

Gedeon Richter Earnings Report M9

Chief Executive Officer presentation

November 8th, 2023



Financial Highlights



122.5 HUFbn

Net Profit¹

↓ -37.5%

661 HUF

EPS

↓ -37.2%

1.6 HUFbn

Free Cash-flow

↓ -88.7 HUFbn

144.4 HUFbn

EBIT²

↓ -6.4%

176.2 HUFbn

Clean EBIT³

↑ +13.2%

7.6%

Return on Equity⁴

↓ -14.4%p

602.0 HUFbn

Consolidated sales

↑ +4.0%

65.0%

Gross margin

↑ +6.8%p

547.4 HUFbn

Pharma sales

↑ +15.7%

¹Profit for the period attributable to owners of the parent

² EBIT: Operating profit/loss

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



- **Favourable trends continued** into the third quarter with strong demand for our products and Vraylar® benefitting from a massive increase in uptake due to the inclusion of aMDD in the label.
- Our operations teams in all of our sites have been able to cope with **higher-than-expected orders** despite a challenging procurement landscape.
- **Exchange rate developments** were a huge drag on revenues, which is hardly a surprise given the sharp depreciation of the ruble year-on-year and no tools available to hedge our exposure.
- Underlying **profitability** has been supported by a combination of strong volume growth, gains from efficiency programs and positive composition effects, particularly the contribution of Vraylar®.
- **Our key objective** remains to broaden and deepen patients' access to our products, the key near-term focus being on women suffering from endometriosis.

Strong financial performance in core operations despite adverse external effects



Guidance

- With Vraylar impact, overall performance is expected to be above initial guidance.

EBIT

- Year-on-year EBIT decreased slightly as a result of prior year's CNS milestone income and current year's Windfall tax.
- Clean EBIT excluding FX effects grew by 24.4% as result of strong underlying business performance across markets.

Special items

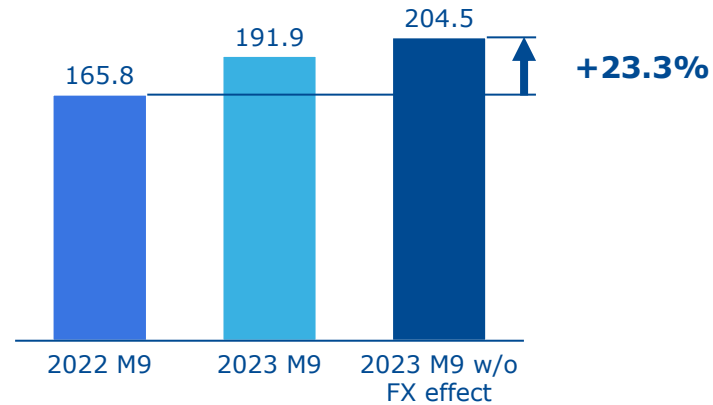
- Romanian wholesale and retail operation was successfully sold. Revenues and gross profits contain 5 month of its financial results, while impact on clean EBIT remains marginal. Gains from the sale are recorded as financial income.
- Increasing G&A costs because of the revision of management's estimate for the ratio on overhead expenses resulted in a reallocation from S&M to G&A as well as increasing costs of efficiency improvement projects.
- In M9, 2023 foreign currency headwind was 38.4 bnHUF resulting overall net financial loss of 18.4 bnHUF. This is an improvement of 10.1 bnHUF on FX losses compared to 2023 H1 and 103.0 bnHUF compared to 2022 M9.

Business drivers

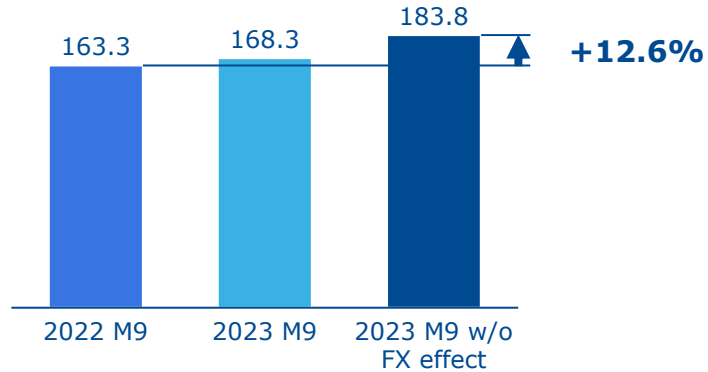
- Gross profit increase of 23.5% after FX adjustments were driven by extraordinary Vraylar performance, increasing volumes and changes in portfolio mix as well as some timing effects among quarters.
- Sales & Marketing costs combined with G&A in line with gross profits, while there was a step-change in clawback expenses.
- R&D expense growth was generated by CNS and BIO projects.
- Prior year Clean EBIT contained milestone income 8.7 bnHUF.

Very strong internal performance: production increased and we reached double digit growth of own sales in all four BUs

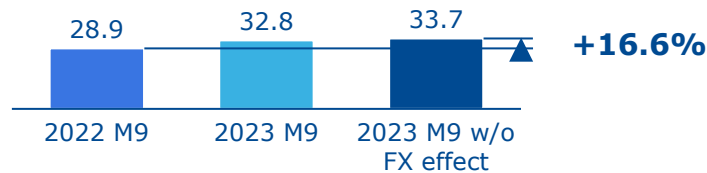
WHC Revenues



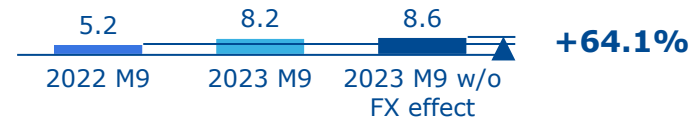
GenMed Revenues



BIO Revenues



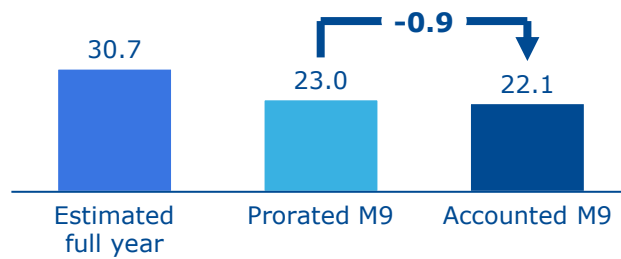
CNS ex-Vraylar Revenues



- **WHC** grew in all regions, Relugolix grew significantly in WEU and CEU countries, while EVRA is a major success Mexico.
- We were able to overcome obstacles in transportation and value chain in **GenMed** to reach higher than expected revenues.
- An active and successful quarter in CDMO gave us a boost in **BIO** revenues.
- We are extremely proud to our own **CNS** performance in CEU of our network to boost revenues by ~40%.
- Our **productivity** improved in Q3 with outputs 16% higher on group level.
- We managed to improve levels to further increase on time delivery to our customers.

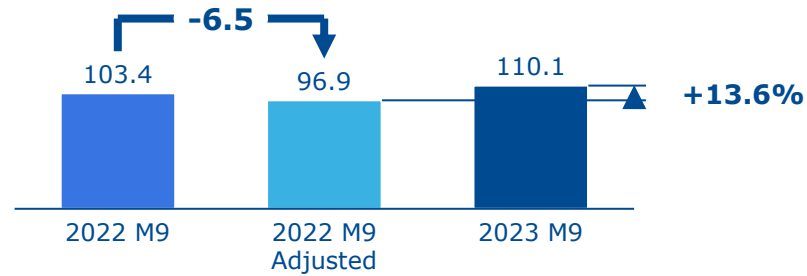
Special items affecting M9 consolidated financials

Windfall tax



Reallocation of G&A overheads

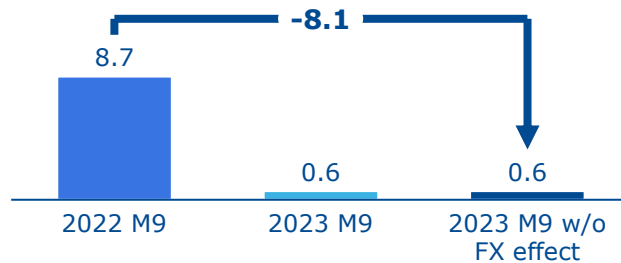
Sales & Marketing



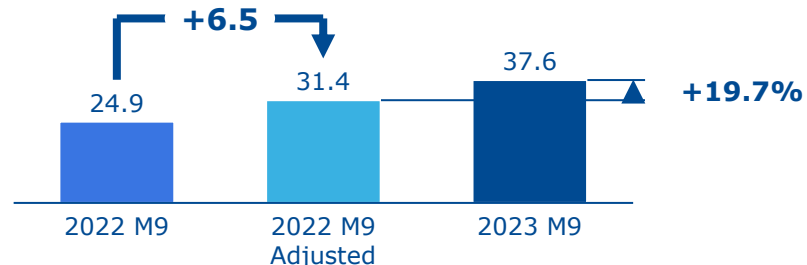
Windfall tax

- 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%).

Milestone income



General & Administrative



Milestone income

- In M9 2022 milestone income of **8.7 HUFbn** was received in exchange for collaboration of original research covering the field of neuropsychiatric diseases.

Reallocation of G&A overheads

- A result of the revision of management's estimate for the ratio on overhead expenses resulted in a reallocation from S&M to G&A.
- In addition, cost of efficiency projects and wholesale and retail divestment, increased cost by additional **3.6 HUFbn**. This amount is allocated to all BU's cEBIT.

