Gedeon Richter

Report to the Budapest Stock Exchange
9 months to September 2023

For quarterly presentation please follow the link below:

https://www.gedeonrichter.com/-/media/Sites/HQ/Documents/Investors/Presentations/EN/2023/RCH231108PL01E

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.

Executive Summary

"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. I am proud of our operations teams in all of our sites, who 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. "

Gábor Orbán

Consolidated sales	HUFm				EURm	
	2023	2022	Change		2023	2022
	9 months to September			%	9 months to September	
Total	601,980	578,787	23,193	4.0	1,576.4	1,494.1

Pharma sales	HUFm				EURm	
	2023	2022	Change		2023	2022
	9 months to September			%	9 months to September	
EUROPE	**333,286**	**305,601**	**27,685**	**9.1**	**872.8**	**788.9**
WEU	**98,657**	**82,565**	**16,092**	**19.5**	**258.4**	**213.1**
CEU	**111,763**	**100,322**	**11,441**	**11.4**	**292.7**	**259.0**
Hungary	38,529	33,538	4,991	14.9	100.9	86.6
EEU	**122,866**	**122,714**	**152**	**0.1**	**321.7**	**316.8**
Russia	88,101	89,980	-1,879	-2.1	230.7	232.3
NORTHAM	**156,673**	**120,634**	**36,039**	**29.9**	**410.3**	**311.4**
USA	153,572	117,543	36,029	30.7	402.1	303.4
LATAM	**20,003**	**14,452**	**5,551**	**38.4**	**52.4**	**37.3**
APAC	**31,064**	**28,522**	**2,542**	**8.9**	**81.3**	**73.6**
China	17,966	15,746	2,220	14.1	47.0	40.6
ROW	**6,420**	**3,904**	**2,516**	**64.4**	**16.8**	**10.1**
Total	**547,446**	**473,113**	**74,333**	**15.7**	**1,433.6**	**1,221.3**

For further information on Pharmaceutical sales please refer to Appendix 2 on page 38.

Approximate exchange rate loss at pharma sales level: HUF -29.2bn

Specialty sales - pharmaceuticals	HUFm				EURm	
	2023	**2022**	**Change**		**2023**	**2022**
	9 months to September			%	9 months to September	
CNS - cariprazine	144,551	103,758	40,793	39.3	378.5	267.9
Vraylar® royalty (USA)	136,126	98,518	37,608	38.2	356.5	254.3
Vraylar® royalty (CA)	144	16	128	800.0	0.4	0.0
Vraylar® royalty (PR)	52	0	52	n.a.	0.1	0.0
Reagila®	8,229	5,224	3,005	57.5	21.5	13.5
WHC	191,933	166,224	25,709	15.5	502.6	429.1
OCs	106,785	98,724	8,061	8.2	279.6	254.8
of which: Drovelis®	8,161	3,844	4,317	112.3	21.4	9.9
Bemfola®	16,691	15,649	1,042	6.7	43.7	40.4
Evra®	23,456	19,717	3,739	19.0	61.4	50.9
Cyclogest®	4,120	2,966	1,154	38.9	10.8	7.7
Ryeqo®	4,134	1,246	2,888	231.8	10.8	3.2
Lenzetto®	5,143	4,131	1,012	24.5	13.5	10.7
BIO - teriparatide	16,504	14,901	1,603	10.8	43.2	38.5
Total	352,988	284,883	68,105	23.9	924.3	735.5
Proportion to Pharma sales (%)	64.5	60.2				

Selected consolidated business metrics	HUFm				EURm	
	2023	**2022**	**Change**		**2023**	**2022**
	9 months to September			%	9 months to September	
Revenues	601,980	578,787	23,193	4.0	1,576.4	1,494.1
Gross profit	391,326	336,704	54,622	16.2	1,024.7	869.2
EBIT	**144,411**	**154,295**	**-9,884**	**-6.4**	**378.2**	**398.3**
Clean EBIT*	176,188	155,608	20,580	13.2	461.4	401.7
Gross margin (%)	65.0	58.2				
EBIT margin (%)	24.0	26.7				
Profit margin attributable to owners of the parent (%)	20.3	33.9				
Free cash-flow**	1,552	90,267	-88,715	-98.3	4.1	233.0
CAPEX	93,222	43,596	49,626	113.8	244.1	112.5
EPS (HUF, EUR)	661	1,052	-391	-37.2	1.73	2.72
ROE (%)	7.6	22.1				
Cash conversion cycle (days)	277.8	244.8	33.0	13.5		

Notes:

* 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 39.

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 1,976,688 treasury shares at an average price of 8,674 HUF/share (average price excluding fees), a cumulative amount of HUF 17.1 billion by 30 September 2023.

The number of treasury shares and shares transferred to ESOT were 2,492,310 on 30 September 2023. Treasury shares include shares owned both by the Parent and the subsidiaries.

Group turnover

Consolidated turnover increased by HUF 23.2bn as a result of pharma sales exceeding base period figures by HUF 74.3bn, being largely offset by declining Wholesale and retail figures subsequent to the divestiture of the Romanian W&R business in May 2023. Nominal turnover was in addition negatively impacted by RUB volatility, which in turn was mostly counterbalanced by higher sales volumes.

Group financials

Exchange rate impact on main consolidated P&L items

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

HUFbn	**2023 M9**
Sales	**-27.5**
Gross profit	**-24.5**
Operating profit	**-16.5**

For selected average exchange rates prevailing in the reported period please refer to Appendix 2 on page 38.

Notes on profitability

Operating profit ex FX in the first nine months 2023 exceeded the results achieved in the base period by nearly 5%, driven by favourable changes in the product portfolio mix together with higher volumes and adverse FX environment (primarily RUB), partly offset by inflated sales and marketing costs together with higher R&D expenditures, 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 23.5%, driven by a 21.9% rise in Pharma segment revenues ex FX, and the drop in the weight in the overall mix of the Wholesale and Retail business as a consequence of divesture of Romanian W&R operations.

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.

