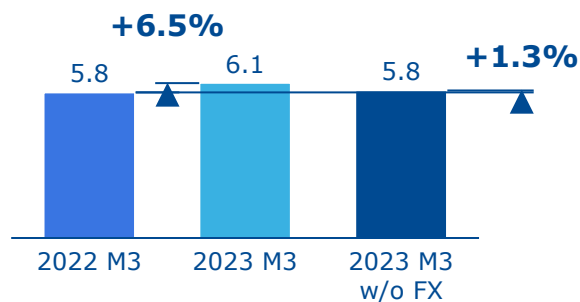
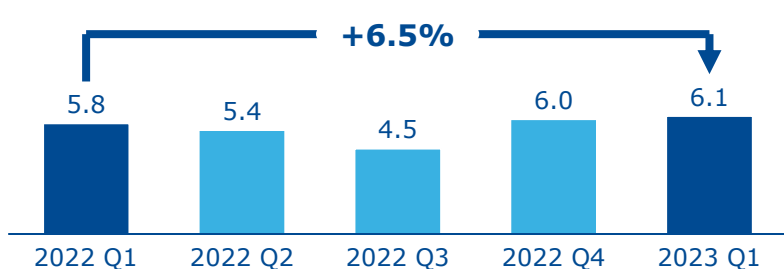
- New licence agreement signed for the commercialisation of Donesta[®], a novel product candidate for the treatment of post-menopausal symptoms.
- Continuous strong-double digit growth in revenue of total WHC portfolio across most important markets WEU, Central and Eastern Europe and Latam.
- Volume increase of oral contraceptives with high gross margin was driving the clean EBIT increase of the period supported by generally positive FX environment both in Western Europe and Eastern Europe regions.

- Ryeqo Market Access milestones completed and solid Drovelis sales performance.
- Increase in S&M investment for both above highlighted innovative products: building solid foundation for future growth.
- Promotional activities are expected to further increase in H2.
- Solid performance of Endometriosis treatment area and Menopause management. Both on the way to become significant revenue drivers for the company.

WHC | **Highlighted brands** | EVRA makes it to top 3, while Bemfola's grows slowly after temporary setback



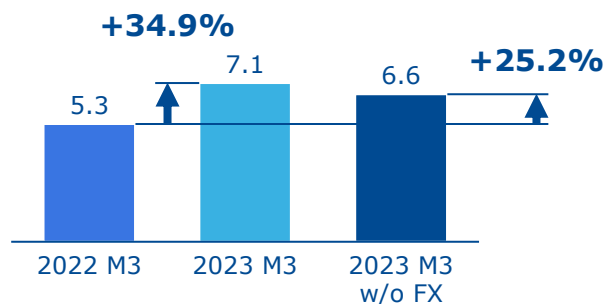
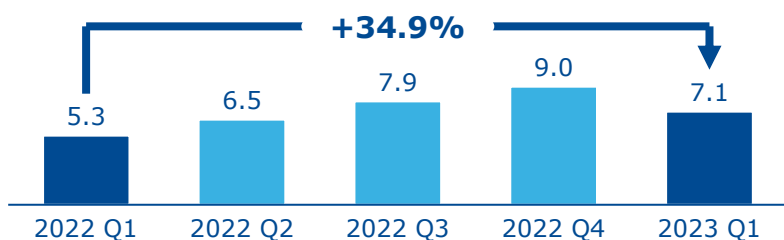
Bemfola®



Key messages

- Strong competition and price pressure on **Bemfola®**. 20% growth in WEU mainly offset by drop in South-Korea market year by year, and sales slow down.
- Sales growth of the fertility franchise is reinforced.

EVRA®

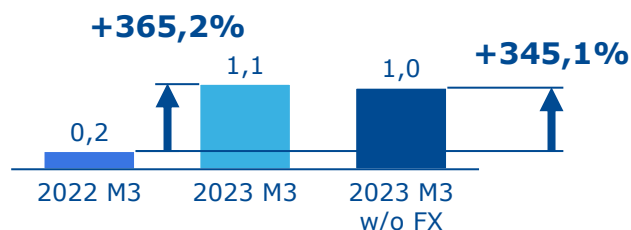
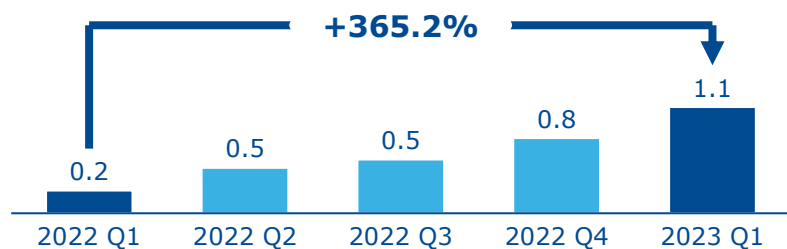


Key messages

- Following the asset purchase agreement concluded in January 2021, **Evra®** is already ranked 3rd on our Top10 products list.
- MAH transfers proceeding according to plans, which result in higher revenue portion and less net economic benefit income, providing the same cash margins.