Worsening FX environment at the end of the period resulted major FX losses that were partly off-set by hedging transactions and gains from divestment

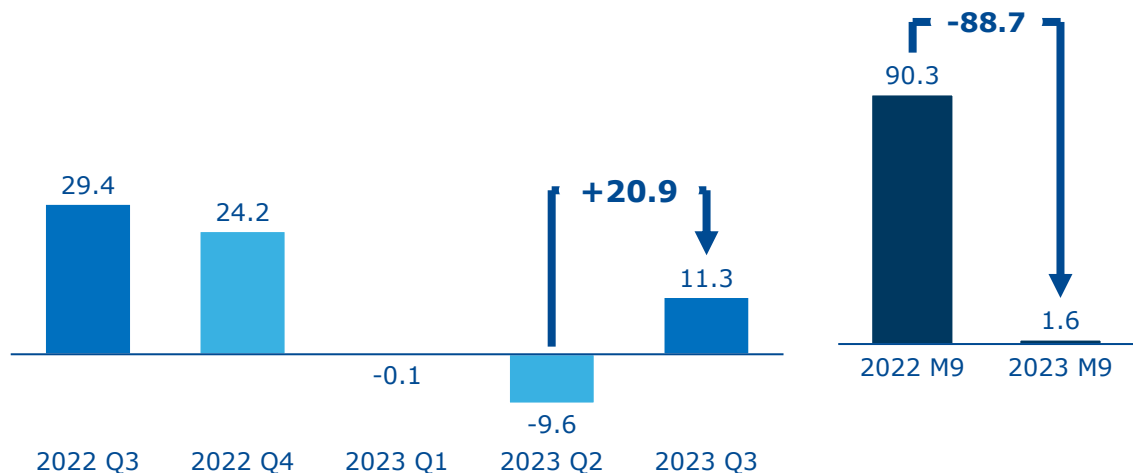
Consolidated	2022 H1	2023 H1	2022 M9	2023 M9
Unrealised exchange (loss)/gain	33.5	-26.5	36.7	-11.7
Realised exchange (loss)/gain	9.3	-22.0	27.9	-26.7
Result of realised & unrealised forward exchange contracts	-8.0	6.3	-7.6	5.3
Interest income / (Interest expense)	1.7	4.4	3.1	6.8
Gain on disposal of subsidiaries		12.0		12.0
Other items	-6.4	0.9	-8.8	-4.1
Net financial income (loss)	30.0	-24.9	51.3	-18.4

Realised and unrealised losses

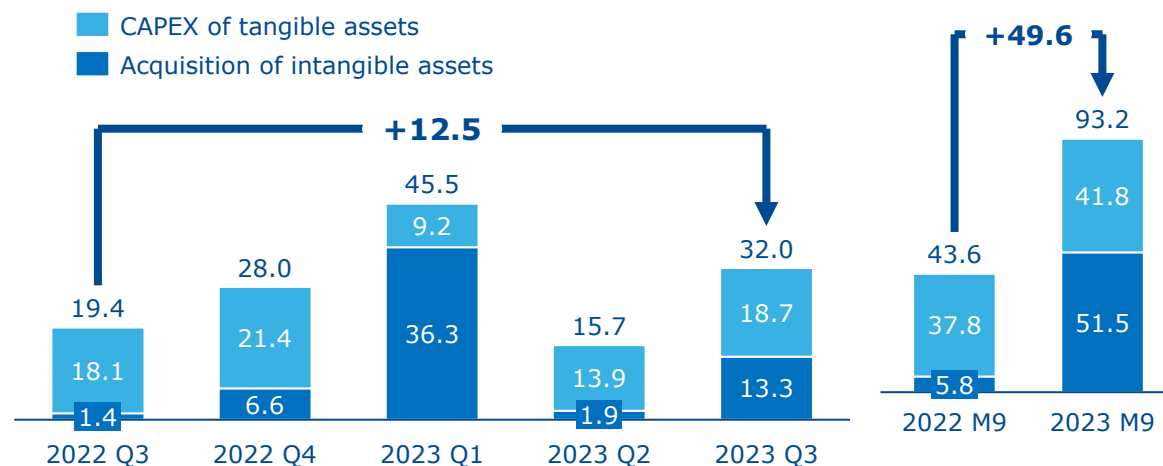
- Hedging transactions applied by management can mitigate some of the risks resulting from the high volatility of the functional currency.
- Weakening RUB in the past months of the period resulted in extremely high amount of realised and unrealised foreign exchange losses, which is the complete opposite of trends observed in 2022 M9.
- Revaluation of open balances owned by our Russian subsidiary accounted for most of the unrealized losses.
- Gain recorded on the disposal of Romanian entity could partially compensate losses.

FCF position improved compared to previous quarter while stockpiling effect resulted in higher cash conversion time

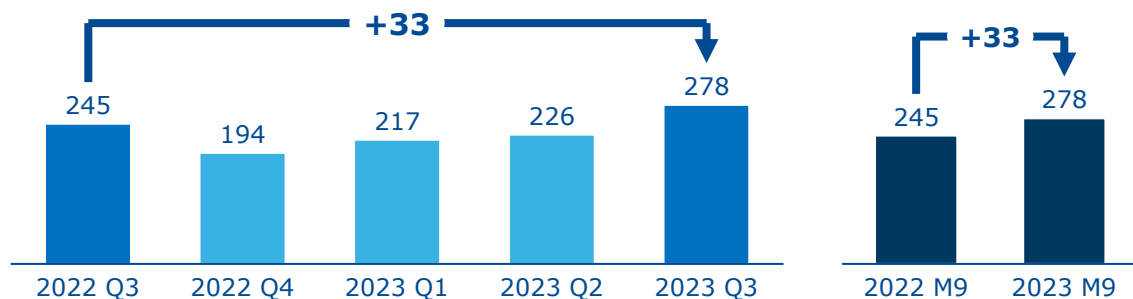
Free Cash-flow | HUFbn



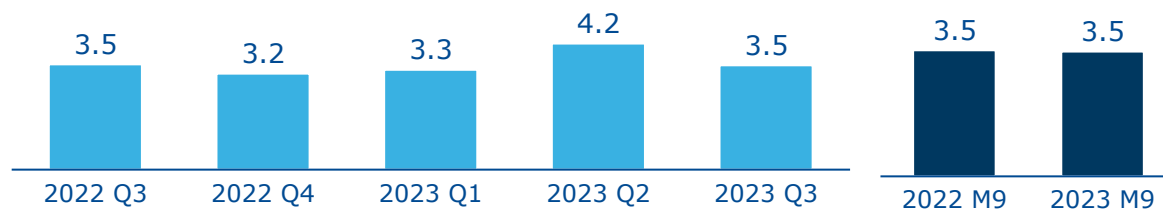
Tangible & Intangible | HUFbn



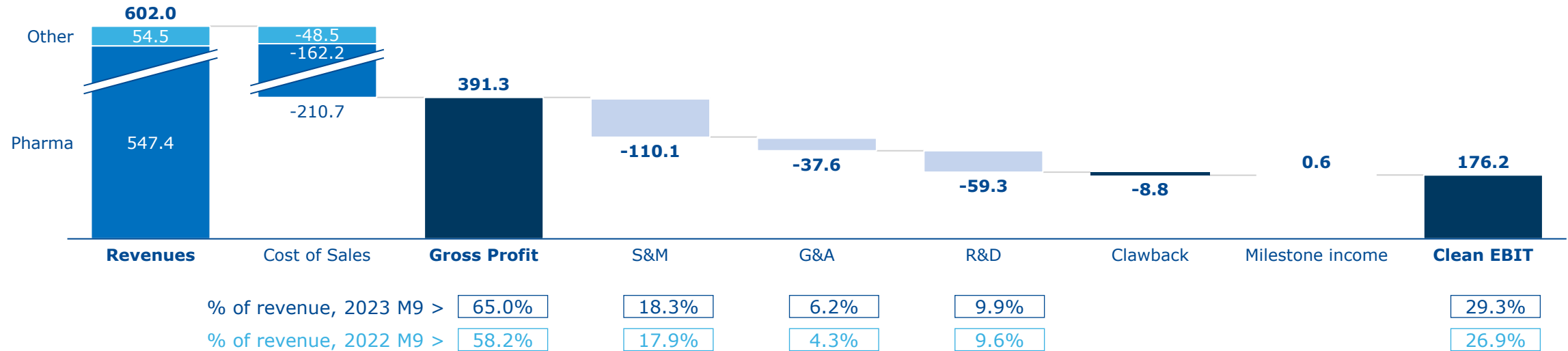
Cash Conversion cycle | days



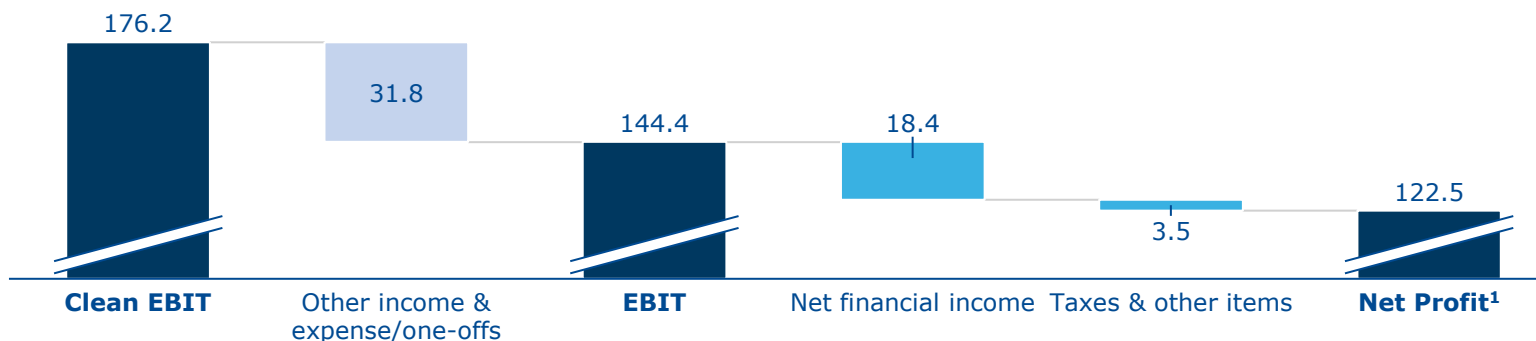
Current Ratio



Record high M9 clean EBIT but lower Net Profits due to financial losses



Consolidated



Technical effects

G&A overheads:

