Gedeon Richter

Report to the Budapest Stock Exchange
6 months to June 2023

Contents

Consolidated figures are prepared in accordance with relevant IFRS regulations and presented in million Hungarian Forint (HUFm). The Report may also contain figures in other currencies but only for indicative purposes.

For electronic document please follow the link below:

https://www.gedeonrichter.com/en/investors/company-reports

Executive Summary

"In the first half of 2023 higher than expected Vraylar royalty revenues and solid demand across markets and business units boosted our sales figures. While underlying profitability remained solid as reflected also in cash generation, headline earnings numbers were hit by a number of one-off factors in this period.

The sale of the wholesale and retail arm in Romania dented topline in Q2 but left operating profits unaffected. The proceeds of the sale were greater than book value and this, along with hedge operations, offset a big part of the revaluation losses coming from continued negative foreign currency trends. Recent additions to our WHC portfolio add up to significant future revenue and earnings potential and will contribute to securing a leading position in European Women's Healthcare."

Gábor Orbán

Consolidated sales	HUFm 2023	HUFm 2022	Change	Change %	EURm 2023	EURm 2022
	6 months to June			%	6 months to June	
Total	413,436	360,980	52,456	14.5	1,085.1	954.3

Pharma sales	HUFm 2023	HUFm 2022	Change	Change %	EURm 2023	EURm 2022
	6 months to June			%	6 months to June	
EUROPE	**226,645**	**190,622**	**36,023**	**18.9**	**594.9**	**503.9**
WEU	**65,269**	**54,195**	**11,074**	**20.4**	**171.3**	**143.3**
CEU	**76,353**	**66,770**	**9,583**	**14.4**	**200.4**	**176.5**
Hungary	26,299	22,769	3,530	15.5	69.0	60.2
EEU	**85,023**	**69,657**	**15,366**	**22.1**	**223.2**	**184.1**
Russia	63,033	50,795	12,238	24.1	165.4	134.3
NORTHAM	**97,845**	**72,522**	**25,323**	**34.9**	**256.8**	**191.7**
USA	95,939	70,738	25,201	35.6	251.8	187.0
LATAM	**11,876**	**8,576**	**3,300**	**38.5**	**31.2**	**22.7**
APAC	**21,265**	**18,276**	**2,989**	**16.4**	**55.8**	**48.3**
China	12,914	9,325	3,589	38.5	33.9	24.7
ROW	**4,508**	**2,753**	**1,755**	**63.7**	**11.8**	**7.3**
Total	**362,139**	**292,749**	**69,390**	**23.7**	**950.5**	**773.9**

For further information on Pharmaceutical sales please refer to Appendix 2 on page 36.

Approximate exchange rate gain at pharma sales level: HUF +3.5bn

Specialty sales - pharmaceuticals	HUFm				EURm	
	2023	2022	Change		2023	2022
	6 months to June			%	6 months to June	
CNS - cariprazine	89,410	60,778	28,632	47.1	234.7	160.7
Vraylar® royalty (USA)	83,963	57,330	26,633	46.5	220.4	151.6
Vraylar® royalty (CA)	76	0	76	n.a.	0.2	0.0
Vraylar® royalty (PR)	25	0	25	n.a.	0.1	0.0
Reagila®	5,346	3,449	1,897	55.0	14.0	9.1
WHC	129,738	102,839	26,899	26.2	340.5	271.9
OCs	71,264	58,698	12,566	21.4	187.0	155.2
of which: Drovelis®	5,240	2,180	3,060	140.4	13.8	5.8
Bemfola®	12,357	11,195	1,162	10.4	32.4	29.6
Evra®	14,704	11,801	2,903	24.6	38.6	31.2
Cyclogest®	2,912	2,009	903	44.9	7.6	5.3
Ryeqo®	2,403	697	1,706	244.8	6.3	1.8
Lenzetto®	3,327	2,588	739	28.6	8.7	6.8
BIO - teriparatide	10,292	9,232	1,060	11.5	27.0	24.4
Total	229,440	172,850	56,590	32.7	602.2	457.0
Proportion to Pharma sales (%)	63.4	59.0				

Selected consolidated business metrics	HUFm				EURm	
	2023	2022	Change		2023	2022
	6 months to June			%	6 months to June	
Revenues	413,436	360,980	52,456	14.5	1,085.1	954.3
Gross profit	256,307	206,031	50,276	24.4	672.7	544.7
EBIT	**95,013**	**89,455**	**5,558**	**6.2**	**249.4**	**236.5**
Clean EBIT*	111,183	90,288	20,895	23.1	291.8	238.7
Gross margin (%)	62.0	57.1				
EBIT margin (%)	23.0	24.8				
Profit margin attributable to owners of the parent (%)	16.4	31.5				
Free cash-flow**	(9,712)	60,846	-70,558	-	(25.5)	160.9
CAPEX	61,267	24,164	37,103	153.5	160.8	63.9
EPS (HUF, EUR)	365	610	-245	-40.2	0.96	1.61
ROE (%)	10,6	19,7				
Cash conversion cycle (days)	226.2	213.0	13.2	6.2		

Note:

* Clean EBIT (cEBIT) = Gross profit less Operating Expenses (S&M, G&A, R&D) less Claw-back expenses plus milestone income.

** See Appendix 3 on page 37

Group performance

Extraordinary events impacting the reporting period

Notes on the share buy-back programme

On 4 April 2023, the Board of Directors of the Company, having considered shareholders' expectations, decided on a 12-month share buyback programme of up to a cumulative maximum amount of HUF 40 billion as part of shareholder remuneration in addition to the proposed dividend as previously announced. The decision was taken in accordance with improving financial results and cash generation of the Company. The implementation of the share repurchase program commenced on 6 April 2023, with the involvement of UniCredit Bank Hungary Zrt. and Raiffeisen Bank Zrt. as investment companies. Within the share repurchase program the Company has purchased with the cooperation of UniCredit Bank Hungary Zrt. and Raiffeisen Bank Zrt in the Budapest Stock Exchange 869,115 treasury shares at an average price of 8,276 HUF/share (average price excluding fees) by 30 June 2023.

The number of treasury shares and shares transferred to ESOT were 1,380,898 on 30 June 2023. Treasury shares include shares owned both by the Parent and the subsidiaries.

Group financials

Exchange rate impact on main consolidated P&L items

During the reported period our business was impacted by exchange rate gains.

HUFbn	2023 H1
Sales	5.6
Gross profit	4.1
Operating profit	4.7

For selected average exchange rates prevailing in the reported period please refer to Appendix 2 on page 36.

Notes on profitability

Operating profit ex FX in the first half 2023 did not materially differ from results achieved in the base period, driven by favourable changes in the product portfolio mix together with higher volumes, offset by inflated sales and marketing costs and expenses related to efficiency improving measures implemented in the reported period. In addition to the above the base period was not impacted by a Windfall tax levied on the pharmaceutical industry.

Excluding FX effects Richter's gross profit increased by 22.4%, driven by a 22.5% rise in Pharma segment revenues ex FX, and the drop in the weight in the overall mix of the Wholesale and Retail business.

Sales and marketing expenses increased at a slower pace than Gross profits as some of the overhead costs were reallocated to General and administrative expenses and as promotion activities are planned to intensify in upcoming quarters.

Administrative and general expenses were higher as a result of the reallocation of overheads plus the impact of the efficiency improvement project costs. R&D expenses uptake started slower in the first half of the year.

Net financial loss was incurred as FX headwind continued to impact both realised and non realised financial items notwithstanding the mitigation of FX risks by the means of hedge contracts concluded by the Management. Capital restrictions implemented in Russia did not allow for conclusion of hedging contracts for the RUB, which primarily impacts our financial result. As a consequence, short term volatility of financial income is expected to prevail in the future. Long term profitability impacts are to be addressed via pricing. The above negative impacts were partly offset by gains realised on the sale of the Group's Romanian wholesale and retail businesses.

Return on Equity (ROE) is calculated on the cumulative profit / loss for the period of the last four quarters divided by the reported quarter's capital and reserves. The relative decrease of 9.1 percentage points is the consequence of fourth quarter 2022 negative profit being hit by the one-off effect of a Windfall tax, lower level of milestone proceeds and unrealised exchange losses.

Notes on liquidity

Free Cash Flows (FCF)* are negative when compared to the base period as the combined effect of the financial loss, the investment made in the first quarter 2023 into the WHC portfolio including a licence agreement for Donesta® (EUR 50m) and the acquisition of OC Distributors Ltd. shares in the first quarter 2023 from shareholders of Consilient Health Ltd.together with the impact of Windfall tax in respect of 2022 on the cash-flow.