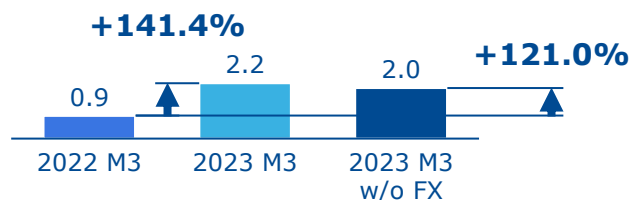
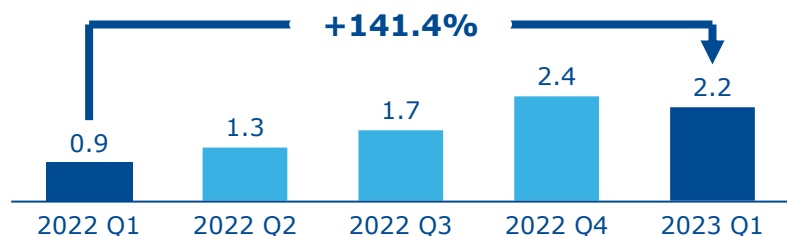
Ryeqo®



Key messages

- Significant growth in Spain, Germany, Nordics and CEE markets.
- All planned market access milestones achieved.
- Intensive regulatory work on Endometriosis label extensions.

Drovelis®



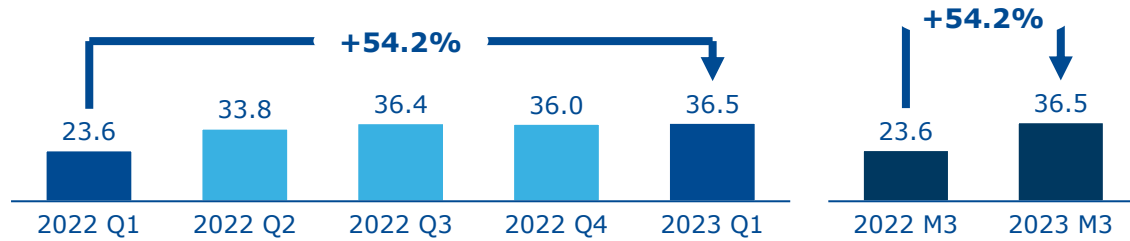
Key messages

- **Drovelis®** contributed materially to sales levels recorded primarily in Western Europe.
- In Q1 2023 we surpassed 2 million cumulated cycles sold in Europe.

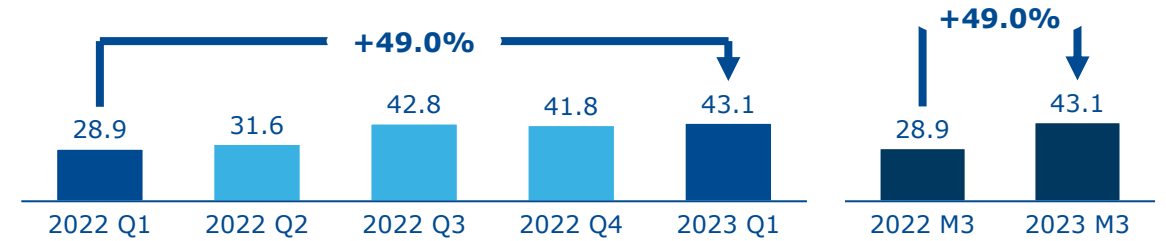
Neuropsychiatry | Our main clean EBIT contributor grew over 50% while progressing with R&D projects