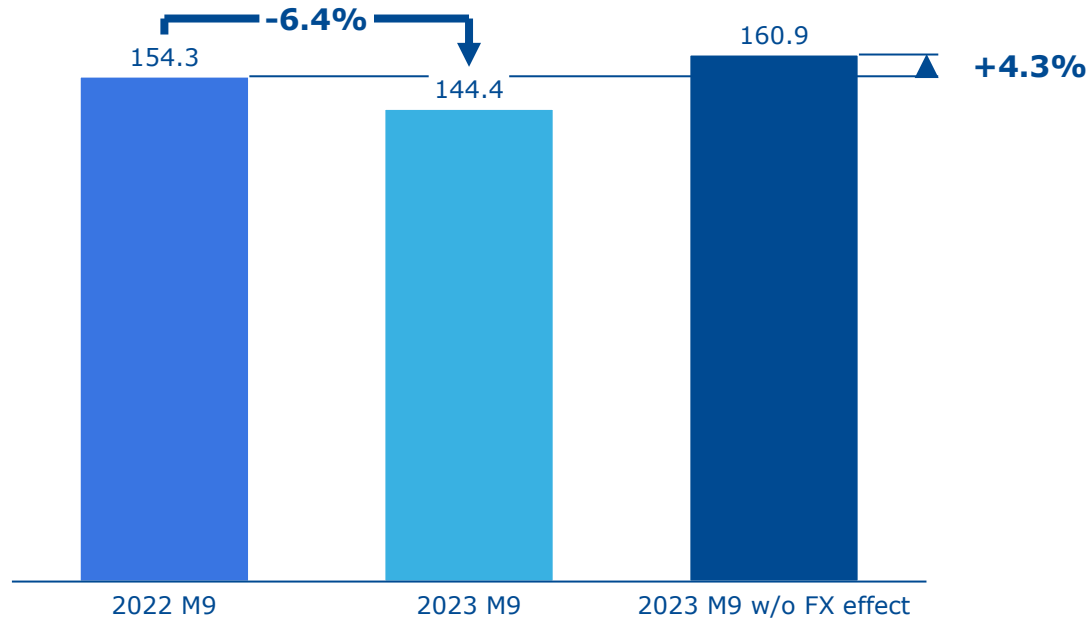
As a result of the revision of management's estimate for the ratio on overhead expenses resulted in a reallocation from S&M to G&A as well as increasing costs of efficiency improvement projects.

Recognition of windfall tax:

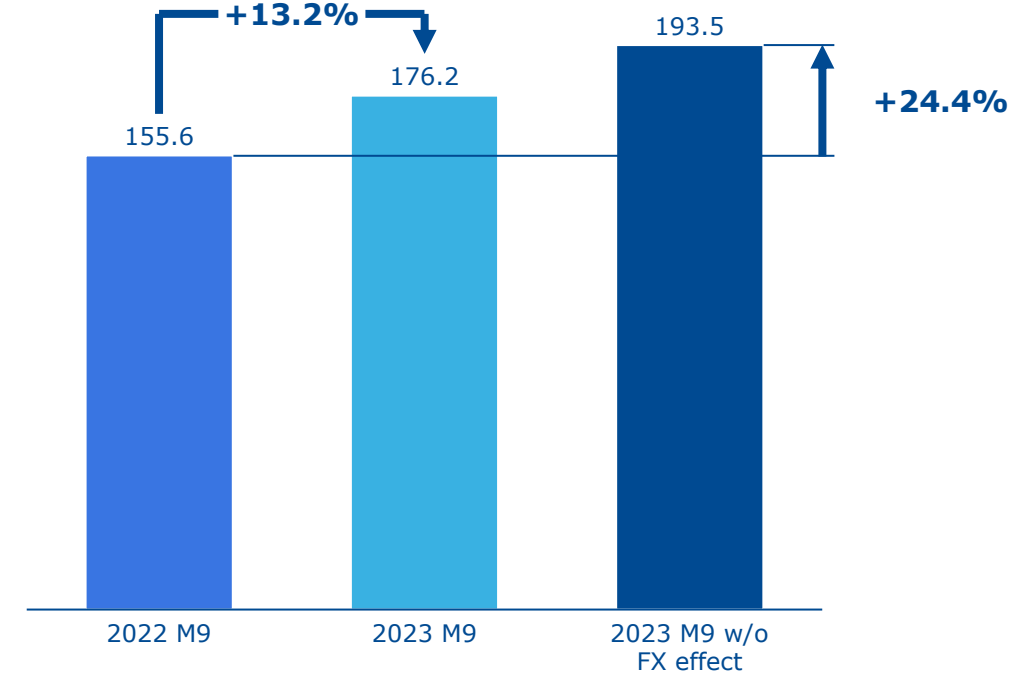
Applying IFRIC 21, liability can only be recognized on the actual income recorded, resulting in lower level (22.1 HUFbn) than liner allocation of the annual expected tax.

Clean EBIT increase of 24.4% (without FX) compared to M9 2022

EBIT (year-on-year)

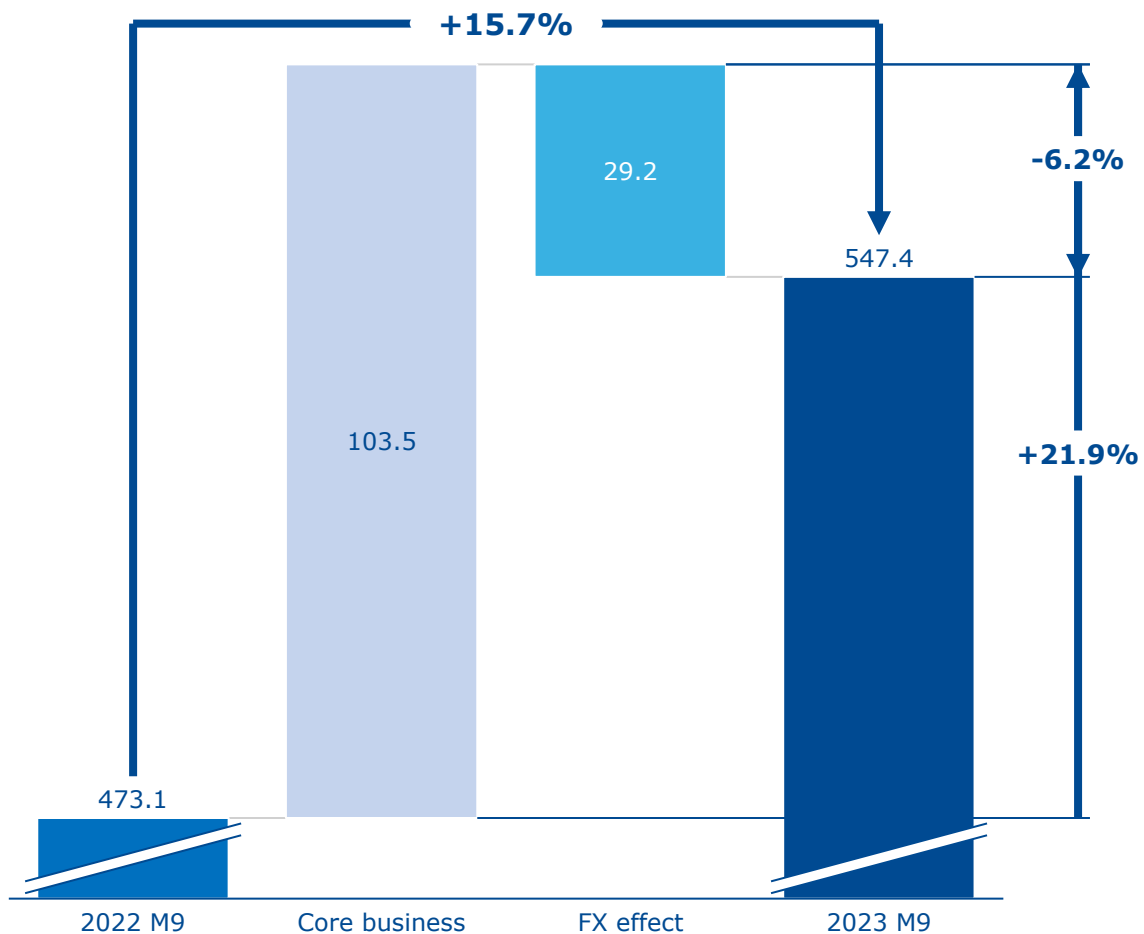


Clean EBIT (year-on-year)