Administrative and general expenses were higher as a result of the reallocation of overheads plus the impact of the efficiency improvement project costs affecting each of the strategic focus areas. R&D expenses uptake started slower in the first nine months 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 14.4 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., and that of ExEm Foam® and GisKit assets performed in the third quarter 2023 together with the impact of Windfall tax in respect of 2022 on the cash-flow.

Operating net cash-flows decreased, but liquidity is sustained based on current ratio.

Note: * See Appendix 3 on page 39.

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
	9 months to September			%	9 months to September	
EUROPE	**140,579**	**123,781**	**16,798**	**13.6**	**368.1**	**319.5**
WEU	**69,867**	**58,200**	**11,667**	**20.0**	**182.9**	**150.2**
Spain	12,625	10,294	2,331	22.6	33.1	26.6
Germany	12,199	10,495	1,704	16.2	31.9	27.1
Italy	9,560	8,747	813	9.3	25.0	22.6
UK	9,103	6,719	2,384	35.5	23.8	17.3
France	8,151	7,305	846	11.6	21.3	18.9
CEU	**27,031**	**24,000**	**3,031**	**12.6**	**70.8**	**62.0**
Poland	9,603	8,453	1,150	13.6	25.1	21.8
EEU	**43,681**	**41,581**	**2,100**	**5.1**	**114.4**	**107.3**
Russia	35,515	35,134	381	1.1	93.0	90.7
NORTHAM	**11,759**	**11,759**	**0**	**0.0**	**30.8**	**30.3**
USA	9,451	9,010	441	4.9	24.7	23.3
LATAM	**17,071**	**12,532**	**4,539**	**36.2**	**44.7**	**32.4**
Mexico	6,455	5,178	1,277	24.7	16.9	13.4
APAC	**18,147**	**15,812**	**2,335**	**14.8**	**47.5**	**40.8**
China	14,756	12,026	2,730	22.7	38.6	31.0
ROW	**4,377**	**2,340**	**2,037**	**87.1**	**11.5**	**6.1**
Total	**191,933**	**166,224**	**25,709**	**15.5**	**502.6**	**429.1**

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 Italy, Germany and Spain. The product also showed strong performance during the reported period, alongside the entire WHC portfolio in Russia on the back of certain price increases among other factors.

Portfolio management

Most important products / product groups belonging to this strategic focus area and launched during the reported period in one or more new markets within the respective regions, were as follows:

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

Richter announced on 2 November 2023 that the European Commission has granted approval of a Type II Variation application for Ryeqo® for the symptomatic treatment of endometriosis in women with a history of previous medical or surgical treatment for their endometriosis. This decision is applicable for all Member States in the European Union.

Turnover of key WHC products by geographies

Bemfola®

	HUFm				EURm	
	2023	2022	Change		2023	2022
	9 months to September			%	9 months to September	
EUROPE	**15,622**	**14,095**	**1,527**	**10.8**	**40.9**	**36.4**
WEU	**13,279**	**11,742**	**1,537**	**13.1**	**34.8**	**30.3**
CEU	**2,299**	**2,355**	**-56**	**-2.4**	**6.0**	**6.1**
EEU	**44**	**-2**	**46**	**n.a.**	**0.1**	**0.0**
LATAM	**440**	**188**	**252**	**134.0**	**1.2**	**0.5**
APAC	**629**	**1,366**	**-737**	**-54.0**	**1.6**	**3.5**
Total	**16,691**	**15,649**	**1,042**	**6.7**	**43.7**	**40.4**

Higher sales of Bemfola® were achieved primarily in Spain, France and Italy, being partly offset by lower turnover experienced in Australia and South Korea. Sales of this product to Czech Republic also fell behind base period performance.

Evra®

	HUFm				EURm	
	2023	2022	Change		2023	2022
	9 months to September			%	9 months to September	
EUROPE	**10,189**	**9,460**	**729**	**7.7**	**26.7**	**24.4**
WEU	**7,442**	**7,024**	**418**	**6.0**	**19.5**	**18.1**
CEU	**2,302**	**2,000**	**302**	**15.1**	**6.0**	**5.2**
EEU	**445**	**436**	**9**	**2.1**	**1.2**	**1.1**
NORTHAM	**2,204**	**2,626**	**-422**	**-16.1**	**5.8**	**6.8**
LATAM	**8,793**	**6,309**	**2,484**	**39.4**	**23.0**	**16.3**
APAC	**35**	**221**	**-186**	**-84.2**	**0.1**	**0.6**
ROW	**2,235**	**1,101**	**1,134**	**103.0**	**5.8**	**2.8**
Total	**23,456**	**19,717**	**3,739**	**19.0**	**61.4**	**50.9**

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 Mexico, Brazil and Argentina. Higher sales in RoW region. in particular in South Africa and Saudi Arabia also contributed to the good performance of this product. 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 Netherlands.

We are pleased to report that the transition to direct sales by Richter was successfully completed. The proportion of direct sales of this product reached 99.0% 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 6.

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.

The increase of gross profit reported reflects the combined effect of multiple factors, namely adverse exchange rate movements of RUB, which were partly offset by expanding sales volumes of high margin oral contraceptives. Gross margins were negatively impacted by a change in the composition of Evra® sales, as in the first three quarters 2022 more than a third of turnover related to this product were proceeds from royalties while in the nine months to September 2023 these royalty proceeds were negligible. Further negative impacts included a worsening profitability caused by measures aiming to improve efficiency and higher claw back items. Furthermore inflated Sales and marketing expenses were incurred in respect of Ryeqo® and Drovelis® to build a solid foundation for future growth.

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 Europe, 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 nine months 2023 amounted to HUF 136,322m (USD 371.3m). The figures above also include royalty income paid on AbbVie sales recorded in Canada during the three quarters 2023.

Proceeds from Reagila® amounted to HUF 8,229m (EUR 21.5m) during the reported period.

Global reach

Altogether by the end of September 2023 cariprazine was available in 58 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 three quarters 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 favourably 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 16,504m (EUR 43.2m) in the first three quarters 2023. Sales proceeds from Japan contributed HUF 2,750m representing 17% of total sales achieved by the product.