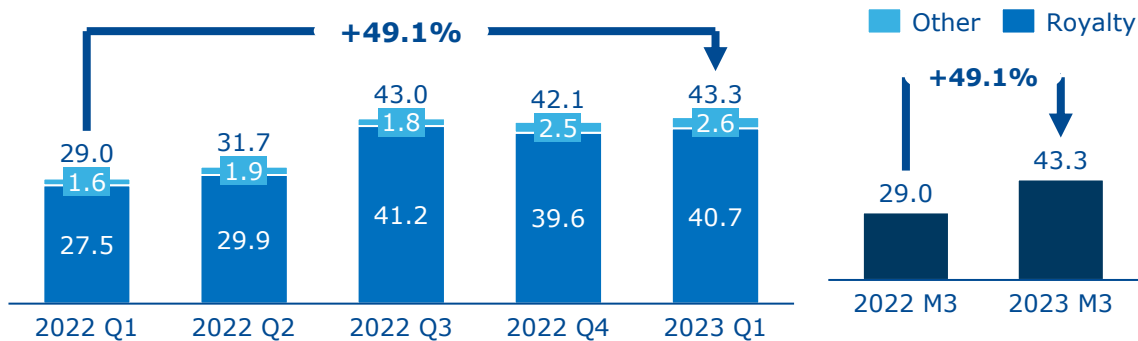
Clean EBIT



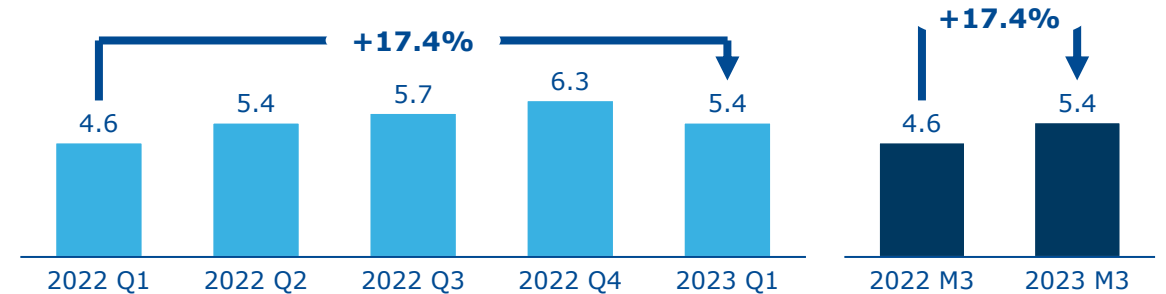
Gross profit



Revenue



R&D



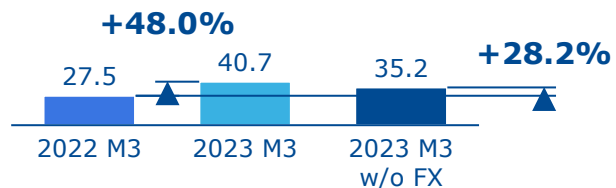
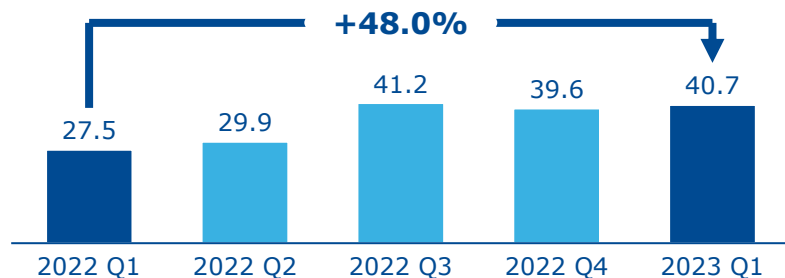
Key messages

- Abbvie's very strong sales performance compared to Q1 2022 of Vraylar® was strongly driven by adjunctive MDD prescriptions.
- Cariprazine growth was also very strong in other countries, both where commercialised by Gedeon Richter or partners.
- Partner Summit Budapest: partners aligned to global strategy.
- Internal R&D milestones met, RGH-706 in Phase 2 clinical studies ongoing.

CNS | Highlighted brands | ~28% constant currency growth in Vraylar; US prescriptions off to a strong start



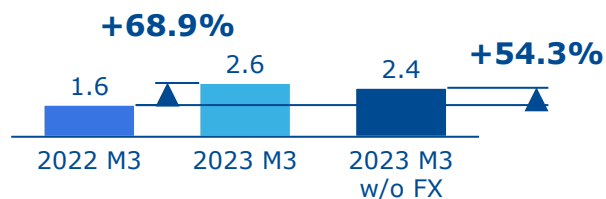
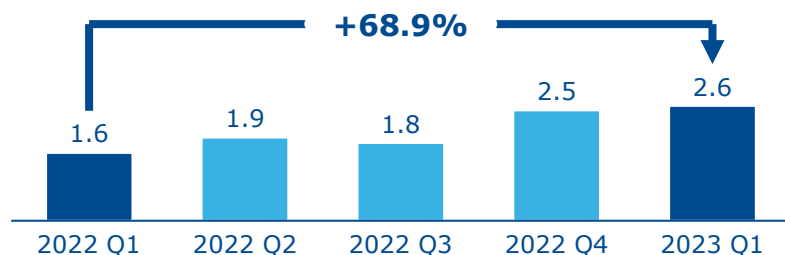
Vraylar®



Key messages

- Significant year-on-year increase recorded in royalties linked to sales of **Vraylar®** in the USA.
- Close to 50% increase of royalty income is highest in recent years. Overall increase is in-line with Richter's expectations.

