

**Gedeon Richter**

**Report to the Budapest Stock Exchange  
12 months to December 2023**

For quarterly presentation please follow the link below:

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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

“2023 was a strong year financially as we managed to outperform our initial targets, in some cases by a wide margin. Pharmaceutical revenues reached nearly EUR 2bn and our clean EBIT jumped to EUR 616mn despite significant headwinds from adverse currency changes. All four business units achieved double-digit volume growth in 2023 propelling sales to all-time high levels, while business development transactions further strengthen our women healthcare and biological franchises.

In line with the ultimate mission of the company, we were also able to reach a growing number of patients with our medicines and treatments across the world and across all our business units. Seeing the strength of the underlying business, we look forward to 2024 with a high level of energy, commitment and enthusiasm. “

Gábor Orbán

Selected consolidated business metrics	HUFm			EURm	
	2023	2022	Change	2023	2022
	12 months to December			12 months to December	
			%		
Revenues	805,158	802,755	0.3	2,107.9	2,039.1
Gross profit	521,324	460,464	13.2	1,364.8	1,169.6
Gross margin (%)	64.7	57.4			
<b>EBIT</b>	<b>189,364</b>	<b>153,555</b>	<b>23.3</b>	<b>495.7</b>	<b>390.1</b>
EBIT margin (%)	23.5	19.1			
Clean EBIT*	235,335	205,901	14.3	616.1	523.1
Clean EBIT margin (%)	29.2	25.6			
Net profit**	158,850	169,076	-6.0	415.9	429.5
Free cash-flow	86,554	140,183	-38.3	226.6	356.1
CAPEX	94,639	71,579	32.2	247.8	181.8
EPS (HUF, EUR)	860	907	-5.2	2.25	2.30
ROE (%)	14.1	15.9			
Cash conversion cycle (days)	255.5	194.0	31.7		

Notes:

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

\*\* Net profit: Profit attributable to the owners of the parent

## Group turnover

Consolidated turnover in 2023 at HUF 805,158m remained virtually unchanged when compared with turnover achieved in the base year as a result of Pharma sales exceeding figures reported in 2022 by 13.9%, which was largely offset by declining Wholesale and retail figures subsequent to the divestiture of the Romanian W&R business in May 2023.

Pharma sales	HUFm			EURm	
	2023 12 months to December	2022	Change %	2023 12 months to December	2022
<b>EUROPE</b>	<b>448,084</b>	<b>422,730</b>	<b>6.0</b>	<b>1,173.1</b>	<b>1,073.8</b>
WEU	135,198	115,131	17.4	354.0	292.5
CEU	148,344	133,149	11.4	388.4	338.2
EEU	164,542	174,450	-5.7	430.7	443.1
<b>NORTHAM</b>	<b>221,169</b>	<b>165,959</b>	<b>33.3</b>	<b>579.0</b>	<b>421.5</b>
<b>LATAM</b>	<b>26,864</b>	<b>22,138</b>	<b>21.3</b>	<b>70.4</b>	<b>56.2</b>
<b>APAC</b>	<b>43,067</b>	<b>39,077</b>	<b>10.2</b>	<b>112.7</b>	<b>99.3</b>
<b>ROW</b>	<b>8,262</b>	<b>6,439</b>	<b>28.3</b>	<b>21.6</b>	<b>16.4</b>
<b>Total</b>	<b>747,446</b>	<b>656,343</b>	<b>13.9</b>	<b>1,956.8</b>	<b>1,667.2</b>

Approximate exchange rate loss at Pharma sales level in 2023: HUF -50.6bn

Top10 markets	HUFm			EURm	
	2023 12 months to December	2022	Change %	2023 12 months to December	2022
USA	216,824	162,148	33.7	567.6	411.9
Russia	116,893	129,066	-9.4	306.0	327.8
Hungary	52,170	45,748	14.0	136.6	116.2
Poland	35,595	32,324	10.1	93.2	82.1
Germany	28,938	26,194	10.5	75.8	66.5
Spain	24,039	20,696	16.2	62.9	52.6
China	24,025	21,712	10.7	62.9	55.2
Romania	17,581	14,992	17.3	46.0	38.1
Italy	16,475	14,724	11.9	43.2	37.4
France	15,624	14,790	5.6	40.9	37.6
<b>Total Top 10</b>	<b>548,164</b>	<b>482,394</b>	<b>13.6</b>	<b>1,435.1</b>	<b>1,225.4</b>
<b>Total Sales</b>	<b>747,446</b>	<b>656,343</b>	<b>13.9</b>	<b>1,956.8</b>	<b>1,667.2</b>
<b>Total Top 10 / Total Sales %</b>				<b>73.3</b>	<b>73.5</b>