	HUFm				EURm	
	2023	2022	Change		2023	2022
	9 months to September			%	9 months to September	
EUROPE	**13,314**	**11,832**	**1,482**	**12.5**	**34.9**	**30.5**
WEU	**12,056**	**10,927**	**1,129**	**10.3**	**31.6**	**28.2**
CEU	**1,258**	**905**	**353**	**39.0**	**3.3**	**2.3**
LATAM	**183**	**0**	**183**	**n.a.**	**0.5**	**0.0**
APAC	**2,940**	**2,966**	**-26**	**-0.9**	**7.6**	**7.7**
ROW	**67**	**103**	**-36**	**-35.0**	**0.2**	**0.3**
Total	**16,504**	**14,901**	**1,603**	**10.8**	**43.2**	**38.5**

Turnover of CDMO projects

Sales of the Biotechnology focus area includes HUF 16,303m (EUR 42.7m) in addition to turnover of teriparatide. These figures increased by HUF 2,276m (EUR 6.5m) when compared to the first nine months 2022.

Notes on BIO profitability

This strategic focus area achieved year-on-year profitability improvement.

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

In spite of the sometimes hectic intra-year pattern of the figures, overall proceeds from our CDMO projects contributed to higher sales levels in this strategic focus area in the first nine months. Biosimilar product development activities and measures aiming to improve efficiency commenced in the previous quarters 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.

Our goal here is to provide broad access to high quality and affordable medications for society at large while maintaining a reliable source of revenue growth, scale and margins for the company.

Sales by geographies

	HUFm				EURm	
	2023	2022	Change		2023	2022
	9 months to September			%	9 months to September	
EUROPE	**157,803**	**153,293**	**4,510**	**2.9**	**413.3**	**395.7**
CEU	**77,832**	**70,993**	**6,839**	**9.6**	**203.8**	**183.2**
Hungary	32,921	28,734	4,187	14.6	86.2	74.2
Poland	16,722	16,156	566	3.5	43.8	41.7
Romania	9,868	9,253	615	6.6	25.8	23.9
EEU	**77,721**	**80,261**	**-2,540**	**-3.2**	**203.5**	**207.2**
Russia	51,297	54,171	-2,874	-5.3	134.3	139.8
Kazakhstan	5,858	5,135	723	14.1	15.3	13.3
Ukraine	5,144	5,967	-823	-13.8	13.5	15.4
Uzbekistan	5,167	6,131	-964	-15.7	13.5	15.8
ALL OTHER REGIONS*	**10,494**	**9,618**	**876**	**9.1**	**27.4**	**24,8**
Total*	**168,297**	**162,911**	**5,386**	**3.3**	**440.7**	**420.5**

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

Hungary

The underlying market increased by 10.5% in value terms, while retail sales growth of Richter products at 16.2% 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 4.7%. Taking into account the prescription drugs retail market alone, Richter qualifies for second place with a market share of 7.5%.

Poland

Turnover in Poland increased by HUF 566m (PLN 4.3m), or 3.5% (2.2%) in the first three quarters 2023 and totalled HUF 16,722m (PLN 200.9m). Sales of our antiviral product contributed the most to the higher turnover realised on this market.

Romania

General medicines sales in Romania were HUF 9,868m (RON 127.8m) in the first nine months to September 2023. Sales growth of HUF 615m or 6.6%. (RON 9.0m, 7.6%) were primarily driven by higher sales of Cavinton.

Russia

Sales to Russia at HUF 51,297m (RUB 11,846.8m) declined by 5.3% in HUF terms (increased by 19.4% in RUB terms). Exchange rate of RUB against the HUF declined on an average by 20.7% compared to the first nine months 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 in this strategic focus area were primarily driven by cardiovascular and rheumatology products.

Price increases impacted our year-on-year performance achieved during the reported period on this market by an average of 7.3% implemented on our portfolio of non-EDL drugs. Stagnating volumes at the wholesaler level were therefore complemented by the higher prices applied.

In-market sales figures (IQVIA, data for the first eight months 2023) suggest that retail sales recorded in RUB terms by Richter products increased by 7.1% significantly exceeding overall market growth at 2.1% in RUB terms primarily related to price increases implemented by manufacturers and distributors.

Ukraine

Sales reported in Ukraine in the first nine months 2023, at HUF 5.144 (EUR 13.5m) fell behind turnover realised in the same period 2022 by HUF 823m or 13.8% (12.3% 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 three quarters 2023, all of our registered products have been marketed without any impediment so far.

Notes on GM profitability

The negative impact of RUB on turnover together with higher operating costs and claw back items resulted in a decline of clean EBIT.

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 maintains 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, by choosing the right payment terms, 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 Q3 2023 there were HUF 246bn receivables. Beside setting up Russia's export credit insurance limits, 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 data.	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	The Group applies hedge accounting in accordance with IFRS9 for a part of the transactions covering sales income. In Q3 2023, currency hedging operations were also regularly carried out, and at the end of the quarter, with regard to the USD revenues, the Group registers open rolling hedging transactions for a seven-quarter period (Q4 2023 – Q2 2025) under hedge accounting.	USDHUF currency pair in the amount of USD 325.25m
FX	Non hedge accounting - to mitigate the currency revaluation effect in the financial result.	USDHUF currency pair in the amount of USD 29.5m
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.	EUR 17.2m