Reagila®



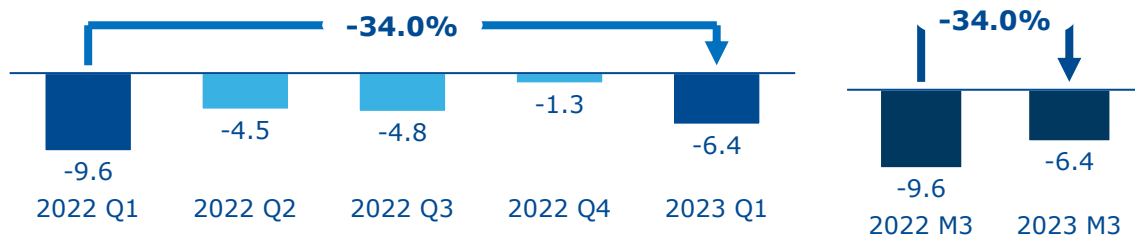
Key messages

- **Reagila®** sales are in steep increase in CEU region.

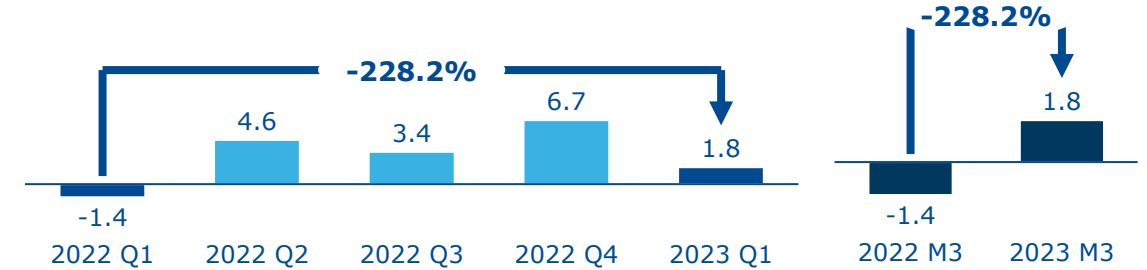
Biotechnology | R&D projects on track while CDMO start slower due to the seasonality of the business



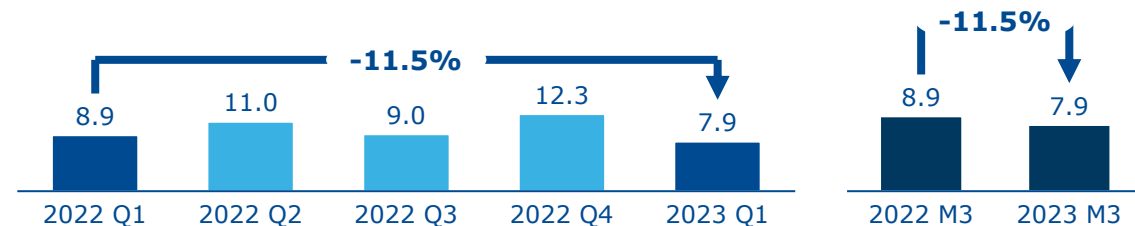
Clean EBIT



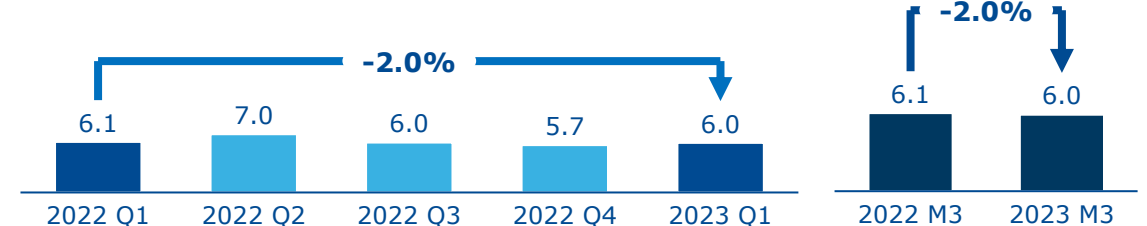
Gross profit



Revenue



R&D



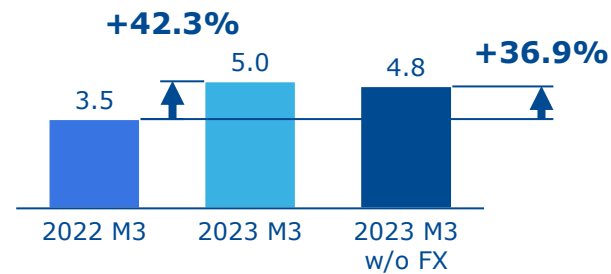
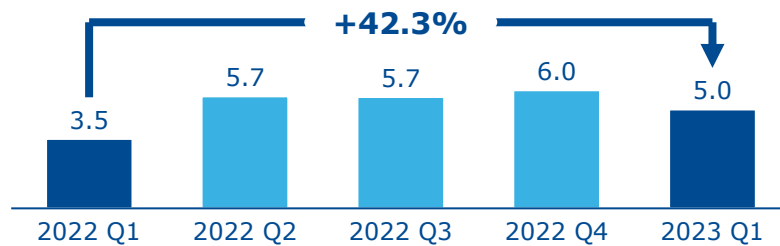
Key messages