Operating net cash-flows declined, with sustained liquidity.

Note:
* See Appendix 3 on page 37.

Performance of strategic focus areas

Women's Healthcare (WHC) strategic focus area

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.

Sales by geographies

	HUFm				EURm	
	2023	2022	Change		2023	2022
	6 months to June			%	6 months to June	
EUROPE	**96,605**	**76,199**	**20,406**	**26.8**	**253.6**	**201.5**
WEU	**46,742**	**37,916**	**8,826**	**23.3**	**122.7**	**100.3**
Spain	8,775	7,028	1,747	24.9	23.0	18.6
Germany	8,034	6,516	1,518	23.3	21.1	17.2
Italy	6,231	5,368	863	16.1	16.4	14.2
France	5,694	5,002	692	13.8	14.9	13.2
UK	5,461	4,701	760	16.2	14.3	12.4
CEU	**18,635**	**15,685**	**2,950**	**18.8**	**48.9**	**41.5**
Poland	6,581	5,579	1,001	17.9	17.3	14.7
EEU	**31,228**	**22,598**	**8,630**	**38.2**	**82.0**	**59.7**
Russia	26,267	19,043	7,224	37.9	68.9	50.3
NORTHAM	**7,328**	**7,912**	**-584**	**-7.4**	**19.2**	**20.9**
USA	5,817	6,292	-475	-7.6	15.3	16.6
LATAM	**9,908**	**7,493**	**2,415**	**32.2**	**26.0**	**19.8**
Mexico	3,476	2,891	585	20.2	9.1	7.6
APAC	**12,770**	**9,888**	**2,882**	**29.1**	**33.5**	**26.1**
China	10,521	7,021	3,500	49.9	27.6	18.6
ROW	**3,127**	**1,347**	**1,780**	**132.1**	**8.2**	**3.6**
Total	**129,738**	**102,839**	**26,899**	**26.2**	**340.5**	**271.9**

Sales of the WHC product group increased primarily due to the higher turnover of oral contraceptives together with direct sales income received from Evra®. Drovelis® launched in 2021 contributed materially to sales growth achieved during the reported period. Sales of Drovelis® grew primarily in Western Europe notably in Germany and Italy. Following its launch in Russia in the last quarter 2022 the product showed excellent performance during the reported period, which was complemented by outstanding sales dynamics of the entire WHC portfolio in this market as Richter could capitalise on certain price increases and a more favourable competitive landscape.

Portfolio management

Most important products / product groups belonging to this strategic focus area and launched during the reported period were as follows:

Product / Product group	EUROPE WEU	EUROPE CEU	EUROPE EEU	NORTHAM	LATAM	APAC	ROW
Bemfola®					X		
Ryeqo®	X	X					
Cyclogest®		X					
Evra®					X		
Drovelis®		X			X		
Range of OCs	X						
Lenzetto®	X	X					
Levosert®					X		
Other WHC products	X	X	X				

On 20 July 2023 Richter acquired from IQ Medical Ventures B.V. two medical devices, ExEm Foam® and Gis-Kit assets and related global patent rights with the exception of USA, China and South Korea. Both WHC products are used in more patient-friendly ultrasound examinations, ExEm Foam® for the examination of the fallopian tubes and Gis-Kit for the examination of the uterine cavity.

Turnover of key WHC products by geographies

Bemfola®

	HUFm				EURm	
	2023	2022	Change		2023	2022
	6 months to June			%	6 months to June	
EUROPE	**11,614**	**10,061**	**1,553**	**15.4**	**30.5**	**26.6**
WEU	**9,879**	**8,468**	**1,411**	**16.7**	**25.9**	**22.4**
CEU	**1,717**	**1,642**	**75**	**4.6**	**4.5**	**4.3**
EEU	**18**	**-49**	**67**	**-136.7**	**0.1**	**-0.1**
LATAM	**251**	**86**	**165**	**191.9**	**0.6**	**0.2**
APAC	**492**	**1,048**	**-556**	**-53.1**	**1.3**	**2.8**
Total	**12,357**	**11,195**	**1,162**	**10.4**	**32.4**	**29.6**

Higher sales of Bemfola® achieved primarily in Spain, Italy and France and were partly offset by lower turnover experienced in South Korea and Australia.

Evra®

	HUFm				EURm	
	2023	2022	Change		2023	2022
	6 months to June			%	6 months to June	
EUROPE	**6,680**	**5,824**	**856**	**14.7**	**17.5**	**15.4**
WEU	**4,860**	**4,220**	**640**	**15.2**	**12.8**	**11.2**
CEU	**1,532**	**1,333**	**199**	**14.9**	**4.0**	**3.5**
EEU	**288**	**271**	**17**	**6.3**	**0.7**	**0.7**
NORTHAM	**1,467**	**1,542**	**-75**	**-4.9**	**3.9**	**4.1**
LATAM	**4,832**	**3,652**	**1,180**	**32.3**	**12.7**	**9.6**
APAC	**36**	**192**	**-156**	**-81.3**	**0.1**	**0.5**
ROW	**1,689**	**591**	**1,098**	**185.8**	**4.4**	**1.6**
Total	**14,704**	**11,801**	**2,903**	**24.6**	**38.6**	**31.2**

The agreements concluded in 2021 with Janssen Pharmaceutica NV provided for post-closing transitional support to facilitate the transfer of the Outside US marketing authorizations. In the reported period Evra® ranked 3rd on our top10 products list. Turnover of this product increased primarily in Latin America, notably in Brazil and Mexico, in RoW in particular in South Africa and Saudi Arabia. Turnover increase in the latter two countries was a result of commencing direct sales in these geographies. In addition turnover also grew in Western Europe, particularly in Ireland and in the UK.

We are pleased to report that the transition to direct sales by Richter was successfully competed. The proportion of direct sales of this product reached 98.5% of total income with royalties received having declined to negligible levels. Royalty type revenues linked to sales of Evra® and paid by Janssen during this transitional period have been reported as sales.

Other Key WHC products

For total pharmaceutical turnover of Ryeqo®, Lenzetto®, Cyclogest® and of our oral contraceptive portfolio please refer to the Specialty sales table on page 5.

Notes on WHC profitability

A strong-double digit growth in revenue characterised our WHC portfolio across the most important markets of WEU, CEU and LATAM.

Increase of clean EBIT was primarily driven in the reported period by higher sales volumes of oral contraceptives with relatively high gross margins partly offset by measures aiming to improve efficiency. In addition higher claw-back expenses complemented by inflated Sales and marketing expenses also impacted negatively clean EBIT. The latter expenses were incurred in respect of Ryeqo® and Drovelis® to build a solid foundation for future growth. While in the first half 2022 nearly half of turnover related to Evra® were proceeds from royalties, in the six months to June 2023 these royalty proceeds were negligible. As a consequence gross margin of the product declined.

Neuropsychiatry (CNS) strategic focus area

Leveraging our world class early phase R&D capability in the central nervous system domain we are building a pipeline of small molecule drug candidates mainly in the field of neuropsychiatry.

We aim to maximize the potential of cariprazine, while developing and partnering original R&D projects that provide the basis for revenue and earnings growth beyond 2030.

Cariprazine, our flagship product was discovered by Richter scientists in the early 2000s and co-developed with Forest Laboratories (now AbbVie) until its launch in 2016 in the USA under the trademark, Vraylar® with the indications of schizophrenia and bipolar mania. FDA approved the product in the indication of bipolar depression in 2019. Cariprazine was also approved by the EMA in 2017 for the schizophrenia indication under the brand name Reagila®. The product is marketed in Western Europe by Recordati while Richter performs sales and marketing activities for this product in Central and Eastern Europe and CIS. In addition, Richter has signed a number of bilateral agreements to commercialize Reagila® in non-European markets.

About 94% of the product turnover originates in North America and is denominated in USD. Vraylar® royalty income due to Richter in the first half 2023 amounted to HUF 84,064m (USD 227.5m). The figures above also include royalty income paid on AbbVie sales recorded in Canada during the first half 2023.

Proceeds from Reagila® amounted to HUF 5,346m (EUR 14.0m) during the reported period.

Global reach

Altogether by the end of June 2023 cariprazine was available in 57 countries globally including the USA and Hungary, with reimbursement status in most countries.