# Performance of strategic focus areas

## Business segment information

	Pharmaceuticals											
	Neuropsychiatry (CNS)		General Medicines (GM)		Women's Healthcare (WHC)		Biotechnology (BIO)		Pharma other		Total	
	12 months to December		12 months to December		12 months to December		12 months to December		12 months to December		12 months to December	
	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
<b>Revenues</b>	<b>205,662</b>	<b>145,902</b>	<b>226,888</b>	<b>225,916</b>	<b>255,673</b>	<b>229,206</b>	<b>46,201</b>	<b>41,185</b>	<b>13,022</b>	<b>14,134</b>	<b>747,446</b>	<b>656,343</b>
Cost of sales	(1,249)	(736)	(105,142)	(101,935)	(86,348)	(66,543)	(29,419)	(27,827)	(11,291)	(11,847)	(233,449)	(208,888)
<b>Gross profit</b>	<b>204,413</b>	<b>145,166</b>	<b>121,746</b>	<b>123,981</b>	<b>169,325</b>	<b>162,663</b>	<b>16,782</b>	<b>13,358</b>	<b>1,731</b>	<b>2,287</b>	<b>513,997</b>	<b>447,455</b>
Sales and marketing expenses	(3,374)	(3,177)	(45,229)	(48,493)	(84,937)	(79,641)	(6,638)	(6,121)	(1,265)	(1,159)	(141,443)	(138,591)
Administration and general expenses	(770)	(377)	(19,744)	(13,609)	(21,193)	(13,366)	(4,052)	(2,315)	(1,082)	(851)	(46,841)	(30,518)
Research and development expenses	(24,737)	(21,951)	(10,627)	(9,392)	(16,409)	(18,984)	(26,571)	(24,782)	-	-	(78,344)	(75,109)
Claw-back	(726)	(425)	(2,827)	(2,169)	(7,366)	(4,783)	(704)	(350)	-	-	(11,623)	(7,727)
Milestone	81	10,616	-	-	8	7	508	-	-	-	597	10,623
<b>Clean EBIT</b>	<b>174,887</b>	<b>129,852</b>	<b>43,319</b>	<b>50,318</b>	<b>39,428</b>	<b>45,896</b>	<b>(20,675)</b>	<b>(20,210)</b>	<b>(616)</b>	<b>277</b>	<b>236,343</b>	<b>206,133</b>
<b>Ratios</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Gross margin</b>	<b>99.4</b>	<b>99.5</b>	<b>53.7</b>	<b>54.9</b>	<b>66.2</b>	<b>71.0</b>	<b>36.3</b>	<b>32.4</b>	<b>13.3</b>	<b>16.2</b>	<b>68.8</b>	<b>68.2</b>
<b>Clean EBIT margin</b>	<b>85.0</b>	<b>89.0</b>	<b>19.1</b>	<b>22.3</b>	<b>15.4</b>	<b>20.0</b>	<b>-44.8</b>	<b>-49.1</b>	<b>-4.7</b>	<b>2.0</b>	<b>31.6</b>	<b>31.4</b>