- Significant year-on-year profitability improvement compared
- Improving gross margins of Terrosa® as production costs are optimized
- CDMO project earnings driven by Richter-Helm Biologics provide additional source of income
- Due to the seasonality of the business first quarter incomes are lower, hence ex-RD profitability is slightly negative, but expected to be on track for the rest of the year
- On-going R&D activity with 3 major clinical projects

BIO | Highlighted brand | Teriparatide biosimilar global revenues show dynamic increase



Terrosa®



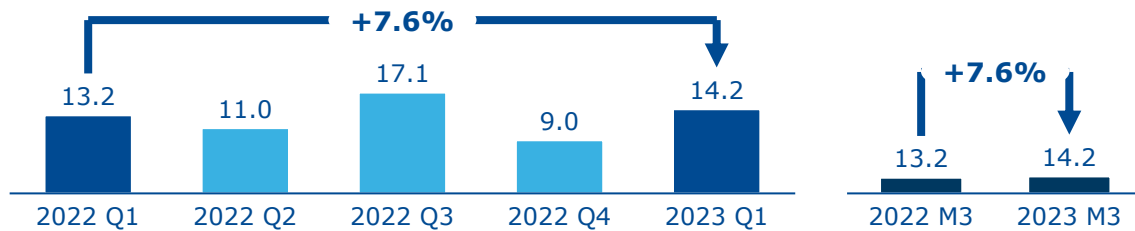
Key messages

- Sales proceeds from WEU region contributed substantially to the higher turnover of **Terrosa®** reported.
- **Terrosa®** became a massive product. Both 1st quarter periods are affected by true-up corrections with partners.
- Chart shows Richter's own sales of the product. In addition drug substance proceeds by partners are recorded as share of profit associates and joint ventures.

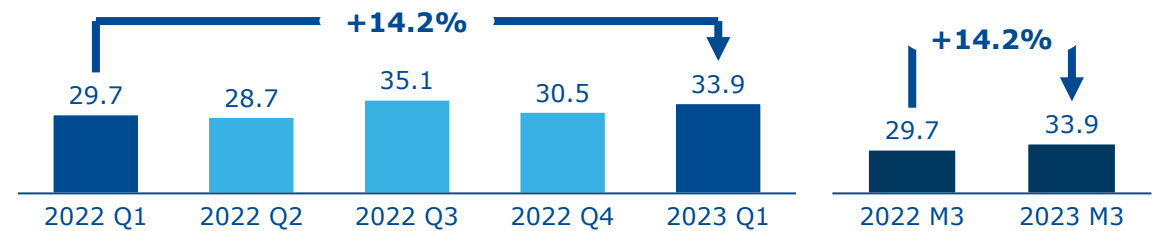
General Medicines | Double digit increase in gross profit partially offset by operating expenses and cost of efficiency projects