Pharma Financial Highlights

Pharma revenues grew above 20%, foreign exchange effects turn into negative in Q3



FX impact by currencies

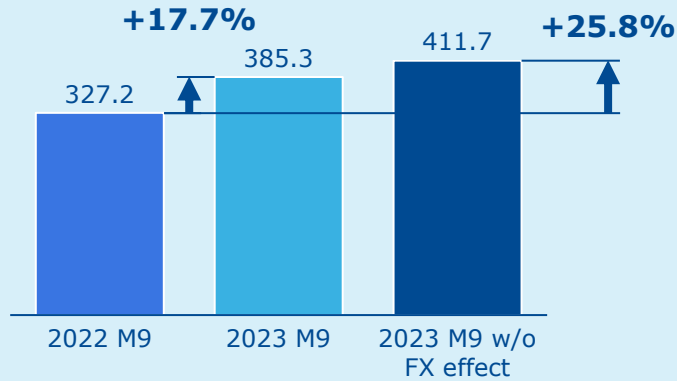


Change of RUBHUF

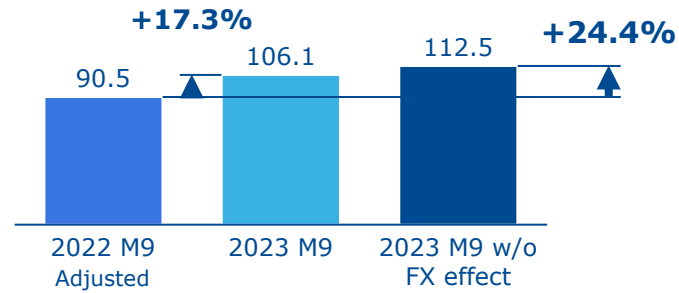


Combined S&M and G&A change is on par with Gross Profit increase, R&D growing according to the plans

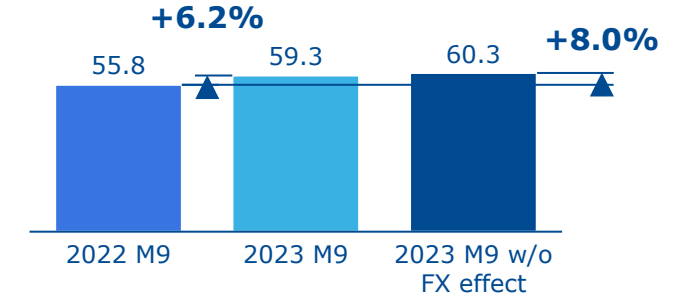
Gross profit



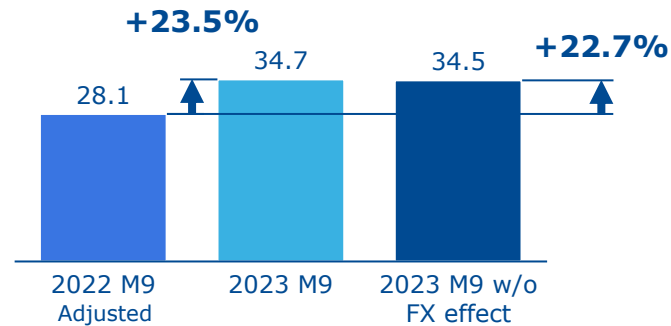
Sales & Marketing



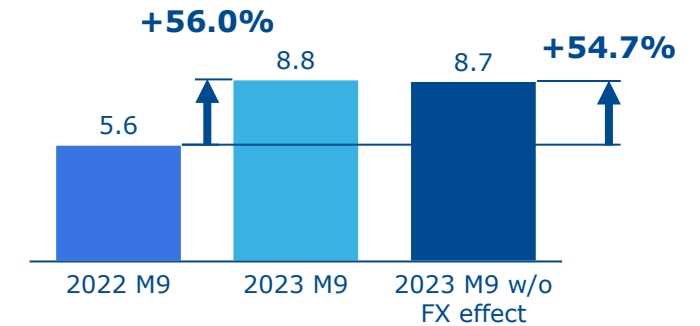
Research & Development







General & Administrative



Clawback



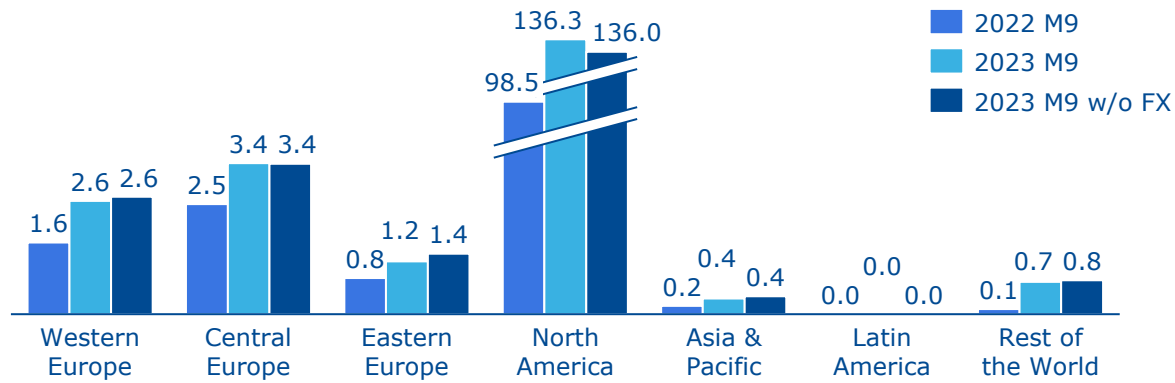
Women's Healthcare and General Medicines profit contribution over 70 HUFbn

2023 M9	 WHC	 CNS	 BIO	 GM	Pharma other	Pharma	Other	Eliminations	Group total
Revenues	191.9	144.6	32.8	168.3	9.9	547.4	64.9	-10.3	602.0
Cost of Sales	-60.2	-0.8	-20.5	-72.8	-7.9	-162.2	-58.8	10.3	-210.7
Gross Profit	131.7	143.8	12.3	95.5	2.0	385.3	6.1	0.0	391.3
Sales & Marketing	-64.7	-2.6	-4.1	-33.8	-0.8	-106.1	-4.0	0.0	-110.1
General & Administrative	-15.7	-0.6	-3.0	-14.7	-0.8	-34.7	-2.9	0.0	-37.6
Research & Development	-13.2	-18.6	-20.6	-7.0	0.0	-59.3	0.0	0.0	-59.3
Clawback	-5.3	-0.5	-0.5	-2.5	0.0	-8.8	0.0	0.0	-8.8
Milestone income	0.0	0.1	0.5	0.0	0.0	0.6	0.0	0.0	0.6
Clean EBIT	32.9	121.6	-15.4	37.5	0.3	177.0	-0.8	0.0	176.2

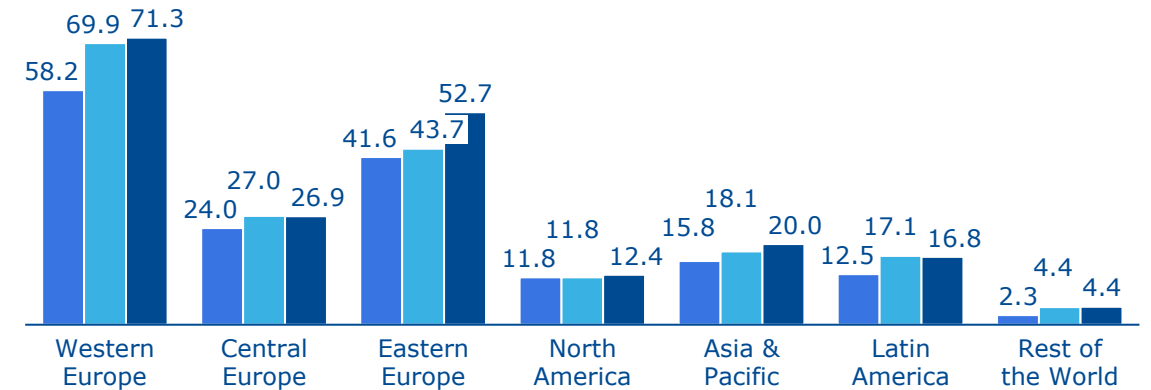
Note: The items of the Pharmaceutical segment's profit and loss statement are allocated into strategic focus areas by product group, where direct correspondence is possible. For the other items, the Richter Group uses allocation keys based on historical data and management accounting estimation.