### 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		Other*		Eliminations		Group total	
	12 months to December		12 months to December		12 months to December		12 months to December	
	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
<b>Revenues</b>	<b>747,446</b>	<b>656,343</b>	<b>70,874</b>	<b>164,287</b>	<b>(13,162)</b>	<b>(17,875)</b>	<b>805,158</b>	<b>802,755</b>
Cost of sales	(233,449)	(208,888)	(63,223)	(151,297)	12,838	17,894	(283,834)	(342,291)
<b>Gross profit</b>	<b>513,997</b>	<b>447,455</b>	<b>7,651</b>	<b>12,990</b>	<b>(324)</b>	<b>19</b>	<b>521,324</b>	<b>460,464</b>
Sales and marketing expenses	(141,443)	(138,591)	(4,604)	(8,896)	-	-	(146,047)	(147,487)
Administration and general expenses	(46,841)	(30,518)	(3,731)	(4,345)	-	-	(50,572)	(34,863)
Research and development expenses	(78,344)	(75,109)	-	-	-	-	(78,344)	(75,109)
Claw-back	(11,623)	(7,727)	-	-	-	-	(11,623)	(7,727)
Milestone	597	10,623	-	-	-	-	597	10,623
<b>Clean EBIT</b>	<b>236,343</b>	<b>206,133</b>	<b>(684)</b>	<b>(251)</b>	<b>(324)</b>	<b>19</b>	<b>235,335</b>	<b>205,901</b>
<b>Ratios</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Gross margin</b>	<b>68.8</b>	<b>68.2</b>	<b>10.8</b>	<b>7.9</b>	<b>2.5</b>	<b>-0.1</b>	<b>64.7</b>	<b>57.4</b>
<b>Clean EBIT margin</b>	<b>31.6</b>	<b>31.4</b>	<b>-1.0</b>	<b>-0.2</b>	<b>2.5</b>	<b>-0.1</b>	<b>29.2</b>	<b>25.6</b>

\* **Note** on previous Wholesale and retail segment performance

As a consequence of Richter's announcement in October 2022 of the divestiture of its Wholesale and retail business in Romania business segments have been reduced 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 reports in respect of these Romanian companies only include data in respect of the five months to May 2023.

## Neuropsychiatry (CNS) Business Unit

	HUFm			EURm	
	2023	2022	Change	2023	2022
	12 months to December			12 months to December	
			%		
Cariprazine	205,662	145,902	41.0	538.4	370.6
Vraylar® royalty (USA)	194,284	138,114	40.7	508.6	350.8
Vraylar® royalty (CA)	207	43	381.4	0.6	0.1
Vraylar® royalty (PR)	84	0	n.a.	0.2	0.0
Reagila®	11,087	7,745	43.2	29.0	19.7

Cariprazine, our flagship product discovered by Richter scientists in the early 2000s was launched in 2016 in the USA under the trademark, [Vraylar®](#). The product is marketed in Western Europe by Recordati while Richter performs sales and marketing activities for this product in Central Europe and Eastern Europe under the brand name [Reagila®](#). Richter has signed a number of bilateral agreements to commercialize [Reagila®](#) in other non-European markets.

About 95% of the product turnover originates in North America and is denominated in USD. [Vraylar®](#) royalty income due to Richter in 2023 amounted to HUF 194,575m (USD 524.8m). The figures above also include royalty income paid on AbbVie sales recorded in Canada.

Proceeds from [Reagila®](#) amounted to HUF 11,087m (EUR 29.0m) during the reported year.

### Global reach

Altogether by the end of 2023 cariprazine was available in 64 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 2022 of [Vraylar®](#) was also driven by adjunctive MDD prescriptions.

An increase of clean EBIT was partly restrained by higher R&D expenses. Milestone income totalled HUF 10,623m during 2022, including HUF 10,530m (USD 30.0m) received from AbbVie in respect of the collaboration established between the two companies in March 2022 covering the field of neuropsychiatric diseases, the acceptance by the FDA for review of the sNDA request related to the aMDD indication of cariprazine and the marketing authorization thereof received in December 2022. In 2023 there were no such significant items. Improving sales performance of [Reagila®](#) also contributed positively to higher profitability recorded by this business unit.



## Women's Healthcare (WHC) Business Unit

Sales by products	HUFm			EURm	
	2023	2022	Change	2023	2022
	12 months to December			12 months to December	
			%		
WHC	255,673	230,091	11.1	669.3	584.5
OCs	137,112	129,020	6.3	359.0	327.7
of which Drovelis®	11,948	6,290	90.0	31.3	16.0
Evra®	30,145	28,759	4.8	78.9	73.1
Bemfola®	21,996	21,627	1.7	57.6	54.9
Cyclogest®	5,957	4,173	42.7	15.6	10.6
Ryeqo®	6,571	2,013	226.4	17.2	5.1
Lenzetto®	7,486	5,875	27.4	19.6	14.9