Notes on CNS profitability

AbbVie's very strong sales performance compared to first half 2022 of Vraylar® was also driven by adjunctive MDD prescriptions.

An increase of clean EBIT was partly restrained by higher R&D expenses. Please note that the base period was impacted by milestone income received from AbbVie, which amounted to HUF 8,616m (USD 25.0m) in respect of a both a co-operation established between the two companies in the field of neuropsychiatric conditions and of acceptance by FDA of a request to a label extension to include MDD indication for cariprazine.

Biotechnology (BIO) strategic focus area

Our goal is to 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. Furthermore, we leverage our biotechnology expertise in providing value to third party clients through our contract development and manufacturing services.

Turnover of teriparatide

Total sales proceeds from teriparatide amounted to HUF 10,292m (EUR 27.0m) in the first half 2023. Sales proceeds from Japan contributed HUF 1,873m representing 18% of total sales achieved by the product.

	HUFm				EURm	
	2023	2022	Change		2023	2022
	6 months to June			%	6 months to June	
EUROPE	8,156	7,452	704	9.4	21.4	19.7
WEU	7,317	6,897	420	6.1	19.2	18.2
CEU	839	555	284	51.2	2.2	1.5
LATAM	103	0	103	n.a	0.3	0.0
APAC	1,998	1,710	288	16.8	5.2	4.5
ROW	35	70	-35	-50.0	0.1	0.2
Total	10,292	9,232	1,060	11.8	27.0	24.4

Turnover of CDMO projects

Sales of the Biotechnology focus area includes HUF 11,013m (EUR 28.9m) in addition to turnover of teriparatide. These figures increased by HUF 342m (EUR 0.7m) when compared to the first half of 2022.

Notes on BIO profitability

Significant year-on-year profitability improvement.

Gross margins of Terrosa® improved as production costs were optimized.

Due to the seasonality of the business, turnover increased at a slower pace. Biosimilar product development activities and measures aiming to improve efficiency commenced in the previous quarter were continued.

General medicines (GM) strategic focus area

Comprises our established and generic portfolio in various therapeutic areas in the Central and Eastern European regions.

Provides broad access to high quality and affordable medications while remaining a reliable source of revenue growth, scale and margins.

Sales by geographies

	HUFm				EURm	
	2023	2022	Change		2023	2022
	6 months to June			%	6 months to June	
EUROPE	**107,655**	**95,002**	**12,653**	**13.3**	**282.6**	**251.1**
CEU	**52,900**	**47,270**	**5,630**	**11.9**	**138.8**	**124.9**
Hungary	22,415	19,665	2,750	14.0	58.8	52.0
Poland	11,552	10,239	1,313	12.8	30.3	27.1
Romania	6,235	6,154	81	1.3	16.4	16.3
EEU	**52,882**	**46,406**	**6,476**	**14.0**	**138.8**	**122.7**
Russia	35,957	31,192	4,765	15.3	94.4	82.5
Kazakhstan	3,440	2,995	445	14.9	9.0	7.9
Ukraine	3,239	3,421	-182	-5.3	8.5	9.0
Uzbekistan	3,042	3,166	-124	-3.9	8.0	8.4
ALL OTHER REGIONS*	**6,905**	**6,826**	**79**	**1.2**	**18.1**	**18.1**
Total*	**114,560**	**101,828**	**12,732**	**12.5**	**300.7**	**269.2**

* Note:
All other regions include LATAM, APAC and ROW regions.

Hungary

The underlying market increased by 11.5% in value terms, while retail sales growth of Richter products at 18.4% exceeded the overall market performance according to the latest available IQVIA data. The Company now ranks fourth amongst players in the Hungarian pharmaceutical market with a market share of 4.8%. Taking into account the prescription drugs retail market alone, Richter qualifies for second place with a market share of 7.6%.

Poland

Turnover in Poland increased by HUF 1,313m (PLN 13.5m), or 12.8% (10.7%) in the first half 2023 and totalled HUF 11,552m (PLN 140.1m). Sales of our antiviral product contributed the most to the higher turnover realised on this market.

Romania

General medicines sales in Romania sales were HUF 6,235m (RON 80.8m) in the first six months to June 2023. Primarily due to exchange rate movements we reported a slight sales growth of HUF 81m or 1.3%. When reported in RON, turnover remained virtually unchanged.

Russia

Sales to Russia at HUF 35,957m (RUB 7,782.9m) increased by 15.3% in HUF terms (17.5% in RUB terms). The RUB remained virtually unchanged against the HUF (strengthened on an average by 1.9%) compared to the first half 2022. Notwithstanding a volatile market environment presenting unforeseeable risks connected to the ongoing war and the subsequent sanctions imposed on Russia, business operations prevailed broadly at levels experienced prior to the war. Sales of this strategic focus area were primarily driven by cardiovascular and muscle relaxant products.

Price increases impacted our year-on-year performance achieved during the reported period on this market to an average of 7.9% implemented to our portfolio of non-EDL drugs. A marginal increase in volumes at wholesaler level, was, therefore complemented by higher prices applied.

In-market sales figures (IQVIA, data for the first five months) suggest that retail sales recorded in RUB terms by Richter products increased by 7.5% significantly exceeding overall market growth at 0.8% in RUB terms primarily related to price increases implemented by manufacturers and distributors.

Ukraine

Sales reported in Ukraine in the first half 2023, at HUF 3.239 (EUR 8.5m) fell behind turnover realised in the same period 2022 by HUF 182m or 5.3% (5.6% in EUR terms). Base period figures were impacted by a complete halt to our sales lasting more than a month following the initial Russian attack on Ukraine.

Due to a change in Ukrainian legislation, marketing authorizations issued for products having sufficient competitors on the market may be revoked if their manufacturer operates manufacturing units and pays taxes in Russia. A procedure implementing the suspension of 53 of our products was initiated in October 2022 on this legal basis. The practical implementation of the above measure had not taken place by the end of the first half 2023, all of our registered products have been marketed without any impediment so far.

Notes on GM profitability

A near double digit increase in gross profit was offset by inflated operating expenses and higher claw-back liabilities.

Risk management

The risk management activity is an integral part of Richter's activities and corporate governance system. It is closely connected to the realization of the Company's strategic goals. The purpose of risk management is the timely identification, evaluation and management of risks that threaten the stable operation of Richter and the achievement of its goals with cost-effective measures. In order to achieve this, Richter introduced a holistic and integrated risk management system, which examines and manages all of the company's risks together with their interrelationships. The Investment Committee holds meetings on a weekly basis, where financial risks are regularly reviewed.

Financial risks

Main risk areas	Description of risk and management	Risk ranking
Liquidity risk	• Company cannot fulfill its payment obligations or only at cost of significant financial losses. • Daily monitoring, separate liquidity portfolio, short- and long-term planning, strongly positive CF expectation in the long term, continuous fulfillment of payment obligations, cash pool, repo, option for taking a loan.	Negligible
Currency risk	• Significant part of cash flow is in foreign currency (typically over 90% of income and over 70% of expenses). Profit and balance sheet are exposed to changes in FX rates. Expected volatility of FX rate changes is currently high, main exposures in USD, RUB, EUR. • Management of volatility by hedging transactions, natural hedges, usage of limits. In the case of RUB, hedging with derivative transactions is not possible in the current market situation, but the risk can be mitigated with other methods (e.g. discounting for early payments).	Very high
Interest rate risk	• The yield and value of interest-bearing assets may change with interest rates. • Managed by interest rate swaps, application of duration limits. Tradeable securities valued at fair value except for short term government bonds. No hidden interest rate risk.	Middle
Credit risk of customers	• Non-fulfillment or not timely fulfillment of payment obligations by the customers. • Risk management supported by a centralized IT system, rules, limits, monitoring, collateral like bank guarantee, credit insurance. At end of Q2 2023 there were HUF 264 bn receivables. Russia's export credit insurance limits have been set-up. In the case of Belarus and Mongolia, the possibility to manage the financial risks of non-payment is somewhat more limited. The risk can be managed by other tools such as monthly FX revaluation, twice a year provision calculation based on own historical default database and forward-looking default risk database.	Low
Credit risk of investment partners	• Significant negative changes in the position of our investment partners may cause losses (non-payment, value loss). • Limit system (based on credit rating assessment), daily monitoring, diversification. The portfolio is diversified and stable. Tradeable securities are valued at fair value except for short term government bonds, so there is no hidden credit risk.	Middle
Inflation risk	• Margins may narrow due to inflation, and some products may even become unprofitable. A significant number of products (approx. 60%) have fixed prices, which reduces the possibility of passing on expense increases. In terms of expenses, the role of energy prices within the total production expenses is not significant, but due to the high volatility of the prices, we manage Richter's exposure to gas, steam and electricity. • Energy costs are already hedged until the end of 2024. The Group applies two approaches to cover energy costs depending on the more favorable pricing, one is risk transfer (e.g. fixed price contract with service provider) and the other is direct hedging (e.g. forward deal).	High

Negligible
Low
Middle
High
Very high

Hedging policy

The management of the foreign exchange rate risk is based on a strategy approved by the Board of Directors. The financial department regularly analyzes the netted group-level risk exposure and the available hedging options.
The Group uses only standard derivative instruments for hedging purposes. Hedging transactions are entered into when the risk situation and potential benefits make it reasonable; only the Parent Company is entitled to conclude them.