Strategic and operational risks

The Company is constantly developing its integrated operational risk management system. The essential elements of this system will be 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
- International geopolitical risks, increasing threat of war in several regions
- Outstanding contribution of cariprazine to the turnover and profits of the Company
- High risks associated with original CNS research
- Development and licensing-in of WHC and biosimilar specialty products, as well as acquisition activity
- Maintaining and protection of the turnover arising from General Medicines
- Ensuring qualified workforce
- Risk of compliance with health authority regulations
- ESG-related risks
- Rapid changes in digitalisation may trigger inadequate corporate responses which in turn may lead to lower income or competitive disadvantage
- 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	
	9 months to September		9 months to September		9 months to September		9 months to September		9 months to September		9 months to September	
	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	**144,551**	**103,758**	**168,297**	**163,327**	**191,933**	**165,808**	**32,807**	**28,928**	**9,858**	**11,292**	**547,446**	**473,113**
Cost of sales	(794)	(425)	(72,826)	(69,885)	(60,195)	(44,130)	(20,502)	(22,288)	(7,870)	(9,153)	**(162,187)**	**(145,881)**
Gross profit	*143,757*	*103,333*	*95,471*	*93,442*	*131,738*	*121,678*	*12,305*	*6,640*	*1,988*	*2,139*	***385,259***	***327,232***
Sales and marketing expenses	(2,608)	(2,017)	(33,792)	(34,203)	(64,714)	(55,110)	(4,121)	(4,643)	(837)	(983)	**(106,072)**	**(96,956)**
Administration and general expenses	(562)	(247)	(14,686)	(9,686)	(15,684)	(9,425)	(2,976)	(1,587)	(807)	(669)	**(34,715)**	**(21,614)**
Research and development expenses	(18,556)	(15,688)	(6,969)	(6,520)	(13,178)	(14,554)	(20,606)	(19,082)	-	-	**(59,309)**	**(55,844)**
Claw-back	(504)	(235)	(2,487)	(1,724)	(5,304)	(3,420)	(475)	(243)	-	-	**(8,770)**	**(5,622)**
Milestone	81	8,702	-	-	8	7	508	-	-	-	**597**	**8,709**
Clean EBIT	**121,608**	**93,848**	**37,537**	**41,309**	**32,866**	**39,176**	**(15,365)**	**(18,915)**	**344**	**487**	**176,990**	**155,905**
Ratios	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**
Gross margin	**99.5**	**99.6**	**56.7**	**57.2**	**68.6**	**73.4**	**37.5**	**23.0**	**20.2**	**18.9**	**70.4**	**69.2**
Clean EBIT margin	**84.1**	**90.4**	**22.3**	**25.3**	**17.1**	**23.6**	**-46.8**	**-65.4**	**3.5**	**4.3**	**32.3**	**33.0**

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	
	9 months to September		9 months to September		9 months to September		9 months to September	
	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	**547,446**	**473,113**	**64,869**	**118,644**	**(10,335)**	**(12,970)**	**601,980**	**578,787**
Cost of sales	(162,187)	(145,881)	(58,808)	(109,043)	10,341	12,841	**(210,654)**	**(242,083)**
Gross profit	*385,259*	*327,232*	*6,061*	*9,601*	*6*	*(129)*	***391,326***	***336,704***
Sales and marketing expenses	(106,072)	(96,956)	(4,019)	(6,491)	-	-	**(110,091)**	**(103,447)**
Administration and general expenses	(34,715)	(21,614)	(2,850)	(3,278)	-	-	**(37,565)**	**(24,892)**
Research and development expenses	(59,309)	(55,844)	-	-	-	-	**(59,309)**	**(55,844)**
Claw-back	(8,770)	(5,622)	-	-	-	-	**(8,770)**	**(5,622)**
Milestone	597	8,709	-	-	-	-	**597**	**8,709**
Clean EBIT	**176,990**	**155,905**	**(808)**	**(168)**	**6**	**(129)**	**176,188**	**155,608**
Ratios	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**
Gross margin	**70.4**	**69.2**	**9.3**	**8.1**	**-0.1**	**1.0**	**65.0**	**58.2**
Clean EBIT margin	**32.3**	**33.0**	**-1.2**	**-0.1**	**-0.1**	**1.0**	**29.3**	**26.9**

Note on previous Wholesale and retail segment performance

As a consequence of Richter's announcement in October 2022 on the divestiture of 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 2023.

Consolidated Financial Statements

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Investor relations manager: Antal Burján

Consolidated Balance Sheet – Assets

	30 September 2023 Not audited HUFm	31 December 2022 Audited HUFm	Change %
ASSETS	1,357,434	1,340,289	1.3
Non-current assets	805,187	764,519	5.3
Property, plant and equipment	332,672	315,949	5.3
Goodwill	32,960	35,101	-6.1
Other intangible assets	234,884	196,714	19.4
Investments in associates and joint ventures	10,956	9,281	18.0
Non-current financial assets at amortised cost	8,393	20,801	-59.7
Non-current financial assets at FVTPL	70,237	67,724	3.7
Non-current financial assets at FVOCI	68,457	68,193	0.4
Derivative financial instruments	25,383	31,446	-19.3
Deferred tax assets	17,958	15,878	13.1
Long term receivables	3,287	3,432	-4.2
Current assets	552,247	575,770	-4.1
Inventories	181,342	153,335	18.3
Contract assets	6,708	6,150	9.1
Trade receivables	205,012	175,182	17.0
Other current assets	43,026	41,120	4.6
Current financial assets at amortised cost	4,755	44,716	-89.4
Current financial assets at FVOCI	2,971	1,536	93.4
Derivative financial instruments	5,771	2,154	167.9
Current tax asset	4,411	4,844	-8.9
Cash and cash equivalents	98,251	79,719	23.2
Assets classified as held for sale	-	67,014	-100.0

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Consolidated Balance Sheet – Equity and Liabilities