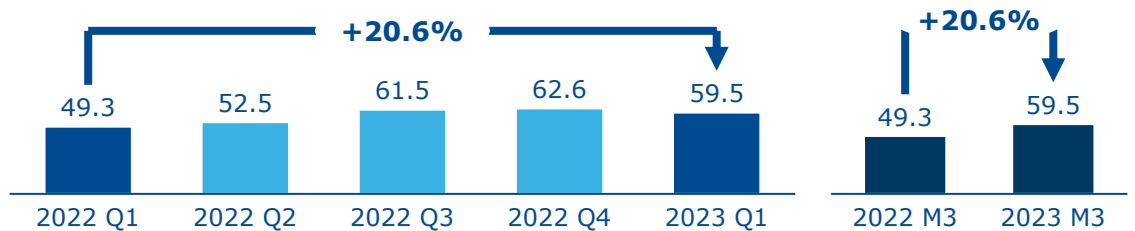
Clean EBIT



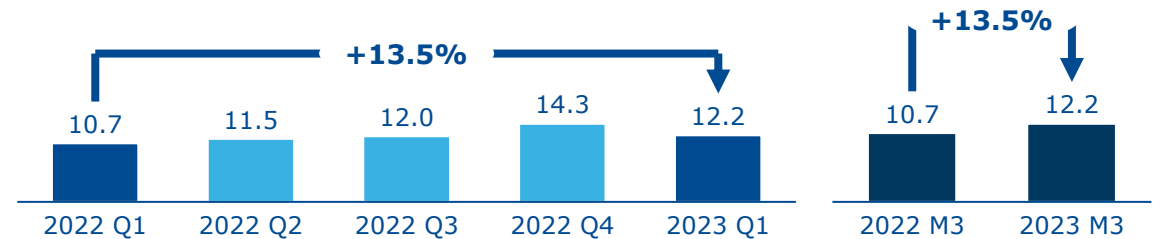
Gross profit



Revenue



Sales & Marketing



Key messages

- Strong start of the year despite the Russia-Ukraine conflict.
- FX environment still supportive compared to 2022 but trend is expected to change later this year.
- Corporate level initiatives introduced to increase profitability.
- Formation of General Medicines as a strategic focus area to increase customer focus.
- Two new products launched - 1 diabetology and 1 anti-infective therapy offering for our patients.

Each focus area has a clear strategic vision and consists of various type of products

Pharma Pharmaceuticals segment			
Strategic focus area's short and long name	Official definition	Key strategic goal	Therapeutic area
 WHC Women's Healthcare	We look after women's health globally by setting trends in female fertility, uterine fibroids / endometriosis, female contraception, vaginal infections, menopause and female technology.	By addressing unmet needs and staying ahead of innovation we aim to become the leading provider of pharmaceutical products for European women by the end of the decade.	Women's Healthcare
 CNS Neuropsychiatry	Leveraging our world class early phase R&D capability in the central nervous system domain we build a pipeline of small molecule drug candidates mainly in the field of neuropsychiatry.	Maximize the potential of cariprazine, while developing and partnering original R&D projects that provide the basis for revenue and earnings growth beyond 2030.	Neuropsychiatry ¹
 BIO Biotechnology	Leverage our biotechnology platform to develop and manufacture biosimilar drugs for global markets.	By establishing ourselves as a relevant player in the Rheumatology/Osteoporosis TA, we aim to become a solid contributor to corporate profits by the end if this decade. We leverage our biotechnology expertise in providing value to third party clients through our contract development and manufacturing services.	Rheumatology, Osteoporosis
 GM General Medicines	Comprises our established and generic portfolio in various therapeutic areas in the Central and Eastern European regions.	Provide broad access to high quality and affordable medications while remaining a reliable source of revenue growth, scale and margins.	Cardiology, Blood, Diabetes, CNS ²
Other Other segment Non-pharmaceutical activities			

¹Cariprazine and innovative neuropsychiatry pipeline, ²Off-patent original CNS products and generics

Research and Development: We are dedicated to continuously investing into the future to serve our patients globally



WHC

We develop innovative products and invest in late-stage projects of the following subsegments: female fertility, uterine fibroids / endometriosis, female contraception, infectious diseases in female healthcare and menopause. We intensify our activities in the field of Female Technology as well.



CNS

Original R&D aims to develop new small molecule drugs for the treatment of central nervous system diseases in the field of neuropsychiatry. We focus primarily on the symptoms associated with negative and cognitive disorders, we also research for new materials to treat positive symptoms.