No changes in our global coverage, negative FX environment had the largest effect in Eastern Europe

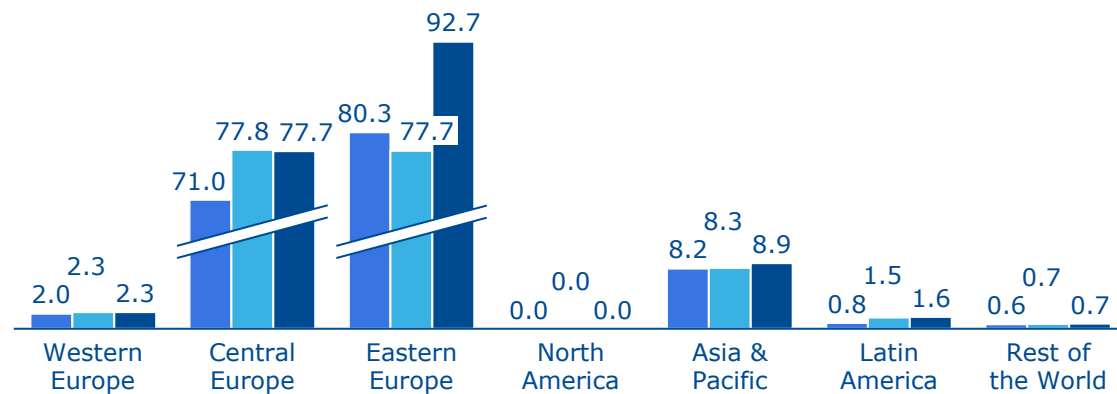
Neuropsychiatry | Revenue



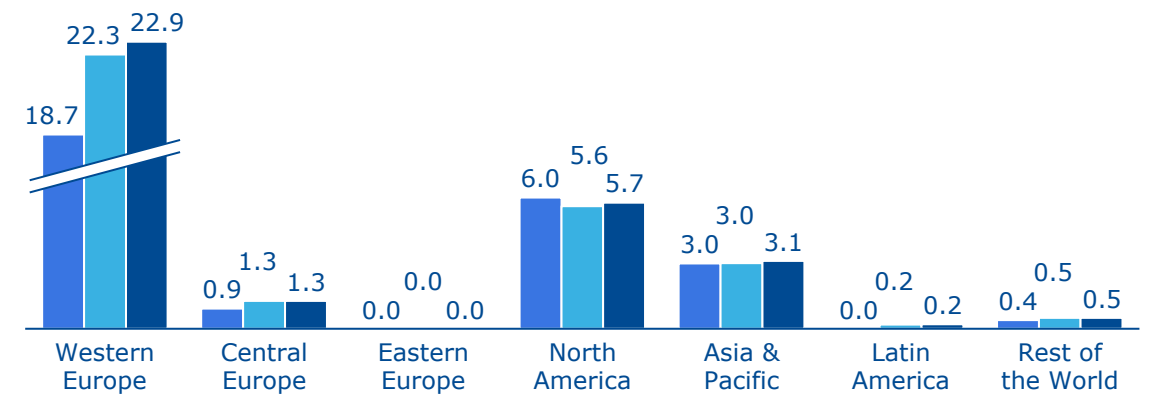
Women's Healthcare | Revenue



General Medicines | Revenue



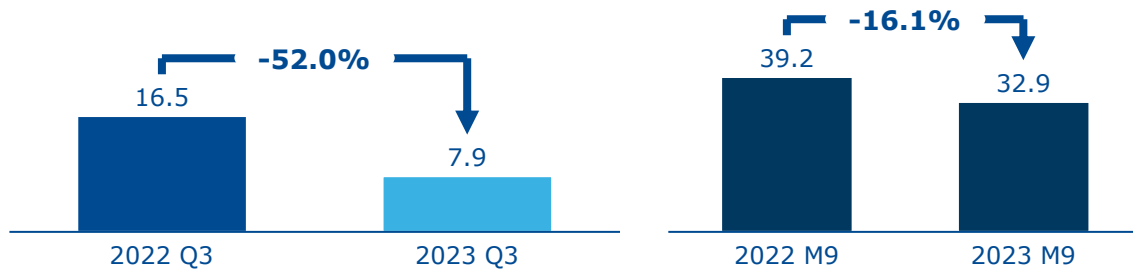
Biotechnology | Revenue



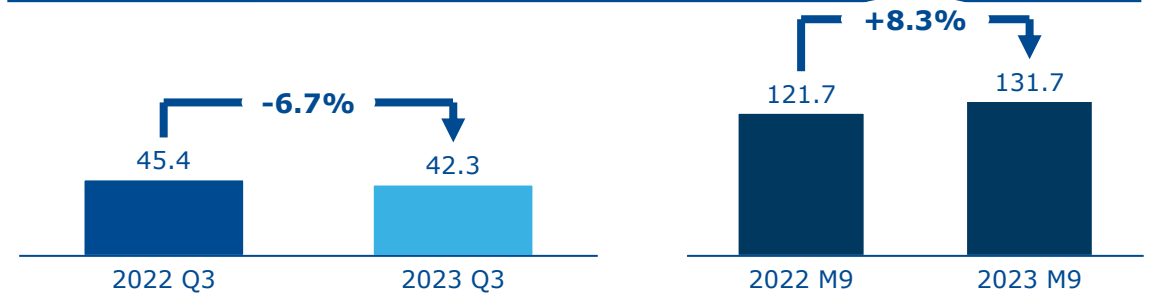
Women's Healthcare | Despite having volume growth FX effect and one-off costs of efficiency programs decreased profitability



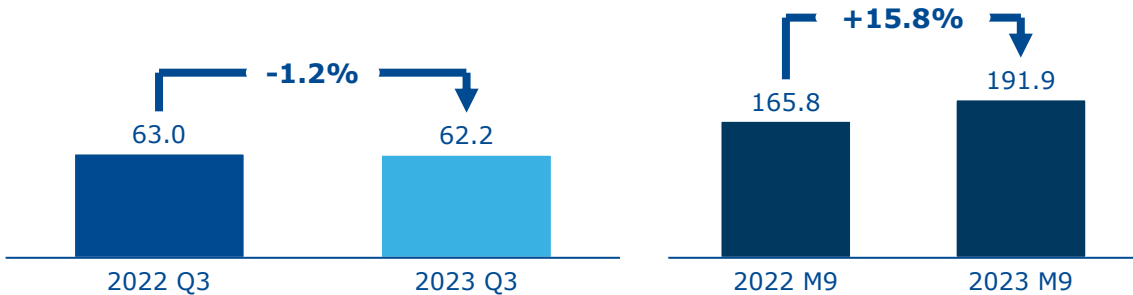
Clean EBIT



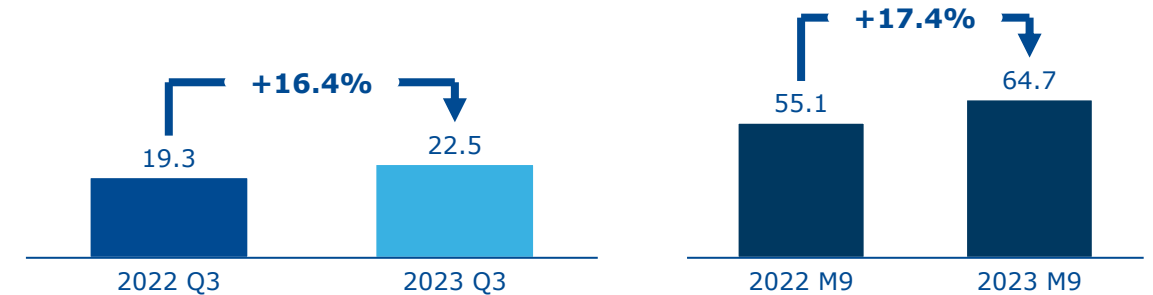
Gross profit



Revenue



Sales & Marketing



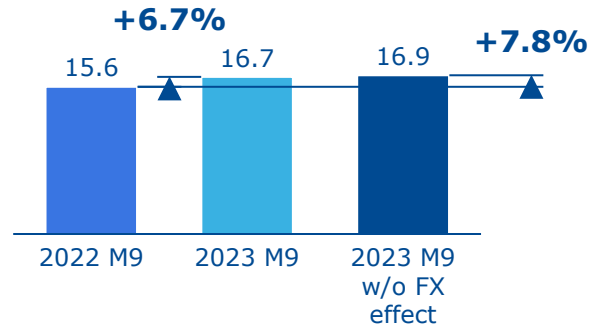
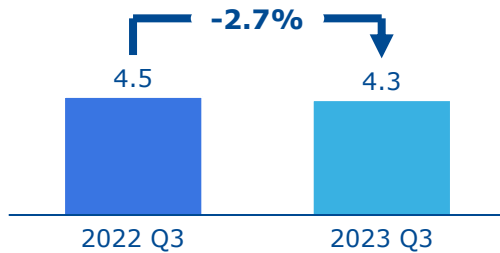
Key messages

- Endometriosis treatment area and Menopause management remain solid sales drivers in 3rd quarter with constantly increasing demand and accelerated sales.
- Accelerated S&M investments are necessary to build a solid foundation for future growth. Promotional activities are increasing, with narrow focus our new products and in line with respective sales growth.
- Fertility portfolio is supported by positive results of vaginal progesterone uptake and recently successfully launched ganirelix.
- The revenue is increasing slower pace as a result of exchange rate effects in M9, 2023 compared to base. Costs of the efficiency improvement project and items of Clawback also contributed to the lower level of Clean EBIT in M9, 2023.