Hedging deal	Purpose of coverage	Open forward portfolio
FX	In Q4 2021, the Group introduced hedge accounting in accordance with IFRS9 for a part of the transactions covering sales income. In Q2 2023, we also regularly carried out currency hedging operations, and at the end of the quarter, with regard to the USD revenues, the Group registers open rolling hedging transactions for a six-quarter period (Q3 2023 – Q4 2024) under hedge accounting.	USDHUF currency pair in the amount of 302 MUSD
FX	Non hedge accounting - to mitigate the currency revaluation effect in the financial result.	USDHUF currency pair in the amount of 75 MUSD
Energy	From the beginning of 2023, the Group started to hedge the price and FX volatility of gas and electricity purchases linked to TTF's market reference under IFRS9 hedge accounting. The open forward position covers purchases for Q4 2023 and entire calendar year of 2024.	17.2 MEUR

Strategic and operational risks

The Company is constantly developing its integrated operational risk management system, the essential elements of which are the assessment of strategic risks, the self-assessment of the risks and controls covering the operational processes of the Richter, the preparation of a loss database, the establishment of key risk indicators, and the business continuity management.

The most important risk factors of the Richter Group:

- Direct and indirect risks of Russian-Ukrainian war
- Outstanding contribution of cariprazine to the turnover and profits of the Company
- Higher risks associated with CNS research projects advancing into more advanced phases
- Development and licensing-in of WHC and biosimilar specialty products
- Maintaining the turnover arising from branded generic products and protection of sales levels of our traditional product portfolio
- Ensuring qualified workforce
- Risk of compliance with health authority regulations
- ESG-related risks
- The risk of a proper reaction to the situation generated by the global, competitive development of digitization
- Cyber risk
- Price support system, price erosion, risk of the rise of pharmacy chains
- The risk of not meeting high quality and chemical safety requirements for the development and production of pharmaceutical products
- The risk of occurrence of environmental protection, occupational health and safety, explosion and fire protection incidents related to chemical and pharmaceutical activities
- Risk of energy supply and energy price increases
- Liability risks - products, clinical trial, senior officers, liability to 3rd parties
- Compliance risks

Consolidated financial statements

Business segment information

	Pharmaceuticals											
	Neuropsychiatry (CNS)		General Medicines (GM)		Women's Healthcare (WHC)		Biotechnology (BIO)		Pharma other		Total	
	6 months to June		6 months to June		6 months to June		6 months to June		6 months to June		6 months to June	
	2023 Not audited HUFm	2022 Not audited HUFm	2023 Not audited HUFm	2022 Not audited HUFm	2023 Not audited HUFm	2022 Not audited HUFm	2023 Not audited HUFm	2022 Not audited HUFm	2023 Not audited HUFm	2022 Not audited HUFm	2023 Not audited HUFm	2022 Not audited HUFm
Revenues	**89,410**	**60,778**	**114,560**	**101,819**	**129,738**	**102,848**	**21,305**	**19,903**	**7,126**	**7,401**	**362,139**	**292,749**
Cost of sales	(515)	(263)	(51,251)	(43,507)	(40,330)	(26,558)	(12,896)	(16,647)	(5,801)	(5,921)	**(110,793)**	**(92,896)**
Gross profit	*88,895*	*60,515*	*63,309*	*58,312*	*89,408*	*76,290*	*8,409*	*3,256*	*1,325*	*1,480*	***251,346***	***199,853***
Sales and marketing expenses	(1,597)	(1,349)	(24,268)	(22,209)	(42,227)	(35,799)	(2,924)	(3,054)	(664)	(750)	**(71,680)**	**(63,161)**
Administration and general expenses	(354)	(170)	(9,944)	(6,176)	(10,296)	(5,909)	(2,029)	(1,129)	(568)	(449)	**(23,191)**	**(13,833)**
Research and development expenses	(12,253)	(9,940)	(4,318)	(4,430)	(9,034)	(9,626)	(13,748)	(13,079)	-	-	**(39,353)**	**(37,075)**
Claw-back	(298)	(184)	(2,070)	(1,247)	(2,904)	(2,266)	(280)	(139)	-	-	**(5,552)**	**(3,836)**
Milestone	81	8,623	-	-	8	7	508	-	-	-	**597**	**8,630**
Clean EBIT	**74,474**	**57,495**	**22,709**	**24,250**	**24,955**	**22,697**	**(10,064)**	**(14,145)**	**93**	**281**	**112,167**	**90,578**
Ratios	%	%	%	%	%	%	%	%	%	%	%	%
Gross margin	**99.4**	**99.6**	**55.3**	**57.3**	**68.9**	**74.2**	**39.5**	**16.4**	**18.6**	**20.0**	**69.4**	**68.3**
Clean EBIT margin	**83.3**	**94.6**	**19.8**	**23.8**	**19.2**	**22.1**	**-47.2**	**-71.1**	**1.3**	**3.8**	**31.0**	**30.9**

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.

	Pharmaceuticals Total		Other		Eliminations		Group total	
	6 months to June		6 months to June		6 months to June		6 months to June	
	2023 Not audited HUFm	2022 Not audited HUFm	2023 Not audited HUFm	2022 Not audited HUFm	2023 Not audited HUFm	2022 Not audited HUFm	2023 Not audited HUFm	2022 Not audited HUFm
Revenues	**362,139**	**292,749**	**59,076**	**76,530**	**(7,779)**	**(8,299)**	**413,436**	**360,980**
Cost of sales	(110,793)	(92,896)	(53,981)	(70,225)	7,645	8,172	**(157,129)**	**(154,949)**
Gross profit	*251,346*	*199,853*	*5,095*	*6,305*	*(134)*	*(127)*	***256,307***	***206,031***
Sales and marketing expenses	(71,680)	(63,161)	(3,606)	(4,277)	-	-	**(75,286)**	**(67,438)**
Administration and general expenses	(23,191)	(13,833)	(2,339)	(2,191)	-	-	**(25,530)**	**(16,024)**
Research and development expenses	(39,353)	(37,075)	-	-	-	-	**(39,353)**	**(37,075)**
Claw-back	(5,552)	(3,836)	-	-	-	-	**(5,552)**	**(3,836)**
Milestone	597	8,630	-	-	-	-	**597**	**8,630**
Clean EBIT	**112,167**	**90,578**	**(850)**	**(163)**	**(134)**	**(127)**	**111,183**	**90,288**
Ratios	%	%	%	%	%	%	%	%
Gross margin	**69.4**	**68.3**	**8.6**	**8.2**	**1.7**	**1.5**	**62.0**	**57.1**
Clean EBIT margin	**31.0**	**30.9**	**-1.4**	**-0.2**	**1.7**	**1.5**	**26.9**	**25.0**

Note on previous Wholesale and retail segment performance

As a consequence of Richter's announcement in October 2022 on selling its Wholesale and retail business in Romania business segments have been narrowed down to Pharma and Other segment, the latter including the remaining wholesale and retail business of the Group and all other activities that had been previously presented as 'Other' segment. The transaction was closed on 15 May 2023, therefore all financial records in respect of these Romanian companies only include data in respect of the five months to May.