BIO

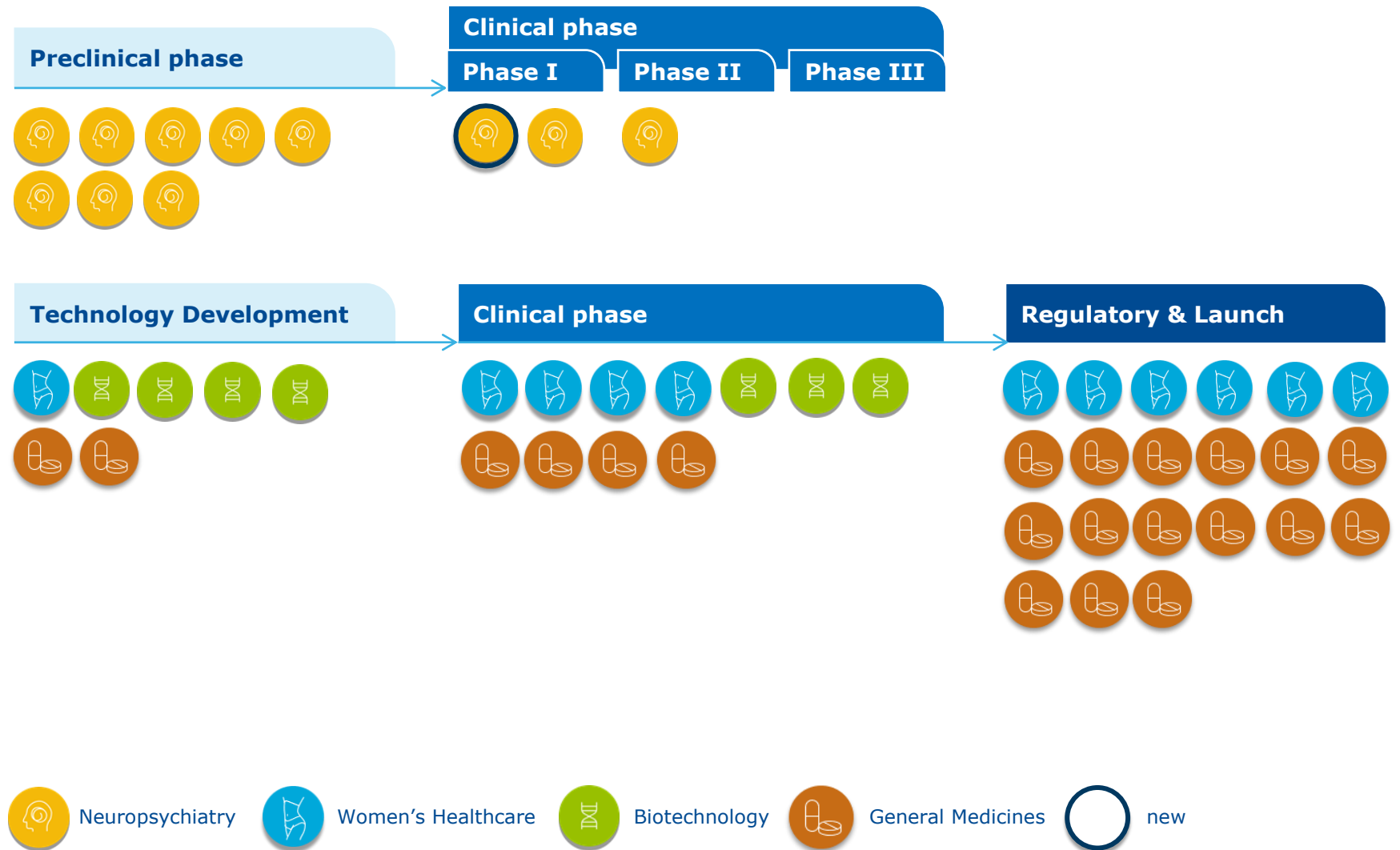
Our focus is set on certain therapeutic areas, notably Rheumatology/Osteoporosis. These areas are considered among the highest growth rate therapeutic segments.



GM

General Medicines builds a portfolio offering for our patients in 3 key therapeutic area (Cardiology and blood, diabetes and CNS), and pursue other therapeutic areas through own development and licence in activities.

Pipeline on track with plans



ESG focused initiatives

ENVIRONMENTAL

- Climate change action plan aligned with the EU's Fit for 55 policy package (55% reduction of GHG emissions by 2030, carbon neutral by 2050).
- Investing in sustainability solutions and supporting the energy transition.
- Certified management systems (EMS, EnMS).
- Monitoring of pharmaceutical residues.
- Responsible waste management.

SOCIAL

- Patient safety in focus with GMP compliant manufacturing units, responsible marketing practices and global pharmacovigilance systems.
- Strong R&D activity and product acquisitions to expand access to quality healthcare.
- Harm-free work environments through the maintenance of certified OHS standards.
- Flexible working arrangements and wide range of benefits to support employee work-life balance.
- Enabling scientific education and health initiatives via various foundations.
- Empowering women with extensive Women's Healthcare portfolio, patient awareness campaigns and CSR programmes.

GOVERNANCE

- Comprehensive compliance programme defining Group-wide business conduct and including anti-corruption, anti-bribery and ethics training.
- Dual board structure to protect stakeholder interests.
- Board oversight of ESG management through ESG Committee.
- ESG targets in CEO remuneration.
- Transparent reporting of transfers of value.



ESG highlights from 2023 Q1

ENVIRONMENTAL

Environmental sustainability

Established new EHS Department with wider range of responsibilities including Group-wide oversight of sustainability issues. Appointed new Environmental Sustainability Manager.

Climate change

Proceeded with Group-wide carbon footprint calculations by adding data from three manufacturing affiliates.

SOCIAL

Employee engagement

Concluded company-wide wage increase in line with collective bargaining.

Access to Health

Added new product for the treatment of post-menopausal symptoms to Women's Healthcare portfolio.

GOVERNANCE

Governance

Revised Remuneration policy and Remuneration report to increase transparency and align with shareholder expectations.