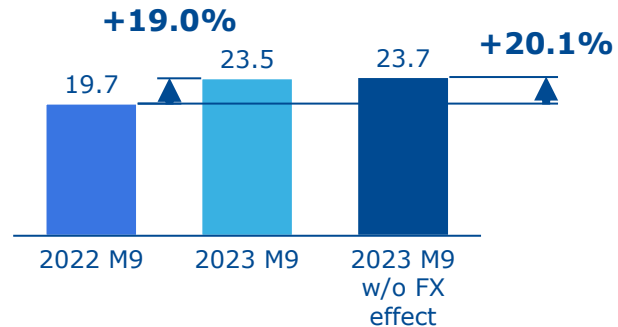
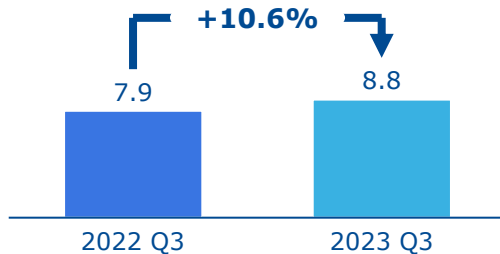
WHC | Highlighted brands | EVRA MAH transfers almost complete; Bemfola is stronger in Europe but slows down in APAC region



Bemfola®



EVRA®



Key messages

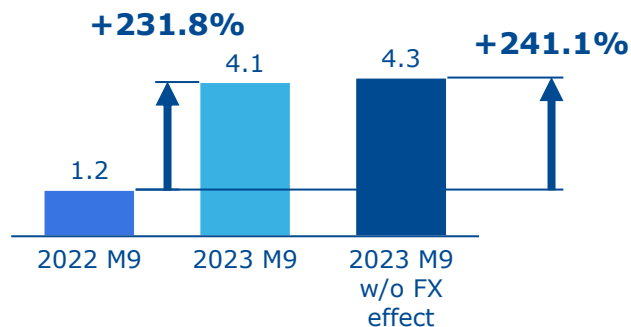
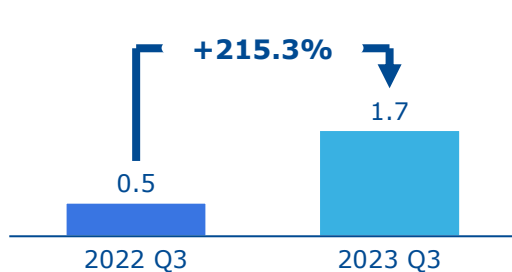
- **Bemfola®**, flagship of Fertility portfolio is performing better than expected in major WEU markets.
- Bemfola® showed strong performance in some of European markets partly utilizing the temporarily stock out of one of the competitor.
- Sales growth of the fertility franchise is reinforced by new product launches and fast market share penetration.

Key messages

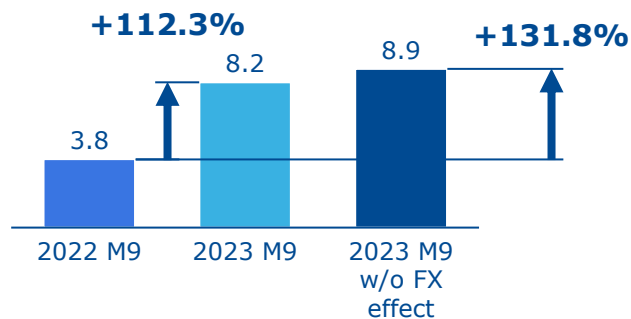
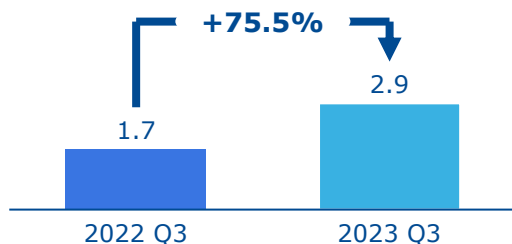
- Double digit sales growth of **Evra®** is driven by successful relaunch campaigns in most of European and LatAm countries.
- MAH transfers almost finalised, which result in higher revenue portion and less net economic benefit income, providing the same cash margins.



Ryeqo®



Drovelis®



Key messages

- **Ryeqo®** solid start after receiving reimbursement in two major European markets (Italy and Spain).
- Newly reimbursement markets in Europe are Czech republic and Portugal.
- Positive opinion from CHMP on extension of Ryeqo label with endometriosis treatment option in mid-September. On 2 November, 2023, European Commission approved the Commercialisation of the product for the Symptomatic Treatment of Endometriosis. We expect market launch in targeted countries already before the end of 2023.

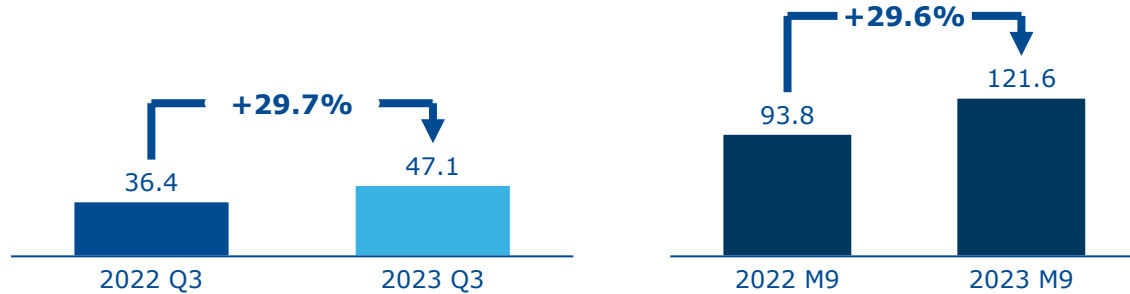
Key messages

- **Drovelis®** the company's key contraceptive keep solid growth trend across all territories, doubling the sales in YTD period vs. last year.
- Higher than expected market share penetration in CEU region.
- Rest of the markets grow with lower pace, however in line with established trends.

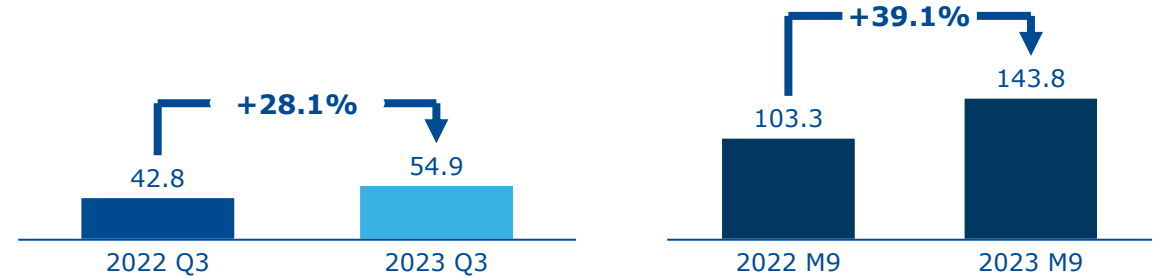
Neuropsychiatry | Steady growth in royalty compensated for prior year's one-off milestone income



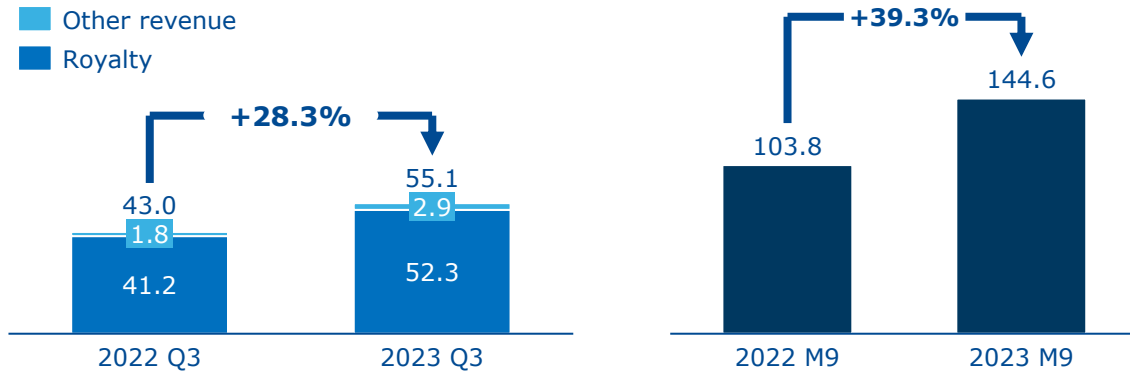
Clean EBIT



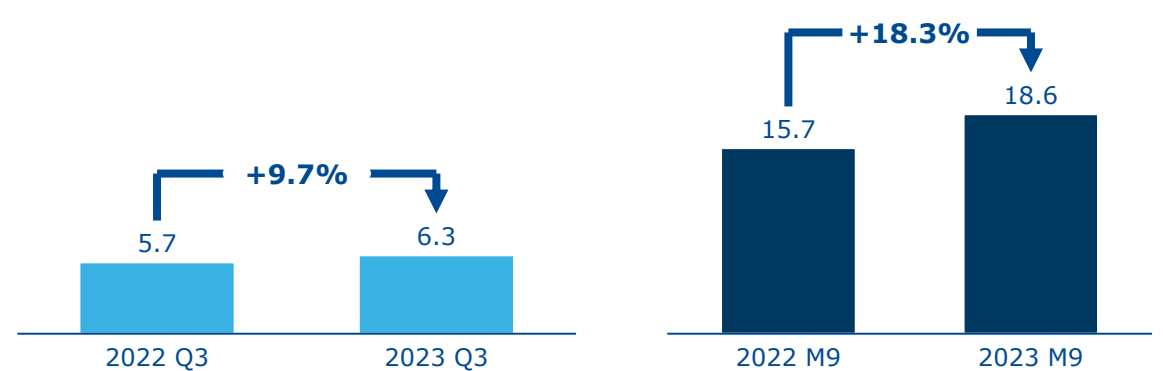
Gross profit



Revenue



R&D



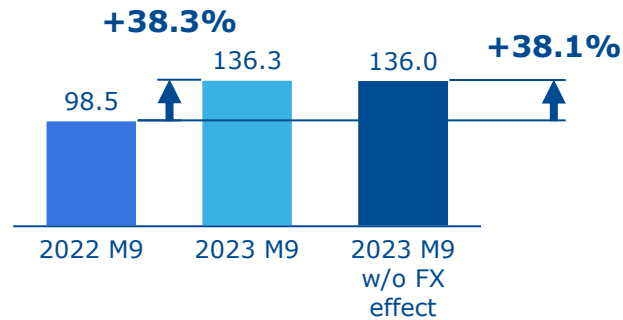
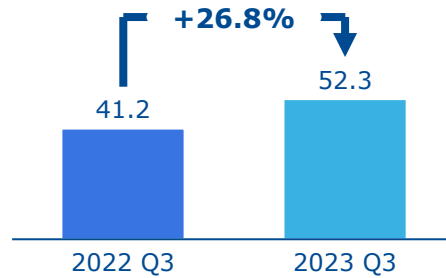
Key messages

- Abbvie's Vraylar sales continued to strongly increased driven by adjunctive MDD prescriptions, led to significant year-on-year increase recorded in royalties.
- Cariprazine treated patient numbers from launch exceeded 1 million in the USA (IQVIA Total Patient Tracker).
- Cariprazine sales growth outside USA was also remarkable, both where commercialized by partners or Gedeon Richter. In the latter territory growth rate exceeded 50% that is mostly rooted in relatively recent launches in multiple big countries (Romania, Poland, Russia).
- Internal R&D milestones are generally met, RGH-706 Phase II. clinical study is ongoing.