Sales by geographies

Wholesale and retail sales	HUFm				EURm	
	2023	2022	Change		2023	2022
	6 months to June			%	6 months to June	
EUROPE	**50,628**	**69,220**	**-18,592**	**-26.9**	**132.9**	**183.0**
CEU	**46,934**	**66,429**	**-19,495**	**-29.3**	**123.2**	**175.6**
Romania	46,934	66,429	-19,495	-29.3	123.2	175.6
EEU	**3,694**	**2,790**	**904**	**32.4**	**9.7**	**7.4**
Armenia	3,694	2,790	904	32.4	9.7	7.4
LATAM	**3,499**	**3,233**	**266**	**8.2**	**9.1**	**8.5**
Total	**54,127**	**72,452**	**-18,325**	**-25.3**	**142.0**	**191.5**

Selected business metrics

	Wholesale and retail	
	6 months to June	
	2023 Not audited HUFm	**2022 Not audited HUFm**
Revenues	**54,127**	**72,452**
Cost of sales	(49,469)	(66,517)
Gross profit	4,658	5,935
EBIT	**(800)**	**133**
Net financial income	11,396	331

Business metrics	%	%
Gross margin	8.6	8.2
Operating margin	-1.5	0.2

Consolidated Financial Statements

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Consolidated Balance Sheet – Assets

	30 June 2023 Not audited HUFm	31 December 2022 Audited HUFm	Change %
ASSETS	1,264,743	1,340,289	-5.6
Non-current assets	771,604	764,519	0.9
Property, plant and equipment	316,049	315,949	0.0
Goodwill	30,845	35,101	-12.1
Other intangible assets	225,755	196,714	14.8
Investments in associates and joint ventures	7,917	9,281	-14.7
Non-current financial assets at amortised cost	8,332	20,801	-59.9
Non-current financial assets at FVTPL	74,087	67,724	9.4
Non-current financial assets at FVOCI	63,354	68,193	-7.1
Derivative financial instruments	23,911	31,446	-24.0
Deferred tax assets	18,441	15,878	16.1
Long term receivables	2,913	3,432	-15.1
Current assets	493,139	575,770	-14.4
Inventories	167,439	153,335	9.2
Contract assets	5,897	6,150	-4.1
Trade receivables	182,444	175,182	4.1
Other current assets	41,226	41,120	0.3
Current financial assets at amortised cost	4,415	44,716	-90.1
Current financial assets at FVOCI	2,876	1,536	87.2
Derivative financial instruments	12,453	2,154	478.1
Current tax asset	4,357	4,844	-10.1
Cash and cash equivalents	72,032	79,719	-9.6
Assets classified as held for sale	-	67,014	-100.0

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Consolidated Balance Sheet – Equity and Liabilities

	30 June 2023 Not audited HUFm	31 December 2022 Audited HUFm	Change %
EQUITY AND LIABILITIES	1,264,743	1,340,289	-5.6
Capital and reserves	1,049,723	1,060,352	-1.0
Share capital	18,638	18,638	0.0
Treasury shares	(10,021)	(2,123)	372.0
Share premium	15,214	15,214	0.0
Capital reserves	3,475	3,475	0.0
Foreign currency translation reserves	43,968	47,846	-8.1
Revaluation reserves for financial assets at FVOCI	(3,628)	(339)	970.2
Cash-flow hedge reserve	8,684	820	959.0
Retained earnings	962,618	966,375	-0.4
Non-controlling interest	10,775	10,446	3.1
Non-current liabilities	97,943	100,430	-2.5
Deferred tax liability	4,198	3,928	6.9
Non-current financial liabilities at FVTPL	48,181	41,516	16.1
Derivative financial instruments	18,133	25,484	-28.8
Lease liability	9,858	10,789	-8.6
Other non-current liabilities and accruals	12,595	13,634	-7.6
Provisions	4,978	5,079	-2.0
Current liabilities	117,077	179,507	-34.8
Trade payables	42,061	46,092	-8.7
Contract liabilities	1,474	1,931	-23.7
Current tax liabilities	4,244	3,848	10.3
Current financial liabilities at FVTPL	2,536	2,855	-11.2
Derivative financial instruments	365	4,786	-92.4
Lease liability	3,918	4,437	-11.7
Other current liabilities and accruals	61,119	64,361	-5.0
Provisions	1,360	2,153	-36.8
Liabilities directly associated with assets classified as held for sale	-	49,044	-100.0

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Consolidated Statement of Changes in Equity

HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Revaluation reserves for financial assets at FVOCI	Foreign currency translation reserve	Cash-flow hedge reserve	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2021	18,638	15,214	3,475	(2,862)	1,346	29,363	(23)	849,735	**914,886**	8,136	**923,022**
Profit for the period	-	-	-	-	-	-	-	113,586	**113,586**	1,503	**115,089**
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	37,428	-	-	**37,428**	938	**38,366**
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	(838)	-	-	**(838)**	-	**(838)**
Changes in the fair value of financial assets at FVOCI	-	-	-	-	(7,371)	-	-	-	**(7,371)**	-	**(7,371)**
Reclassification of gain on transfer of equity investments at FVOCI to retained earnings	-	-	-	-	(2,375)	-	-	2,375	**-**	-	**-**
Change in fair value of hedging instruments recognised in OCI	-	-	-	-	-	-	(8,383)	-	**(8,383)**	-	**(8,383)**
Total comprehensive income at 30 June 2022	-	-	-	-	(9,746)	36,590	(8,383)	115,961	**134,422**	2,441	**136,863**
Purchase of treasury shares	-	-	-	(34)	-	-	-	-	**(34)**	-	**(34)**
Transfer of treasury shares	-	-	-	(59)	-	-	-	59	**-**	-	**-**
Recognition of share-based payments	-	-	-	-	-	-	-	803	**803**	-	**803**
Ordinary share dividend for 2021	-	-	-	-	-	-	-	(41,934)	**(41,934)**	-	**(41,934)**
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	**-**	(47)	**(47)**
Transactions with owners in their capacity as owners for period ended 30 June 2022	**-**	**-**	**-**	**(93)**	**-**	**-**	**-**	**(41,072)**	**(41,165)**	**(47)**	**(41,212)**
Balance at 30 June 2022	18,638	15,214	3,475	(2,955)	(8,400)	65,953	(8,406)	924,624	**1,008,143**	10,530	**1,018,673**

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HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Revaluation reserves for financial assets at FVOCI	Foreign currency translation reserve	Cash-flow hedge reserve	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2022	18,638	15,214	3,475	(2,123)	(339)	47,846	820	966,375	**1,049,906**	10,446	**1,060,352**
Profit for the period	-	-	-	-	-	-	-	67,936	**67,936**	1,109	**69,045**
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	(3,991)	-	-	**(3,991)**	(788)	**(4,779)**
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	113	-	-	**113**	-	**113**
Changes in the fair value of financial assets at FVOCI	-	-	-	-	(3,289)	-	-	-	**(3,289)**	-	**(3,289)**
Change in fair value of hedging instruments recognised in OCI	-	-	-	-	-	-	14,217	-	**14,217**	-	**14,217**
Hedging loss/(gain) reclassified to profit or loss	-	-	-	-	-	-	(6,353)	-	**(6,353)**	-	**(6,353)**
Total comprehensive income at 30 June 2023	-	-	-	-	(3,289)	(3,878)	7,864	67,936	**68,633**	321	**68,954**
Purchase of treasury shares	-	-	-	(7,849)	-	-	-	-	**(7,849)**	-	**(7,849)**
Transfer of treasury shares	-	-	-	(49)	-	-	-	49	**-**	-	**-**
Recognition of share-based payments	-	-	-	-	-	-	-	944	**944**	-	**944**
Ordinary share dividend for 2022	-	-	-	-	-	-	-	(72,686)	**(72,686)**	-	**(72,686)**
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	**-**	(91)	**(91)**
Sale of subsidiaries	-	-	-	-	-	-	-	-	**-**	99	**99**
Transactions with owners in their capacity as owners for period ended 30 June 2023	-	-	-	(7,898)	-	-	-	(71,693)	**(79,591)**	8	**(79,583)**
Balance at 30 June 2023	18,638	15,214	3,475	(10,021)	(3,628)	43,968	8,684	962,618	**1,038,948**	10,775	**1,049,723**

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Consolidated Income Statement – HUF