Sales by geographies	HUFm			EURm	
	2023	2022	Change	2023	2022
	12 months to December			12 months to December	
			%		
<b>EUROPE</b>	<b>187,763</b>	<b>170,497</b>	<b>10.1</b>	<b>491.6</b>	<b>433.1</b>
<b>WEU</b>	<b>95,031</b>	<b>79,962</b>	<b>18.8</b>	<b>248.8</b>	<b>203.1</b>
Spain	17,217	14,290	20.5	45.1	36.3
Germany	16,620	14,414	15.3	43.5	36.6
Italy	13,172	12,403	6.2	34.5	31.5
UK	12,778	9,211	38.7	33.5	23.4
France	11,139	10,155	9.7	29.2	25.8
<b>CEU</b>	<b>35,412</b>	<b>31,773</b>	<b>11.5</b>	<b>92.7</b>	<b>80.7</b>
Poland	12,378	10,817	14.4	32.4	27.5
<b>EEU</b>	<b>57,320</b>	<b>58,762</b>	<b>-2.5</b>	<b>150.1</b>	<b>149.3</b>
Russia	46,597	50,162	-7.1	122.0	127.4
<b>NORTHAM</b>	<b>14,795</b>	<b>14,995</b>	<b>-1.3</b>	<b>38.7</b>	<b>38.1</b>
USA	11,775	11,692	0.7	30.8	29.7
<b>LATAM</b>	<b>23,007</b>	<b>19,399</b>	<b>18.6</b>	<b>60.2</b>	<b>49.2</b>
Mexico	8,644	9,180	-5.8	22.6	23.3
<b>APAC</b>	<b>24,855</b>	<b>21,322</b>	<b>16.6</b>	<b>65.0</b>	<b>54.2</b>
China	19,582	16,704	17.2	51.3	42.4
<b>ROW</b>	<b>5,253</b>	<b>3,878</b>	<b>35.5</b>	<b>13.8</b>	<b>9.9</b>
<b>Total</b>	<b>255,673</b>	<b>230,091</b>	<b>11.1</b>	<b>669.3</b>	<b>584.5</b>

Sales of the WHC product group increased primarily due to the higher turnover of oral contraceptives together with direct sales income received from Ryeqo®, Lenzetto® and Evra®. Drovelis®, launched in 2021, also contributed materially to sales growth achieved during the reported year. Sales of Drovelis® grew primarily in Western Europe notably in Germany, Italy and Spain. The product also showed strong performance during the reported year, 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 business unit and launched during the last reported quarter in one or more new markets within the respective regions, were as follows:

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

## Turnover of key WHC products by geographies

### Bemfola®

	HUFm			EURm	
	2023	2022	Change %	2023	2022
	12 months to December			12 months to December	
<b>EUROPE</b>	<b>20,619</b>	<b>19,558</b>	<b>5.4</b>	<b>54.0</b>	<b>49.7</b>
WEU	17,597	16,365	7.5	46.1	41.6
CEU	2,953	3,200	-7.7	7.7	8.1
EEU	69	-7	n.a.	0.2	0.0
<b>LATAM</b>	<b>622</b>	<b>268</b>	<b>132.1</b>	<b>1.6</b>	<b>0.6</b>
<b>APAC</b>	<b>755</b>	<b>1,801</b>	<b>-58.1</b>	<b>2.0</b>	<b>4.6</b>
<b>Total</b>	<b>21,996</b>	<b>21,627</b>	<b>1.7</b>	<b>57.6</b>	<b>54.9</b>

Higher sales of Bemfola® were achieved primarily in Spain, Greece, France and Italy, being partly offset by lower turnover experienced in South Korea and Australia. Sales of this product to Czech Republic also fell behind performance recorded in 2022.