Leadership team



Gábor Orbán
CEO

Appointed Chief Executive Officer from November 1, 2017. Began his professional career as an economist for the National Bank of Hungary and the European Central Bank. He later joined Aegon Asset Management where he worked as a fund manager and the head of the fixed income desk. He served as the state secretary in charge of taxation and the financial sector at the Ministry for National Economy for two and a half years, followed by a year spent at Banque Rothschild where he worked as a consultant. He earned his MA degree at the Budapest University of Economics and studied also in the United States. Richter's Director of Corporate Strategy since September 2016, Chief Operating Officer since 2017. Member of the Company's Board of Directors from April 2017.



István Hamecz
CFO

Graduated at Corvinus University Budapest in 1991. He started his career in the Institute of Economic Policy and Planning of the Ministry of Finance. From 1992 to 1994 researcher at the Institute of Economics of the Hungarian Academy of Sciences (MTA). Between 1994 and 2007 worked at Central Bank of Hungary (MNB) in different positions. From 2001 to 2007 Managing Director in charge of Economic and Monetary Policy at MNB. Between 2007 and 2013 CEO and Chairman of the OTP Fund Management Pte. Ltd. and simultaneously from 2008 to 2012 the member, later Chairman of the Board of Directors at OTP Russia. Managing director in charge of Russia and Ukraine at OTP Bank Plc between 2013 and 2016. Joined Richter in 2020 as Director of Financial Operations, since 2022 Gedeon Richter Plc.'s Chief Financial Officer. Member of Gedeon Richter Plc.'s Board of Directors since April 12, 2022.



Dr István Greiner
R&D Director

Appointed Research Director in 2014. Chemical engineer (M.Sc), a qualified patent attorney, has a PhD and an MBA degree (Open University, UK). Joined Richter in 1984 and has held a number of management positions including Head of Chemical R&D, Head of the Patent Department between 1996 and 1999. In 2001 he was appointed Deputy to the Research Director and from 2006 he also became responsible for the new recombinant biotechnological activity of the Company.

Leadership team



Katalin Erdei
HR Director

After graduating at the University of Szeged from the Faculty of Arts, Katalin Erdei has gained 18 years of experience in the field of human resource management. She worked in various positions at companies such as Győri Kéksz Kft, Ferrero Hungary and then Mars Hungary and Global. From 2012, she was a member of the management board at Mars' Hungarian subsidiary and from 2015, she worked as a Regional HR Manager at the European headquarters of Mars Inc, in Germany. She has joined Richter in 2018 to drive the global HR agenda of our Company.



Tibor Horváth
Commercial Director

Appointed Commercial Director in 2017. Has an MSc in Biology and Chemistry and an MBA in Marketing and International Commerce. Joined Richter in 1999 as a market analyst then worked as a licensing manager. In 2005 he was appointed Managing Director of Richter's German subsidiary Gedeon Richter Pharma GmbH, where he worked until August 2017.



Attila Szénási
Director of Pharmaceutical manufacturing

Director of Pharmaceutical manufacturing, joined the Company at the beginning of 2019. Responsible for production of Budapest and abroad manufacturing sites. Chemical engineer with a degree in organizational management as well. Gained experience in various positions at well known multinational companies in chemical and pharmaceutical industries such as Unilever or Teva and in global environment before entering the Company.



Tamás Szolyák
Director of Global Regulatory Science & Portfolio Management

Joined the company in September 2018 as Head of Regulatory Science. He began his career as a medical representative in 1992. Worked for Novartis and its predecessor companies for 21 years. He filled various positions in sales and marketing. Between 2007 and 2013 he was the General Manager of the Hungarian affiliate of Novartis. Within this period he was the President of AIPM, the local association of innovative companies. From 2013 he focused on healthcare projects, covering development scenarios for the Hungarian primary care system. Joined the Hungarian National Authority of Pharmacy, where he was responsible for regulatory and patient safety matters.



GEDEON RICHTER

Health is our mission

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<https://www.gedeonrichter.com/en/>



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Financial calendar

| April 25, 2023
Annual General Meeting

| April 26, 2023
Publication of AGM resolutions

| April 26, 2023
Publication of the Company's 2022 annual report, Richter Group's 2022 annual report * and the Company's Corporate Governance Report and Remuneration Report

| May 12, 2023
Publication of the Consolidated Report 3 months to March 2023

| August 4, 2023
Publication of the Consolidated Report 6 months to June 2023

| November 10, 2023
Publication of the Consolidated Report 9 months to September 2023

All dates in the table may be subject to change!

* Gedeon Richter Plc. will not hold dedicated press conference on the announcement of its annual report. The Company provides information about the annual results at the general meeting.



Disclaimer

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