For the year ended 31 December 2022 Audited HUFm		For the period ended 30 June 2023 Not audited HUFm	2022 Not audited HUFm	Change %
802,755	Revenues	413,436	360,980	14.5
(342,291)	Cost of sales	(157,129)	(154,949)	1.4
460,464	Gross profit	256,307	206,031	24.4
(147,487)	Sales and marketing expenses	(75,286)	(67,438)	11.6
(34,863)	Administration and general expenses	(25,530)	(16,024)	59.3
(75,109)	Research and development expenses	(39,353)	(37,075)	6.1
23,688	Other income	5,370	13,694	-60.8
(74,702)	Other expenses	(26,399)	(9,652)	173.5
1,564	(Impairment)/Reversal of impairment on financial and contract assets	(96)	(81)	18.5
153,555	Profit from operations	95,013	89,455	6.2
88,803	Finance income	52,384	68,501	-23.5
(82,845)	Finance costs	(77,245)	(38,458)	100.9
5,958	Net financial (loss)/income	(24,861)	30,043	n.a.
6,150	Share of profit of associates and joint ventures	2,702	2,449	10.3
165,663	Profit before income tax	72,854	121,947	-40.3
(2,155)	Income and deferred tax	(107)	(4,511)	-97.6
(6,253)	Local business tax and innovation contribution	(3,702)	(2,347)	57.7
157,255	Profit for the period	69,045	115,089	-40.0
	Profit attributable to:			
155,581	Owners of the parent	67,936	113,586	-40.2
1,674	Non-controlling interest	1,109	1,503	-26.2

HUF	Earnings per share (EPS)	HUF	HUF	%
835	Basic	365	610	-40.2
835	Diluted	365	610	-40.2

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Consolidated Statement of Comprehensive Income – HUF

For the year ended 31 December 2022 Audited HUFm		For the period ended 30 June 2023 Not audited HUFm	2022 Not audited HUFm	Change %
157,255	Profit for the period	69,045	115,089	-40.0
1,131	Actuarial loss on retirement defined benefit plans	-	-	n.a.
1,209	Changes in the fair value of equity instruments at FVOCI	(2,755)	(2,960)	-6.9
2,340	Items that will not be reclassified to profit or loss (net of tax)	(2,755)	(2,960)	-6.9
20,240	Exchange differences arising on translation of subsidiaries	(4,779)	38,366	n.a.
(909)	Exchange differences arising on translation of associates and joint ventures	113	(838)	n.a.
(8,432)	Change in fair value of hedging instruments recognised in OCI	14,217	(8,383)	n.a.
9,275	Hedging loss/(gain) reclassified to profit or loss	(6,353)	-	n.a.
(519)	Changes in fair value of debt instruments at FVOCI	(534)	(4,411)	-87.9
19,655	Items that may be subsequently reclassified to profit or loss (net of tax)	2,664	24,734	-89.2
21,995	Other comprehensive income for the period	(91)	21,774	n.a.
179,250	Total comprehensive income for the period	68,954	136,863	-49.6
	Attributable to:			
176,728	Owners of the parent	68,633	134,422	-48.9
2,522	Non-controlling interest	321	2,441	-86.8

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Consolidated Income Statement – EUR

For the year ended 31 December 2022 Not audited EURm		For the period ended 30 June 2023 Not audited EURm	2022 Not audited EURm	Change %
2,039.1	Revenues	1,085.1	954.3	13.7
(869.5)	Cost of sales	(412.4)	(409.6)	0.7
1,169.6	Gross profit	672.7	544.7	23.5
(374.5)	Sales and marketing expenses	(197.6)	(178.3)	10.8
(88.6)	Administration and general expenses	(67.0)	(42.4)	58.0
(190.8)	Research and development expenses	(103.3)	(98.0)	5.4
60.2	Other income	14.1	36.3	-61.2
(189.8)	Other expenses	(69.3)	(25.6)	170.7
4.0	(Impairment)/Reversal of impairment on financial and contract assets	(0.2)	(0.2)	0.0
390.1	Profit from operations	249.4	236.5	5.5
225.5	Finance income	137.4	181.1	-24.1
(210.4)	Finance costs	(202.7)	(101.7)	99.3
15.1	Net financial (loss)/income	(65.3)	79.4	n.a.
15.6	Share of profit of associates and joint ventures	7.1	6.5	9.2
420.8	Profit before income tax	191.2	322.4	-40.7
(5.5)	Income and deferred tax	(0.3)	(11.9)	-97.5
(15.9)	Local business tax and innovation contribution	(9.7)	(6.2)	56.5
399.4	Profit for the period	181.2	304.3	-40.5
	Profit attributable to:			
395.2	Owners of the parent	178.3	300.3	-40.6
4.2	Non-controlling interest	2.9	4.0	-27.5
393.68	**Average exchange rate (EURHUF)**	381.01	378.27	0.7
EUR	**Earnings per share (EPS)**	**EUR**	**EUR**	**%**
2.12	Basic	0.96	1.61	-40.4
2.12	Diluted	0.96	1.61	-40.4

Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
Sector: Pharmaceutical
Reporting period: January-June 2023

Telephone: +36-1-431-5764
Fax: +36-1-261-2158
E-mail address: investor.relations@richter.hu
Investor relations manager: Katalin Ördög

Consolidated Statement of Comprehensive Income – EUR

For the year ended 31 December 2022 Not audited EURm		For the period ended 30 June 2023 Not audited EURm	2022 Not audited EURm	Change %
399.4	Profit for the period	181.2	304.3	-40.5
2.9	Actuarial loss on retirement defined benefit plans	-	-	n.a.
3.1	Changes in the fair value of equity instruments at FVOCI	(7.2)	(7.8)	-7.7
6.0	Items that will not be reclassified to profit or loss (net of tax)	(7.2)	(7.8)	-7.7
51.4	Exchange differences arising on translation of subsidiaries	(12.5)	101.4	n.a.
(2.3)	Exchange differences arising on translation of associates and joint ventures	0.3	(2.2)	n.a.
(21.4)	Change in fair value of hedging instruments recognised in OCI	37.3	(22.2)	n.a.
23.5	Hedging loss/(gain) reclassified to profit or loss	(16.7)	-	n.a.
(1.3)	Changes in fair value of debt instruments at FVOCI	(1.4)	(11.7)	-88.0
49.9	Items that may be subsequently reclassified to profit or loss (net of tax)	7.0	65.3	-89.3
55.9	Other comprehensive income for the period	(0.2)	57.5	n.a.
455.3	Total comprehensive income for the period	181.0	361.8	-50.0
	Attributable to:			
448.9	Owners of the parent	180.1	355.4	-49.3
6.4	Non-controlling interest	0.9	6.4	-85.9

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Consolidated Income Statement – 3 months to June HUF, EUR

	April-June 3 months					
	2023 Not audited HUFm	2022 Not audited HUFm	Change %	2023 Not audited EURm	2022 Not audited EURm	Change %
Revenues	203,783	192,923	5.6	545.6	496.2	10.0
Cost of sales	(74,839)	(82,885)	-9.7	(200.6)	(213.2)	-5.9
Gross profit	128,944	110,038	17.2	345.0	283.0	21.9
Sales and marketing expenses	(38,380)	(34,932)	9.9	(102.6)	(89.7)	14.4
Administration and general expenses	(13,318)	(8,531)	56.1	(35.6)	(22.0)	61.8
Research and development expenses	(22,203)	(20,106)	10.4	(59.2)	(51.7)	14.5
Other income	2,514	10,831	-76.8	6.7	28.6	-76.6
Other expenses	(16,684)	(5,221)	219.6	(44.3)	(13.6)	225.4
Reversal of impairment/(Impairment) on financial and contract assets	9	(107)	n.a.	0.1	(0.3)	n.a.
Profit from operations	40,882	51,972	-21.3	110.1	134.3	-18.0
Finance income	31,179	52,022	-40.1	82.9	136.2	-39.1
Finance costs	(38,911)	(23,316)	66.9	(104.1)	(60.4)	72.4
Net financial (loss)/income	(7,732)	28,706	n.a.	(21.2)	75.8	n.a.
Share of profit of associates and joint ventures	1,708	812	110.3	4.5	2.0	125.0
Profit before income tax	34,858	81,490	-57.2	93.4	212.1	-56.0
Income and deferred tax	(2,650)	(3,129)	-15.3	(6.8)	(8.1)	-16.0
Local business tax and innovation contribution	(2,199)	(1,178)	86.7	(5.9)	(3.0)	96.7
Profit for the period	30,009	77,183	-61.1	80.7	201.0	-59.9
Profit attributable to:						
Owners of the parent	28,743	76,532	-62.4	77.4	199.3	-61.2
Non-controlling interest	1,266	651	94.5	3.3	1.7	94.1
Average exchange rate (EURHUF)				371.86	384.00	-3.2
Earnings per share (EPS)	**HUF**	**HUF**	**%**	**EUR**	**EUR**	**%**
Basic	155	411	-62.3	0.42	1.07	-60.7
Diluted	155	411	-62.3	0.42	1.07	-60.7

Prepared in accordance with IAS 34 Interim Financial Reporting.