	30 September 2023 Not audited HUFm	31 December 2022 Audited HUFm	Change %
EQUITY AND LIABILITIES	1,357,434	1,340,289	1.3
Capital and reserves	1,095,004	1,060,352	3.3
Share capital	18,638	18,638	0.0
Treasury shares	(19,614)	(2,123)	823.9
Share premium	15,214	15,214	0.0
Capital reserves	3,475	3,475	0.0
Foreign currency translation reserves	46,005	47,846	-3.8
Revaluation reserves for financial assets at FVOCI	6	(339)	n.a.
Cash-flow hedge reserve	2,315	820	182.3
Retained earnings	1,017,447	966,375	5.3
Non-controlling interest	11,518	10,446	10.3
Non-current liabilities	104,170	100,430	3.7
Deferred tax liability	4,346	3,928	10.6
Non-current financial liabilities at FVTPL	48,111	41,516	15.9
Derivative financial instruments	21,130	25,484	-17.1
Lease liability	12,595	10,789	16.7
Other non-current liabilities and accruals	12,448	13,634	-8.7
Provisions	5,540	5,079	9.1
Current liabilities	158,260	179,507	-11.8
Borrowings	20,035	-	n.a.
Trade payables	39,296	46,092	-14.7
Contract liabilities	1,995	1,931	3.3
Current tax liabilities	2,256	3,848	-41.4
Current financial liabilities at FVTPL	2,788	2,855	-2.3
Derivative financial instruments	2,063	4,786	-56.9
Lease liability	4,275	4,437	-3.7
Other current liabilities and accruals	84,840	64,361	31.8
Provisions	712	2,153	-66.9
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	-	-	-	-	-	-	-	196,003	**196,003**	1,254	**197,257**
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	48,597	-	-	**48,597**	1,715	**50,312**
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	(1,260)	-	-	**(1,260)**	-	**(1,260)**
Actuarial gain on retirement defined benefit plans	-	-	-	-	-	-	-	400	**400**	-	**400**
Changes in the fair value of financial assets at FVOCI	-	-	-	-	(8,472)	-	-	-	**(8,472)**	-	**(8,472)**
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	-	-	-	-	-	-	(13,713)	-	**(13,713)**	-	**(13,713)**
Total comprehensive income at 30 September 2022	-	-	-	-	(10,847)	47,337	(13,713)	198,778	**221,555**	2,969	**224,524**
Purchase of treasury shares	-	-	-	(33)	-	-	-	-	**(33)**	-	**(33)**
Transfer of treasury shares	-	-	-	(110)	-	-	-	110	**-**	-	**-**
Recognition of share-based payments	-	-	-	-	-	-	-	1,165	**1,165**	-	**1,165**
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 September 2022	**-**	**-**	**-**	**(143)**	**-**	**-**	**-**	**(40,659)**	**(40,802)**	**(47)**	**(40,849)**
Balance at 30 September 2022	18,638	15,214	3,475	(3,005)	(9,501)	76,700	(13,736)	1,007,854	**1,095,639**	11,058	**1,106,697**

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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	-	-	-	-	-	-	-	122,490	**122,490**	1,259	**123,749**
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	(1,721)	-	-	**(1,721)**	(109)	**(1,830)**
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	(120)	-	-	**(120)**	-	**(120)**
Actuarial loss on retirement defined benefit plans	-	-	-	-	-	-	-	(292)	**(292)**	-	**(292)**
Changes in the fair value of financial assets at FVOCI	-	-	-	-	345	-	-	-	**345**	-	**345**
Change in fair value of hedging instruments recognised in OCI	-	-	-	-	-	-	8,957	-	**8,957**	-	**8,957**
Hedging loss/(gain) reclassified to profit or loss	-	-	-	-	-	-	(7,462)	-	**(7,462)**	-	**(7,462)**
Total comprehensive income at 30 September 2023	-	-	-	-	345	(1,841)	1,495	122,198	**122,197**	1,150	**123,347**
Purchase of treasury shares	-	-	-	(17,408)	-	-	-	-	**(17,408)**	-	**(17,408)**
Transfer of treasury shares	-	-	-	(83)	-	-	-	83	**-**	-	**-**
Recognition of share-based payments	-	-	-	-	-	-	-	1,477	**1,477**	-	**1,477**
Ordinary share dividend for 2022	-	-	-	-	-	-	-	(72,686)	**(72,686)**	-	**(72,686)**
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	**-**	(177)	**(177)**
Sale of subsidiaries	-	-	-	-	-	-	-	-	**-**	99	**99**
Transactions with owners in their capacity as owners for period ended 30 September 2023	-	-	-	(17,491)	-	-	-	(71,126)	**(88,617)**	(78)	**(88,695)**
Balance at 30 September 2023	18,638	15,214	3,475	(19,614)	6	46,005	2,315	1,017,447	**1,083,486**	11,518	**1,095,004**

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Consolidated Income Statement – HUF

For the year ended 31 December 2022 Audited HUFm		For the period ended 30 September 2023 Not audited HUFm	2022 Not audited HUFm	Change %
802,755	Revenues	601,980	578,787	4.0
(342,291)	Cost of sales	(210,654)	(242,083)	-13.0
460,464	Gross profit	391,326	336,704	16.2
(147,487)	Sales and marketing expenses	(110,091)	(103,447)	6.4
(34,863)	Administration and general expenses	(37,565)	(24,892)	50.9
(75,109)	Research and development expenses	(59,309)	(55,844)	6.2
23,688	Other income	7,367	18,483	-60.1
(74,702)	Other expenses	(46,885)	(16,900)	177.4
1,564	(Impairment)/Reversal of impairment on financial and contract assets	(432)	191	n.a.
153,555	Profit from operations	144,411	154,295	-6.4
88,803	Finance income	74,655	97,039	-23.1
(82,845)	Finance costs	(93,092)	(45,729)	103.6
5,958	Net financial (loss)/income	(18,437)	51,310	n.a.
6,150	Share of profit of associates and joint ventures	4,275	3,799	12.5
165,663	Profit before income tax	130,249	209,404	-37.8
(2,155)	Income and deferred tax	(1,017)	(7,312)	-86.1
(6,253)	Local business tax and innovation contribution	(5,483)	(4,835)	13.4
157,255	Profit for the period	123,749	197,257	-37.3
	Profit attributable to:			
155,581	Owners of the parent	122,490	196,003	-37.5
1,674	Non-controlling interest	1,259	1,254	0.4

HUF	Earnings per share (EPS)	HUF	HUF	%
835	Basic	661	1,052	-37.2
835	Diluted	661	1,052	-37.2

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Consolidated Statement of Comprehensive Income – HUF