CNS | Highlighted brands | US first half prescriptions trends continues; Reagila kept up the positive trend in CEU



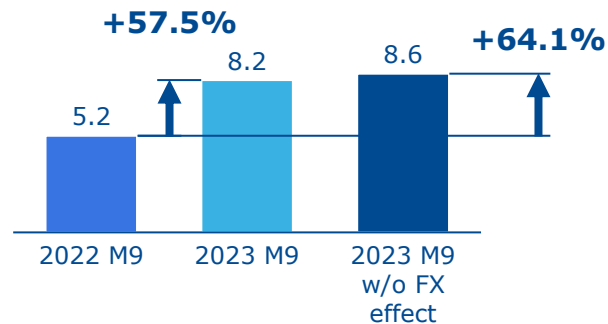
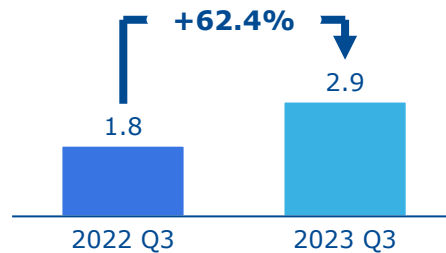
Vraylar®



Key messages

- Significant year-on-year increase recorded in royalties linked to sales of **Vraylar®** in the USA.
- 38% increase of royalty income is one of the highest in recent years. Overall increase is in-line with Richter's expectations.

Reagila®



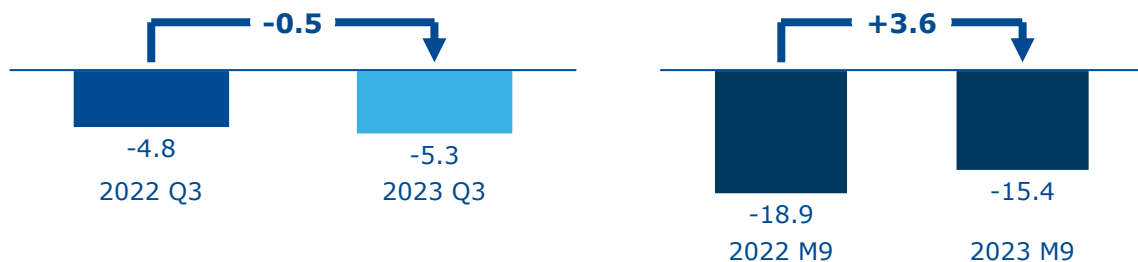
Key messages

- **Reagila®** sales are continued to grow specially in CEU and WEU region.

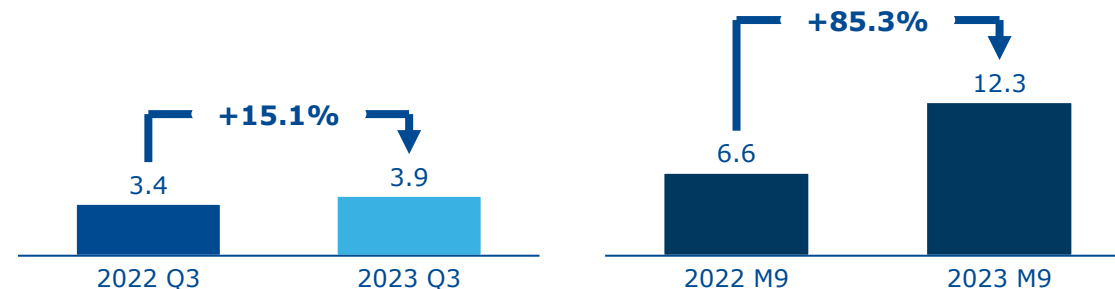
Biotechnology | CDMO services contributes to gross profit increase, R&D spending with ongoing biosimilar program



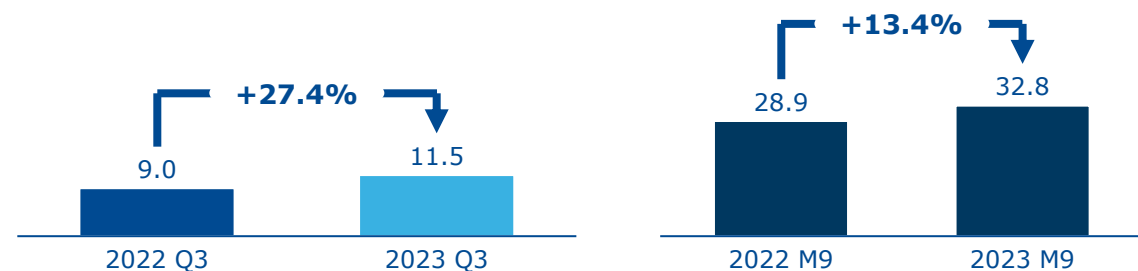
Clean EBIT



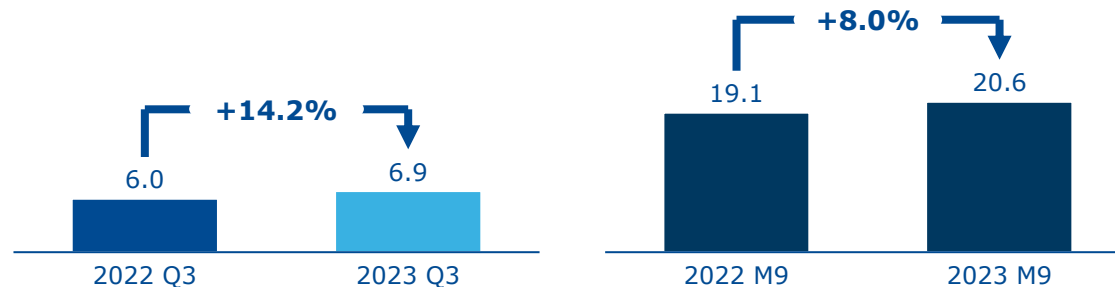
Gross profit



Revenue



R&D

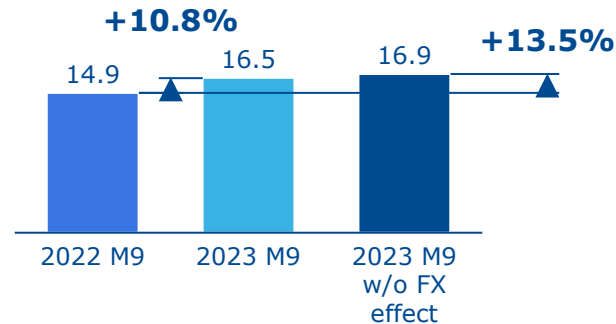
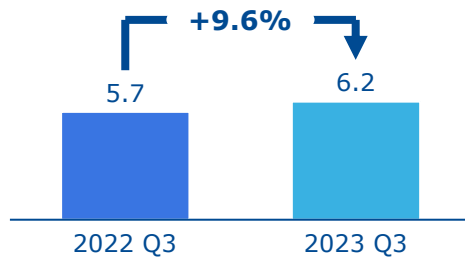


Key messages

- Biotechnology Business Unit remains on track with regards its 2023 financial and business plans.
- Denosumab biosimilar program is on track with its Phase 1 clinical study complete, further completion of its in patient study is expected next year with submission of the marketing authorisation in key geographies expected in 2024.
- Tocilizumab biosimilar development is also progressing with clinical trials ongoing, expected to be completed in 2025.
- Further biosimilar development programs are also progressing at preclinical phase.
- CDMO activities, Richter-Helm Biologics revenues are on track to achieving the highest annual number to date.