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Consolidated Cash-flow Statement

For the year ended 31 December 2022 Restated* HUFm		For the period ended 30 June 2023 Not audited HUFm	For the period ended 30 June 2022 Restated* HUFm
	Operating activities		
165,663	Profit before income tax	72,854	121,947
48,569	Depreciation and amortisation	24,445	23,719
22,078	Non cash items	(4,328)	14,805
(6,979)	Net interest and dividend income	(4,807)	(2,049)
19,861	Impairment recognised on intangible assets and goodwill	-	-
(2,949)	Other items	351	1,634
(7,256)	Interest paid	(8,623)	(4,572)
(14,290)	Income tax paid	(5,200)	(3,928)
-	Gain on disposal of subsidiaries	(12,000)	-
224,697	Net cash flow from operating activities before changes in working capital	62,692	151,556
(38,701)	*Movements in working capital*	*(11,137)*	*(66,546)*
(51,307)	Decrease/(Increase) in trade and other receivables	4,792	(58,273)
(35,637)	Decrease/(Increase) in inventories	925	(30,189)
48,243	(Decrease)/Increase in payables and other liabilities	(16,854)	21,916
185,996	Net cash flow from operating activities	51,555	85,010
	Cash flow from investing activities		
(59,231)	Payments for property, plant and equipment	(23,065)	(19,737)
(12,348)	Payments for intangible assets	(24,060)	(4,427)
2,807	Proceeds from disposal of property, plant and equipment	1,103	1,361
(57,723)	Payments to acquire financial assets	(31,819)	(20,170)
13,523	Proceeds on sale or redemption on maturity of financial assets	67,440	11
(18,053)	Disbursement of loans net	23,083	(7,734)
13,418	Interest received	13,046	6,258
43	Dividend receives	5	5
-	Net cash outflow on purchase of group of assets	(14,142)	-
(1,263)	Net cash outflow on acquisition of subsidiaries	-	-
-	Net cash inflow from disposal of subsidiaries	11,395	-
(118,827)	Net cash flow to investing activities	22,986	(44,433)
	Cash flow from financing activities		
(1,326)	Purchase of treasury shares	(7,849)	(34)
(42,146)	Dividend paid	(72,777)	(41,981)
(3,437)	Principal elements of lease payments	(2,529)	463
(178,487)	Repayment of borrowings	(15,792)	(165,275)
178,487	Proceeds from borrowings	15,792	166,478
(46,909)	Net cash flow to financing activities	(83,155)	(40,349)
20,260	Net (decrease)/increase in cash and cash equivalents	(8,614)	228
59,856	Cash and cash equivalents at beginning of year	79,719	59,856
563	Effect of foreign exchange rate changes on cash and cash equivalents	(33)	(326)
80,679	Cash and cash equivalents at end of period	71,072	59,758

Note: * See Appendix 3 on page 37
Prepared in accordance with IAS 34 Interim Financial Reporting.

Consolidated net financial loss/income (HUF, EUR)

	HUFm			EURm		
	2023	2022	Change	2023	2022	Change
	6 months to June			6 months to June		
Net financial income	(24,861)	30,043	-54,904	(65.3)	79.4	-144.7

Unrealised financial loss/income (HUF, EUR)

	HUFm			EURm		
	2023	2022	Change	2023	2022	Change
	6 months to June			6 months to June		
Unrealised financial items	(24,074)	20,217	-44,291	(63.1)	53.4	-116.5
Exchange (loss)/gain on trade receivables and trade payables	(16,897)	21,411	-38,308	(44.3)	56.6	-100.9
(Loss)/Gain on foreign currency loans receivable	(7,592)	4,142	-11,734	(19.9)	10.9	-30.8
(Loss)/Gain on foreign currency securities	(1,782)	6,891	-8,673	(4.7)	18.2	-22.9
Foreign exchange difference of other financial assets and liabilities	(268)	1,018	-1,286	(0.7)	2.7	-3.4
Unwinding of discounted value related to contingent-deferred purchase price liabilities	(39)	-	-39	(0.1)	-	-0.1
Result of unrealised forward exchange contracts	2,122	(7,223)	9,345	5.6	(19.1)	24.7
Interest expenses related to IFRS 16 standard	(379)	(358)	-21	(1.0)	(0.9)	-0.1
Foreign exchange difference related to IFRS 16 standard	147	(189)	336	0.4	(0.5)	0.9
Unrealised fair value difference on financial instruments	833	(4,773)	5,606	2.2	(12.6)	14.8
Impairment of securities	(219)	(702)	483	(0.6)	(1.9)	1.3

Period end exchange rates

	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022
EURHUF	371.13	380.99	400.25	421.41	396.75
USDHUF	342.40	349.85	375.68	428.57	379.99
RUBHUF	3.90	4.53	5.15	7.45	7.23
EURRUB	95.16	84.10	77.72	56.57	54.88
EURUSD	1.08	1.09	1.07	0.98	1.04

Realised financial loss/income (HUF, EUR)

	HUFm			EURm		
	2023	2022	Change	2023	2022	Change
	6 months to June			6 months to June		
Realised financial items	(787)	9,826	-10,613	(2.2)	26.0	-28.2
Gain/(Loss) on forward exchange contracts	4,201	(735)	4,936	11.0	(1.9)	12.9
Exchange (loss)/gain realised on trade receivables and trade payables	(19,301)	7,016	-26,317	(50.8)	18.6	-69.4
Foreign exchange difference on conversion of cash	(2,668)	2,247	-4,915	(7.0)	5.9	-12.9
Dividend income	5	5	-	0.0	0.0	0.0
Interest income	13,046	6,258	6,788	34.2	16.6	17.6
Interest expense	(8,623)	(4,572)	-4,051	(22.6)	(12.1)	-10.5
Gain/(Loss) of cash-flow hedge (reclassification from OCI)	2,347	(785)	3,132	6.2	(2.1)	8.3
Result of sale of equity instruments	(1,952)	-	-1,952	(5.1)	-	-5.1
Gain on disposal of subsidiaries	12,000	-	12,000	31.5	-	31.5
Other financial items	158	392	-234	0.4	1.0	-0.6

Weakening RUB exchange rate in the first half 2023 resulted in exceptionally high losses of both realised and unrealised FX losses
Revaluation of open transactions recorded at our Russian subsidiary is responsible for the majority of FX losses incurred.

Notes to consolidated financial statements

Balance Sheet items

Subsequent to divesture of Romanian Wholesale and retail companies of the Group which was closed on 15 May 2023. Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale related to both subsidiaries have been eliminated from the balance sheet.

Non-current financial assets

- Other intangible assets have increased as a consequence of the acquisition of Donesta®, an HRT product candidate. This item includes the EUR 50m upfront payment executed upon signature, in line with the agreement made with Mithra.
- Financial assets are denominated in Hungarian Forint, Euro and US dollar with average duration of 1 year, divided into 3 individual portfolios with different maturity profiles.
- Vast majority of non-current financial assets are government bonds issued by Republic of Hungary and a minor part is issued by supranational financial institutions and corporates.
- Part of financial assets beyond one year relate to ETFs issued by BlackRock and BNP with funds investing exclusively in investment grade corporate bonds.

Current assets

Inventories increased partly due to higher levels of sales and partly as a consequence of rebuilding of RUB denominated stocks previously depleted/lost following the break out of the war.

P&L items

Gross profit and margin

Gross profit was positively impacted by

- movements of exchange rates. Based on internal management accounting estimates this affected positively the gross profit by approximately HUF 4.1bn.
- a significant year-on-year increase (HUF 26,734m) in royalties received from the sales of Vraylar® in the USA and Canada.
- the increase of turnover proceeds from certain traditional and WHC products, such as oral contraceptives – the latter including Drovelis® – and Ryeqo® also contributed to the gross profit expansion.

while it was negatively impacted by

- increased production overhead costs related to higher volumes complemented by significantly increased levels of transportation costs.

Gross profit was also positively impacted by a higher amount of royalties received and direct sales proceeds from Evra®, (+HUF 2,903m altogether), while gross margin was impacted slightly negatively.

Amortisation of acquired portfolio

Amortisation of the marketing and intellectual property rights of the OC portfolio acquired from Grünenthal amounted to HUF 2,102m, similar to the figure incurred in the base period.