For the year ended 31 December 2022 Audited HUFm		For the period ended 30 September 2023 Not audited HUFm	2022 Not audited HUFm	Change %
157,255	Profit for the period	123,749	197,257	-37.3
1,131	Actuarial (loss)/gain on retirement defined benefit plans	(292)	400	n.a.
1,209	Changes in the fair value of equity instruments at FVOCI	1,115	(2,367)	n.a.
2,340	Items that will not be reclassified to profit or loss (net of tax)	823	(1,967)	n.a.
20,240	Exchange differences arising on translation of subsidiaries	(1,830)	50,312	n.a.
(909)	Exchange differences arising on translation of associates and joint ventures	(120)	(1,260)	-90.5
(8,432)	Change in fair value of hedging instruments recognised in OCI	8,957	(13,713)	n.a.
9,275	Hedging loss/(gain) reclassified to profit or loss	(7,462)	-	n.a.
(519)	Changes in fair value of debt instruments at FVOCI	(770)	(6,105)	-87.4
19,655	Items that may be subsequently reclassified to profit or loss (net of tax)	(1,225)	29,234	n.a.
21,995	Other comprehensive income for the period	(402)	27,267	n.a.
179,250	Total comprehensive income for the period	123,347	224,524	-45.1
	Attributable to:			
176,728	Owners of the parent	122,197	221,555	-44.8
2,522	Non-controlling interest	1,150	2,969	-61.3

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Consolidated Income Statement – EUR

For the year ended 31 December 2022 Not audited EURm		For the period ended 30 September 2023 Not audited EURm	2022 Not audited EURm	Change %
2,039.1	Revenues	1,576.4	1,494.1	5.5
(869.5)	Cost of sales	(551.7)	(624.9)	-11.7
1,169.6	Gross profit	1,024.7	869.2	17.9
(374.5)	Sales and marketing expenses	(288.3)	(267.0)	8.0
(88.6)	Administration and general expenses	(98.4)	(64.3)	53.0
(190.8)	Research and development expenses	(155.3)	(144.2)	7.7
60.2	Other income	19.3	47.7	-59.5
(189.8)	Other expenses	(122.7)	(43.6)	181.4
4.0	(Impairment)/Reversal of impairment on financial and contract assets	(1.1)	0.5	n.a.
390.1	Profit from operations	378.2	398.3	-5.0
225.5	Finance income	195.5	250.5	-22.0
(210.4)	Finance costs	(243.8)	(118.0)	106.6
15.1	Net financial (loss)/income	(48.3)	132.5	n.a.
15.6	Share of profit of associates and joint ventures	11.2	9.8	14.3
420.8	Profit before income tax	341.1	540.6	-36.9
(5.5)	Income and deferred tax	(2.6)	(18.9)	-86.2
(15.9)	Local business tax and innovation contribution	(14.4)	(12.5)	15.2
399.4	Profit for the period	324.1	509.2	-36.4
	Profit attributable to:			
395.2	Owners of the parent	320.8	506.0	-36.6
4.2	Non-controlling interest	3.3	3.2	3.1
393.68	**Average exchange rate (EURHUF)**	381.88	387.39	-1.4
EUR	**Earnings per share (EPS)**	**EUR**	**EUR**	**%**
2.12	Basic	1.73	2.72	-36.4
2.12	Diluted	1.73	2.72	-36.4

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-September 2023

Telephone: +36-1-431-5764
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Investor relations manager: Antal Burján

Consolidated Statement of Comprehensive Income – EUR

For the year ended 31 December		For the period ended 30 September		
2022		2023	2022	Change
Not audited		Not audited	Not audited	
EURm		EURm	EURm	%
399.4	Profit for the period	324.1	509.2	-36.4
2.9	Actuarial (loss)/gain on retirement defined benefit plans	(0.8)	1.0	n.a.
3.1	Changes in the fair value of equity instruments at FVOCI	2.9	(6.1)	n.a.
6.0	Items that will not be reclassified to profit or loss (net of tax)	2.1	(5.1)	n.a.
51.4	Exchange differences arising on translation of subsidiaries	(4.8)	129.9	n.a.
(2.3)	Exchange differences arising on translation of associates and joint ventures	(0.3)	(3.3)	-90.9
(21.4)	Change in fair value of hedging instruments recognised in OCI	23.5	(35.4)	n.a.
23.5	Hedging loss/(gain) reclassified to profit or loss	(19.6)	-	n.a.
(1.3)	Changes in fair value of debt instruments at FVOCI	(2.0)	(15.7)	-87.3
49.9	Items that may be subsequently reclassified to profit or loss (net of tax)	(3.2)	75.5	n.a.
55.9	Other comprehensive income for the period	(1.1)	70.4	n.a.
455.3	Total comprehensive income for the period	323.0	579.6	-44.3
	Attributable to:			
448.9	Owners of the parent	320.0	571.9	-44.0
6.4	Non-controlling interest	3.0	7.7	(61.0)

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Consolidated Income Statement – 3 months to September HUF, EUR

	July-September 3 months					
	2023 Not audited HUFm	**2022 Not audited HUFm**	**Change %**	**2023 Not audited EURm**	**2022 Not audited EURm**	**Change %**
Revenues	188,544	217,807	-13.4	491.3	539.8	-9.0
Cost of sales	(53,525)	(87,134)	-38.6	(139.3)	(215.3)	-35.3
Gross profit	135,019	130,673	3.3	352.0	324.5	8.5
Sales and marketing expenses	(34,805)	(36,009)	-3.3	(90.7)	(88.7)	2.3
Administration and general expenses	(12,035)	(8,868)	35.7	(31.4)	(21.9)	43.4
Research and development expenses	(19,956)	(18,769)	6.3	(52.0)	(46.2)	12.6
Other income	1,997	4,789	-58.3	5.2	11.4	-54.4
Other expenses	(20,486)	(7,248)	182.6	(53.4)	(18.0)	196.7
(Impairment)/Reversal of impairment on financial and contract assets	(336)	272	n.a.	(0.9)	0.7	n.a.
Profit from operations	49,398	64,840	-23.8	128.8	161.8	-20.4
Finance income	22,271	28,538	-22.0	58.1	69.4	-16.3
Finance costs	(15,847)	(7,271)	117.9	(41.1)	(16.3)	152.1
Net financial income	6,424	21,267	-69.8	17.0	53.1	-68.0
Share of profit of associates and joint ventures	1,573	1,350	16.5	4.1	3.3	24.2
Profit before income tax	57,395	87,457	-34.4	149.9	218.2	-31.3
Income and deferred tax	(910)	(2,801)	-67.5	(2.3)	(7.0)	-67.1
Local business tax and innovation contribution	(1,781)	(2,488)	-28.4	(4.7)	(6.3)	-25.4
Profit for the period	54,704	82,168	-33.4	142.9	204.9	-30.3
Profit attributable to:						
Owners of the parent	54,554	82,417	-33.8	142.5	205.7	-30.7
Non-controlling interest	150	(249)	n.a.	0.4	(0.8)	n.a.
Average exchange rate (EURHUF)				382.81	401.02	-4.5
Earnings per share (EPS)	**HUF**	**HUF**	**%**	**EUR**	**EUR**	**%**
Basic	294	442	-33.5	0.77	1.10	-30.0
Diluted	294	442	-33.5	0.77	1.10	-30.0