Terrosa®



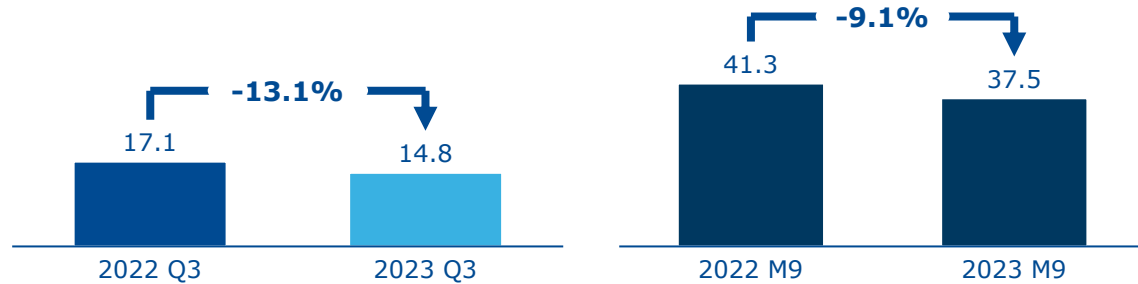
Key messages

- **Terrosa®** became a massive product.
- Sales proceeds from WEU region contributed substantially to the higher turnover of **Terrosa®** reported.
- Further geographical expansion of the product received a further boost through marketing authorisation approvals in Brazil and Malaysia.
- Chart show's Richter's own sales of the product. In addition drug substance proceeds by partners are recorded as share of profit associates and joint ventures.

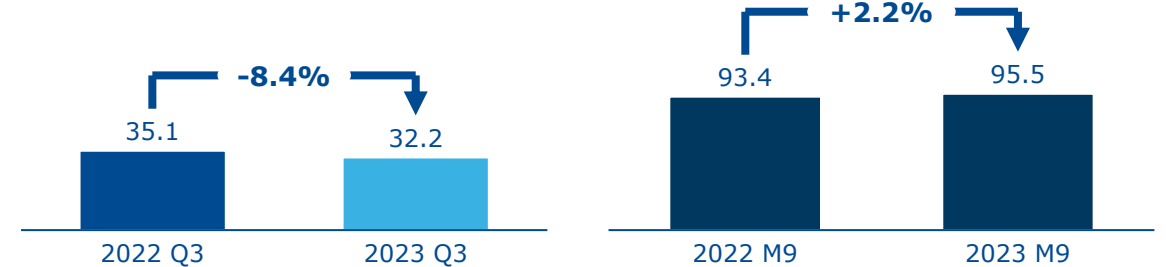
General Medicines | Changing FX trends are slowing gross profit which are further dented by additional efficiency improvement projects costs



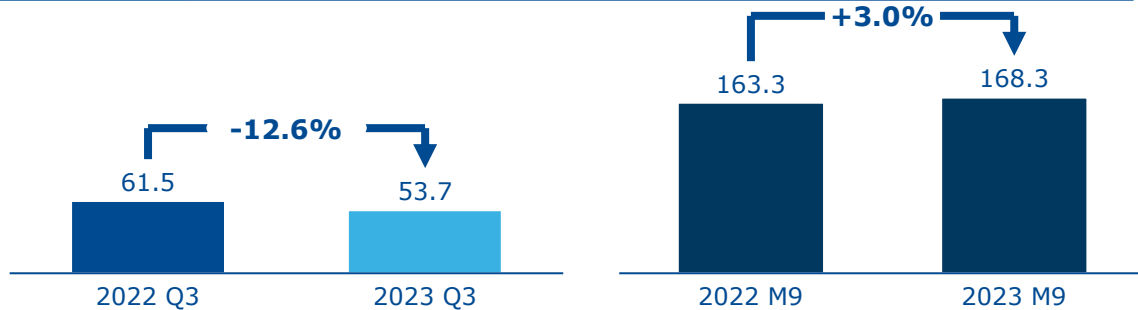
Clean EBIT



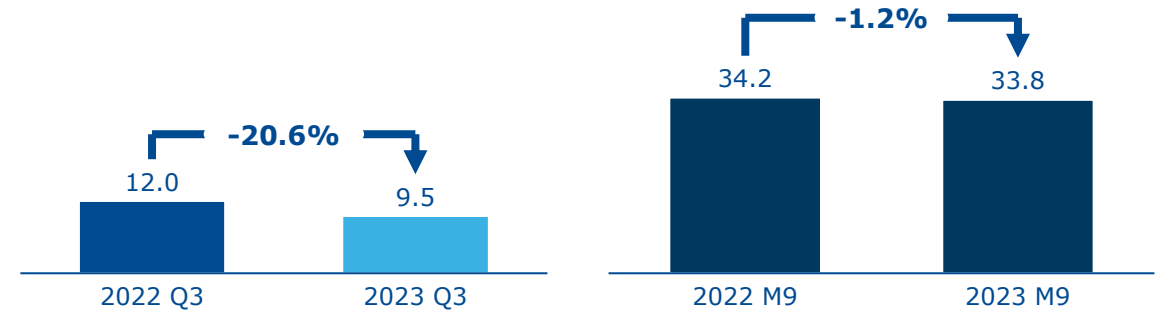
Gross profit



Revenue



Sales & Marketing



Key messages

- Day 1 launch of dabigatran under the brand name Telexer, the first NOAC generic available in CEE was provided by Richter.
- 2 key clinical milestones achieved (positive BE results) for one diabetology and one NOAC therapy.
- Strengthening the pipeline with new nominations according to strategic focus.
- The revenue is increasing slower pace by turning of exchange rate effects in M9, 2023 compared to base. Costs of the efficiency improvement projects and the higher R&D costs contributed to the lower level of Clean EBIT in M9, 2023.

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 of 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

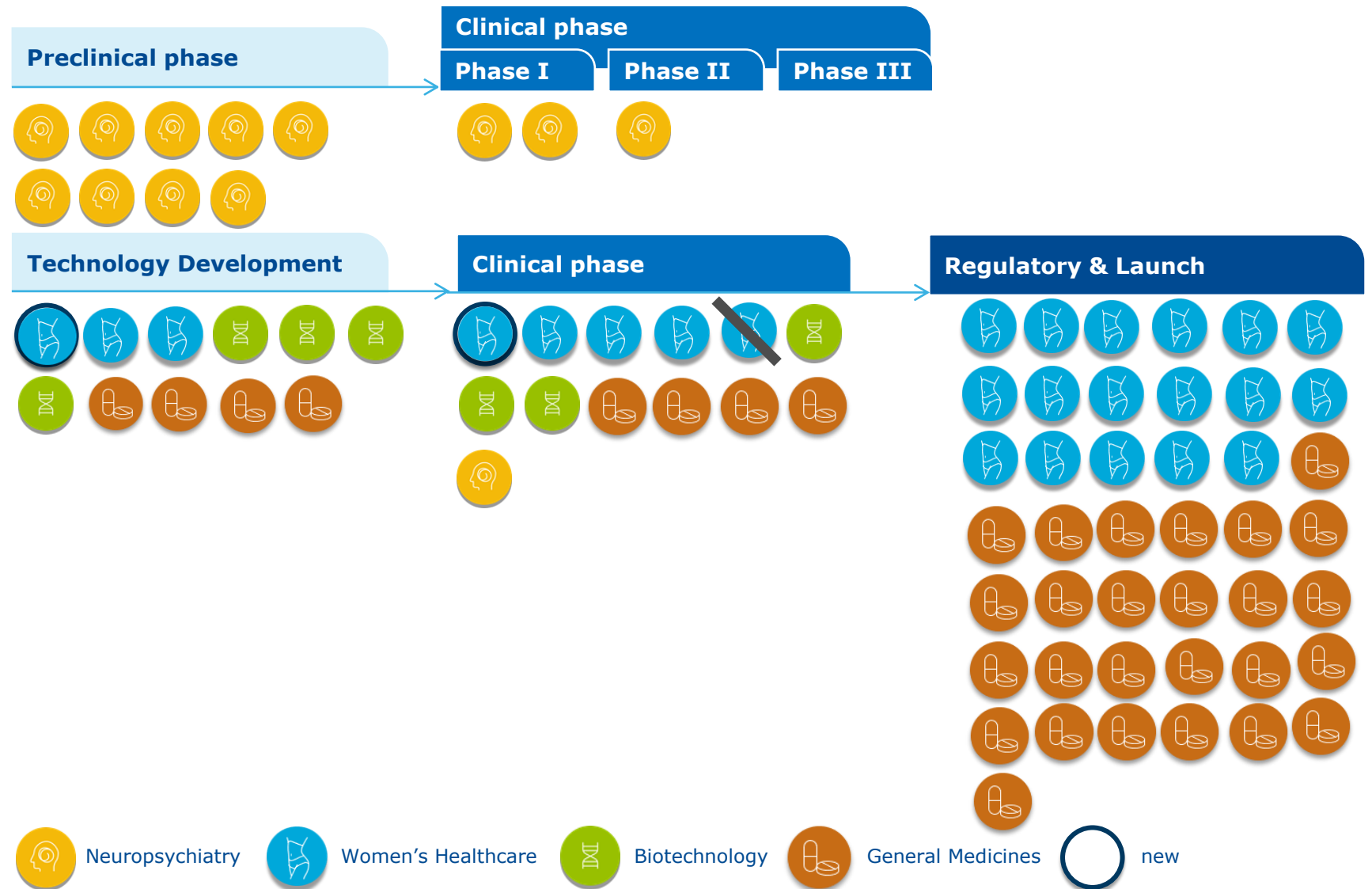
Our focus is set on certain therapeutic areas, notably Rheumatology/Osteoporosis. These areas are considered among the highest growth rate therapeutic segments.



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.



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.

Contacts

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Investor relations manager

Antal Burján investor.relations@richter.hu

Financial calendar

| November 8, 2023
Publication of the Consolidated Report 9 months to September 2023

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

 <https://www.linkedin.com/company/richter-gedeon-hungary/>

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.



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