Amortization of Bemfola amounted to HUF 1,040m, and we accounted for HUF 1,900m in respect of Evra® on the same grounds during the reported period.

Gross margin

62.0% 57.1%

Gross margin increased during the reported period when compared to that achieved in the first half 2022 as a result of the previously detailed items. This increase was also a consequence of the higher turnover in the core Pharmaceutical segment, which exceeded the sales growth reported by the lower margin ex-Wholesale and retail business. Romanian wholesale and retail businesses were divested as part of a transaction the closure of which occurred on 15 May 2023.

Sales and marketing expenses

Proportion to sales:	18.2%	18.7%

The proportion of Sales and marketing expenses to sales slightly declined during the reported period. The monetary amount of these items increased primarily in Western Europe due to the sales of our recently launched WHC products being supported by promotion campaigns. In addition sales and marketing expenses also grew in China and FX impacts also restrained these costs. The increase of these expenses was partly mitigated by the reallocation of certain overheads to Administrative and general expenses.

Administrative and general expenses

These expenses were inflated primarily as a result of the reallocation of overheads from among Sales and marketing expenses and in addition to the impact of advisory fees aiming to improve efficiency.

Research and development expenses

Proportion to sales:	9.5%	10.3%

Higher costs were incurred primarily by the ongoing clinical trials carried out in co-operation with AbbVie together with development programs executed in the field of biotechnology and Women's Healthcare. Higher R&D costs resulted also from certain CNS projects successfully moving into their clinical phase.

Other income and Other expenses

Claw-back

Other income and Other expenses include in the first half 2023 liabilities amounting to HUF 5,552m in respect of the claw-back regimes. Such claw-backs increased primarily in the UK, in Poland, in Romania and in France.

One-off items

Altogether HUF 8,630m milestone income was accounted for in the base period while HUF 597m milestone proceeds were accounted for in the first half of 2023.

Extraordinary tax levied on the industry in late December 2022 amounted to HUF 12,462m in the first six months to June 2023.

Profit from operations, operating margin and EBITDA

Reported Profit from operations increased during first half 2023 when compared to the base period. The positive impact of the extraordinary FX environment amounted to approximately HUF 4.7bn at EBIT level which was more than offset by the time proportional impact of the windfall tax levied on the industry in late December 2022.

Operating margin

23.0% 24.8%

Clean EBIT

Reported Clean EBIT increased by 23.1% during first half 2023 when compared to the base period.

EBITDA

HUF 116,854m HUF 110,526m

The Group defines EBITDA as operating profit increased by depreciation and amortization expense. From 1 January 2019 the Group has applied the IFRS 16 Leases standard. As a result of this standard, certain rental expenses are capitalised and the expense is charged as depreciation and interest expense. Such depreciation related to the right-of-use assets is not added back when determining the EBITDA.

Income and deferred tax

By virtue of Hungarian Tax Regulations, the base income of the Company, on which corporate tax is applied, may be reduced by the amount of direct costs incurred on R&D activities and 50% of royalties received. Other members of the Group are subject to customary tax regulations effective in their respective countries of incorporation.

In the first half 2023 the Group reported HUF 107m tax expense, which resulted from a HUF 2,363m corporate tax expense, a HUF 2m extraordinary tax expense and a HUF 2,258m deferred tax income.

Net income margin attributable to owners of the parent

16.4 % 31.5%

Disclosures and Disclaimers

I, the undersigned declare, that Gedeon Richter Plc. takes full responsibility, that the interim management report published today, which contains the Group's 6 months to June 2023 results is prepared in accordance with the applicable accounting standards and according to the best of our knowledge. The report above provides a true and fair view of the financial position of Gedeon Richter Plc. and its subsidiaries included in the consolidation, it presents the major risks and factors of uncertainty, and it also contains an explanation of material events and transactions that have taken place during the reported period and their impact on the financial position of Gedeon Richter Plc. and its subsidiaries included in the consolidation.

Budapest, 4 August 2023

Gábor Orbán
Chief Executive Officer

This report and associated presentations and discussion contain forward-looking statements. These statements are naturally subject to uncertainty and changes in circumstances. Those forward-looking statements may include, but are not limited to, those regarding capital employed, capital expenditure, cash flows, costs, savings, debt, demand, depreciation, disposals, dividends, earnings, efficiency, gearing, growth, improvements, investments, margins, performance, prices, production, productivity, profits, reserves, returns, sales, share buy backs, special and exceptional items, strategy, synergies, tax rates, trends, value, volumes, and the effects of Richter merger and acquisition activities. These forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from those expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, but are not limited to developments in government regulations, foreign exchange rates, political stability, economic growth and the completion of on-going transactions. Many of these factors are beyond the company's ability to control or predict. Given these and other uncertainties, you are cautioned not to place undue reliance on any of the forward-looking statements contained herein or otherwise. The company does not undertake any obligation to release publicly any revisions to these forward-looking statements (which speak only as of the date hereof) to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as maybe required under applicable securities laws. Statements and data contained in this presentation and the associated slides and discussions, which relate to the performance of Richter in this and future years, represent plans, targets or projections.

The financial statements in this report cover the activities of Gedeon Richter Group ('The Group' or 'Richter Group') and Gedeon Richter Plc. ('The Company' or 'Richter'). EUR and USD amounts have been converted from HUF at average exchange rates for indicative purposes only. Financial statements for six months period ended 30 June 2023 and 2022 are unaudited. Financial statements for the twelve months period ended 31 December 2022 are audited.

Appendix 1

Further information related to Sales of Pharmaceutical segment

Pharma sales to Top 10 markets

	HUFm				EURm	
	2023	**2022**	**Change**		**2023**	**2022**
	6 months to June			%	6 months to June	
USA	95,939	70,738	25,201	35.6	251.8	187.0
Russia	63,033	50,795	12,238	24.1	165.4	134.3
Hungary	26,299	22,769	3,530	15.5	69.0	60.2
Poland	18,823	16,097	2,726	16.9	49.4	42.6
Germany	13,855	11,843	2,012	17.0	36.4	31.3
China	12,913	9,325	3,588	38.5	33.9	24.6
Spain	12,083	10,004	2,079	20.8	31.7	26.4
Romania	8,139	7,659	480	6.3	21.4	20.2
Italy	7,778	6,433	1,345	20.9	20.4	17.0
France	7,200	7,431	-231	-3.1	18.9	19.7
Total Top 10	266,062	213,094	52,968	24.9	698.3	563.3
Total Sales	362,139	292,749	69,390	23.7	950.5	773.9
Total Top 10 / Total Sales %					73.5	72.8

Appendix 2

Selected average exchange rates

	H1 2023	**Q1 2023**	**M12 2022**	**M9 2022**	**H1 2022**
EURHUF	381.01	388.61	393.68	387.39	378.27
USDHUF	352.73	362.12	375.62	365.83	347.21
RUBHUF	4.62	4.96	5.76	5.46	4.71
CNYHUF	50.27	52.53	55.23	54.60	52.37

Appendix 3

Following the publication of the Report 3 months to March 2023 to the Budapest Stock Exchange, the Group found an error in the Consolidated Cash-Flow statement, a presentation error, related to the acquisition in Ireland in the first quarter 2023. The expenditure related to the acquisition of the named subsidiary was wrongly presented in the operating cash flow instead of the investment Cash-Flow. In connection with this amendment, the Group reviewed the Consolidated Cash-Flow Statement, as a result of which it modified the presentation of some items in order to provide more reliable and relevant information to the users of the financial statements and to be in line with the requirements of IAS 7.28.

Restated lines

Reclass of results on changes of property, plant and equipment and intangible assets
Net cash outflow on purchase of group of assets

Structural changes

Non cash items
Operating cash-flow – Increase/decrease in Inventories
Effect of foreign exchange rate changes on the balances held in foreign currencies

In addition, some summary lines were included in the report for better segmentation.

In the following we provide restated Cash-Flow lines from the three months to March 2023 Report:

	For the period ended 31 March	
	2023	**2023**
	Restated	**Not audited**
	MFt	**MFt**
Net cash-flow from operating activities	45,448	19,055
Net cash-flow to investing activities	(36,384)	(21,262)
Net cash-flow to financing activities	(2,433)	(2,433)
Net increase /(decrease) in cash and cash equivalents	6,631	(4,640)
Cash and cash equivalents at beginning of year	79,719	79,719
Effect of foreign exchange rate changes on the cash and cash equivalents	1,215	12,486
Cash and cash equivalents at end of period	87,565	87,565