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 September 2023 Not audited HUFm	2022 Restated* HUFm
	Operating activities		
165,663	Profit before income tax	130,249	209,404
48,569	Depreciation and amortisation	36,704	36,232
22,078	Non cash items	(1,330)	23,886
(6,979)	Net interest and dividend income	(7,391)	(3,705)
19,861	Impairment recognised on intangible assets and goodwill	-	-
(2,949)	Other items	445	(2,147)
(7,256)	Interest paid	(8,884)	(4,660)
(14,290)	Income tax paid	(9,495)	(9,838)
-	Gain on disposal of subsidiaries	(12,000)	-
224,697	Net cash flow from operating activities before changes in working capital	128,298	249,172
(38,701)	*Movements in working capital*	*(33,524)*	*(115,309)*
(51,307)	Increase in trade and other receivables	(18,377)	(85,736)
(35,637)	Increase in inventories	(19,062)	(55,285)
48,243	Increase in payables and other liabilities	3,915	25,712
185,996	Net cash flow from operating activities	94,774	133,863
	Cash flow from investing activities		
(59,231)	Payments for property, plant and equipment	(41,761)	(37,818)
(12,348)	Payments for intangible assets	(25,899)	(5,778)
2,807	Proceeds from disposal of property, plant and equipment	2,265	1,425
(57,723)	Payments to acquire financial assets	(34,476)	(21,215)
13,523	Proceeds on sale or redemption on maturity of financial assets	68,420	9
(18,053)	Disbursement of loans net	23,080	(15,581)
13,418	Interest received	15,687	7,777
43	Dividend receives	5	26
-	Net cash outflow on purchase of group of assets	(25,562)	-
(1,263)	Net cash outflow on acquisition of subsidiaries	-	(1,263)
-	Net cash inflow from disposal of subsidiaries	11,395	-
(118,827)	Net cash flow to investing activities	(6,846)	(72,418)
	Cash flow from financing activities		
(1,326)	Purchase of treasury shares	(17,408)	(33)
(42,146)	Dividend paid	(72,863)	(41,981)
(3,437)	Principal elements of lease payments	(1,017)	(905)
(178,487)	Repayment of borrowings	(15,748)	(178,487)
178,487	Proceeds from borrowings	35,748	178,487
(46,909)	Net cash flow to financing activities	(71,288)	(42,919)
20,260	Net increase in cash and cash equivalents	16,640	18,526
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	932	(1,227)
80,679	Cash and cash equivalents at end of period	97,291	77,155

Prepared in accordance with IAS 34 Interim Financial Reporting.

Consolidated net financial (loss) / income (HUF, EUR)

	HUFm			EURm		
	2023	2022		2023	2022	
	9 months to September		Change	9 months to September		Change
Net financial (loss) / income	(18,437)	51,310	-69,747	(48.3)	132.5	-180.8

Unrealised financial (loss) / income (HUF, EUR)

	HUFm			EURm		
	2023	2022		2023	2022	
	9 months to September		Change	9 months to September		Change
Unrealised financial items	(16,621)	26,336	-42,957	(43.5)	68.0	-111.5
Exchange (loss)/gain on trade receivables and trade payables	(7,028)	13,415	-20,443	(18.4)	34.6	-53.0
(Loss)/Gain on foreign currency loans receivable	(6,006)	7,807	-13,813	(15.7)	20.2	-35.9
Gain on foreign currency securities	939	12,644	-11,705	2.4	32.6	-30.2
Foreign exchange difference of other financial assets and liabilities	394	2,812	-2,418	1.0	7.3	-6.3
Unwinding of discounted value related to contingent-deferred purchase price liabilities	(59)	(18)	-41	(0.2)	(0.1)	-0.1
Result of unrealised forward exchange contracts	(742)	(2,832)	2,090	(1.9)	(7.3)	5.4
Interest expenses related to IFRS 16 standard	(583)	(562)	-21	(1.5)	(1.5)	-
Foreign exchange difference related to IFRS 16 standard	107	(287)	394	0.3	(0.7)	1.0
Unrealised fair value difference on financial instruments	(3,362)	(5,900)	2,538	(8.8)	(15.2)	6.4
Impairment loss on investments	(49)	-	-49	(0.1)	-	-0.1
Impairment of securities	(232)	(743)	511	(0.6)	(1.9)	1.3

Period end exchange rates

	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022
EURHUF	391.25	371.13	380.99	400.25	421.41
USDHUF	368.76	342.40	349.85	375.68	428.57
RUBHUF	3.79	3.90	4.53	5.15	7.45
EURRUB	103.23	95.16	84.10	77.72	56.57
EURUSD	1.06	1.08	1.09	1.07	0.98

Realised financial (loss)/income (HUF, EUR)

	HUFm			EURm		
	2023	2022	Change	2023	2022	Change
	9 months to September			9 months to September		
Realised financial items	(1,816)	24,974	-26,790	(4.8)	64.5	-69.3
Gain/(Loss) on forward exchange contracts	6,040	(4,769)	10,809	15.8	(12.3)	28.1
Exchange (loss)/gain realised on trade receivables and trade payables	(24,568)	24,692	-49,260	(64.3)	63.7	-128.0
Foreign exchange difference on conversion of cash	(2,125)	3,239	-5,364	(5.6)	8.3	-13.9
Dividend income	5	26	-21	0.0	0.1	-0.1
Interest income	15,687	7,777	7,910	41.1	20.1	21.0
Interest expense	(8,884)	(4,660)	-4,224	(23.3)	(12.0)	-11.3
Gain/(Loss) of cash-flow hedge (reclassification from OCI)	2,062	(1,666)	3,728	5.4	(4.3)	9.7
Result of sale of equity instruments	(1,953)	-	-1,953	(5.1)	-	-5.1
Gain on disposal of subsidiaries	12,000	-	12,000	31.4	-	31.4
Other financial items	(80)	335	-415	(0.2)	0.9	-1.1

Weakening RUB exchange rate in the first nine months 2023 resulted in exceptionally high losses of both realised and unrealised FX items.
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 the divestiture 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 assets

The levels of Property, plant and equipment increased in the nine months to September 2023 as a result of various capital expenditure programmes carried out at the Group including the expansion of biotech CDMO capabilities in Germany.

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. In addition to the above this item further increased as a consequence to the acquisition of ExEm Foam® and Gis-Kit assets and their respective global sales rights together with sales and marketing rights attached to WHC products belonging to Irish OC Distributors Ltd (amounting altogether to HUF 25.6bn).
- 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.

Change in value of hedging derivative instruments

Carrying value (HUF million)	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Change in 2023.Q2 (HUF)	Notes
Hedging derivative instruments designated in hedge accounting programs (FVOCI)	-1,704.2	8,109.3	11,311.4	3,703.4	- 7,608.0	Primarily hedges related to USD Vraylar royalty and gas
Hedging derivative instruments not designated in hedge accounting programs (FVTPL)	205.3	3,664.1	2,148.5	-605.9	- 2 754.4	Primarily hedges related to USD denominated financial assets and USD receivables
Interest rate swaps (FVTPL)	4,829.4	4,308.0	4,401.0	4,730.8	+ 329.8	
Total	**3,330.6**	**16,081.7**	**17,860.9**	**7,828.3**	**- 10,032.6**	

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.

Trade receivables increased in correlation with higher sales levels recorded.

Current liabilities

The amount of Curent borrowings increased due to repurchase transactions with intra-year maturity concluded by the Parent.

P&L items

Gross profit and margin

Gross profit was positively impacted by

- a significant year-on-year increase (HUF 37.8bn) in royalties received from the sales of Vraylar® in North America
- overall volume growth throughout all strategic focus areas
- 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

- movements of exchange rates (primarily RUB). Based on internal management accounting estimates this affected negatively the gross profit by approximately HUF 24.5bn
- 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 3.7bn altogether), with gross margins being 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 3,170m, similar to the figure incurred in the base period.

Amortization of Bemfola amounted to HUF 1,560m, and we accounted for HUF 2,865m in respect of Evra® on the same grounds during the reported period.

Gross margin

65.0%	58.2%

Gross margin increased during the reported period when compared to that achieved in the first three quarters 2022 as a result of the previously detailed items. Romanian wholesale and retail businesses were divested as part of a transaction the closure of which occurred on 15 May 2023 therefore the share of high margin core pharmaceutical activities became more dominant in respect of the operation of the Group.

Sales and marketing expenses

Proportion to sales:	18.3%	17.9%

Both the proportion of Sales and marketing expenses to sales and the monetary amount of these items increased during the reported period 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 in Central Europe. Furthermore, FX impacts also inflated these costs, the increase of which 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 in addition to the impact of advisory fees aiming to improve efficiency.

Research and development expenses

Proportion to sales:	9.9%	9.6%

Higher costs were incurred primarily by the ongoing clinical trials carried out in co-operation with AbbVie together with development programmes 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 three quarters 2023 liabilities amounting to HUF 8,770m in respect of the claw-back regimes. Such claw-backs increased primarily in the UK, in Hungary and in France.

One-off items

Altogether HUF 8,709m milestone income was accounted for in the base period while HUF 597m milestone proceeds were accounted for in the first nine months of 2023.

Extraordinary tax levied on the industry in late December 2022 amounted to HUF 22,079m in the first nine months to September 2023.

Profit from operations, operating margin and EBITDA

Reported Profit from operations decreased during first three quarters 2023 when compared to the base period. The adverse impact of the extraordinary FX environment amounted to approximately HUF 16.5bn at EBIT in addition to the time proportional impact of the windfall tax levied on the industry in late December 2022.

Operating margin

24.0%	26.7%

Clean EBIT

Reported Clean EBIT increased by 13.2% during the first three quarters 2023 when compared to the base period.

EBITDA

HUF 177,141m HUF 186,363m

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 nine months 2023 the Group reported HUF 1,017m tax expense, which resulted from a HUF 2,753m corporate tax expense, a HUF 3m extraordinary tax expense and a HUF 1,739m deferred tax income.

Net income margin attributable to owners of the parent

20.3 % 33.9%

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 9 months to September 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, 8 November 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 nine months period ended 30 September 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
	9 months to September			%	9 months to September	
USA	153,572	117,543	36,029	30.7	402.1	303.4
Russia	88,101	89,980	-1,879	-2.1	230.7	232.3
Hungary	38,529	33,538	4,991	14.9	100.9	86.6
Poland	27,375	25,119	2,256	9.0	71.7	64.8
Germany	21,170	17,787	3,383	19.0	55.5	45.9
China	17,966	15,746	2,220	14.1	47.0	40.6
Spain	17,807	14,865	2,942	19.8	46.6	38.4
Romania	12,595	11,612	983	8.5	33.0	30.0
Italy	12,100	10,330	1,770	17.1	31.7	26.7
France	11,277	11,360	-83	-0.7	29.5	29.3
Total Top 10	400,492	347,880	52,612	15.1	1,048.7	898.0
Total Sales	547,446	473,113	74,333	15.7	1,433.6	1,221.3
Total Top 10 / Total Sales %					73.2	73.5

Appendix 2

Selected average exchange rates

	M9 2023	H1 2023	Q1 2023	M12 2022	M9 2022
EURHUF	381.88	381.01	388.61	393.68	387.39
USDHUF	352.76	352.73	362.12	375.62	365.83
RUBHUF	4.33	4.62	4.96	5.76	5.46
CNYHUF	49.76	50.27	52.53	55.23	54.60

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