	HUFm			EURm	
	2023	2022	Change	2023	2022
	12 months to December			12 months to December	
			%		
<b>EUROPE</b>	<b>13,474</b>	<b>12,864</b>	<b>4.7</b>	<b>35.3</b>	<b>32.7</b>
WEU	9,916	9,659	2.7	26.0	24.5
CEU	2,889	2,594	11.4	7.6	6.6
EEU	669	611	9.5	1.7	1.6
<b>NORTHAM</b>	<b>2,858</b>	<b>3,161</b>	<b>-9.6</b>	<b>7.5</b>	<b>8.0</b>
<b>LATAM</b>	<b>11,379</b>	<b>10,904</b>	<b>4.4</b>	<b>29.8</b>	<b>27.7</b>
<b>APAC</b>	<b>35</b>	<b>237</b>	<b>-85.2</b>	<b>0.1</b>	<b>0.6</b>
<b>ROW</b>	<b>2,399</b>	<b>1,593</b>	<b>50.6</b>	<b>6.2</b>	<b>4.1</b>
<b>Total</b>	<b>30,145</b>	<b>28,759</b>	<b>4.8</b>	<b>78.9</b>	<b>73.1</b>

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 year Evra® ranked 3<sup>rd</sup> on our Top10 products list. A significant increase in the turnover of this product reported in RoW region was driven primarily by higher sales levels achieved in Saudi Arabia. Turnover increase in the latter was a result of commencing direct sales in this country. In addition turnover also grew in some Western European countries.

### Notes on WHC profitability

A low 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.

While in 2022 more than a quarter of turnover related to Evra® sales were proceeds from royalties, in 2023 these royalty proceeds were negligible. This ultimately impacted negatively the gross margin, which as a result of all the above effects remained virtually unchanged.

Further negative impacts at clean EBIT 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.

## Biotechnology (BIO) Business Unit

### Turnover of teriparatide

Total sales proceeds from teriparatide amounted to HUF 21,682m (EUR 56.8m) in 2023. Sales proceeds from Japan contributed HUF 3,964m representing 18% of total sales achieved by the product.

	HUFm			EURm	
	2023	2022	Change	2023	2022
	12 months to December			12 months to December	
			%		
<b>EUROPE</b>	<b>17,043</b>	<b>16,795</b>	<b>1.5</b>	<b>44.6</b>	<b>42.7</b>
WEU	15,244	15,551	-2.0	39.9	39.5
CEU	1,799	1,244	44.6	4.7	3.2
<b>LATAM</b>	<b>295</b>	<b>1</b>	<b>n.a.</b>	<b>0.8</b>	<b>0.0</b>
<b>APAC</b>	<b>4,227</b>	<b>3,953</b>	<b>6.9</b>	<b>11.1</b>	<b>10.0</b>
<b>ROW</b>	<b>117</b>	<b>162</b>	<b>-27.6</b>	<b>0.3</b>	<b>0.4</b>
<b>Total</b>	<b>21,682</b>	<b>20,911</b>	<b>3.7</b>	<b>56.8</b>	<b>53.1</b>

### Turnover of CDMO projects

Sales of the Biotechnology Business Unit includes HUF 24,519m (EUR 64.2m) of CDMO projects in addition to turnover of teriparatide. These figures increased by 20.9% in HUF terms (by 24.7% in EUR terms) when compared to 2022.

### Events following the closure of the reported year

On 29 January 2024 Richter announced that based on an already established trustful collaboration between the parties, it became a strategic investor in Germany based Formycon AG via a cash capital increase in the amount of 9.08% of Formycon's share capital. This transaction is expected to open-up the possibility of jointly leveraging long-term strategic opportunities across development, manufacturing and commercial value streams.

### Notes on BIO profitability

The profitability of this business unit remained virtually unchanged year-on-year.

Gross margins of [Terrosa®](#) improved as production costs were optimized.

Overall turnover of CDMO projects contributed to higher sales levels in this business unit in 2023. Biosimilar product development activities and measures aiming to improve efficiency commenced in the previous quarters were continued.

## General Medicines (GM) Business Unit

Sales by geographies	HUFm			EURm	
	2023 12 months to December	2022 12 months to December	Change %	2023 12 months to December	2022 12 months to December
<b>EUROPE</b>	<b>211,970</b>	<b>211,344</b>	<b>0.3</b>	<b>554.9</b>	<b>536.8</b>
<b>CEU</b>	<b>103,531</b>	<b>94,395</b>	<b>9.7</b>	<b>271.1</b>	<b>239.7</b>
Hungary	44,132	39,327	12.2	115.5	99.9
Poland	21,848	20,810	5.0	57.2	52.9
Romania	13,915	11,903	16.9	36.4	30.2
<b>EEU</b>	<b>105,116</b>	<b>114,363</b>	<b>-8.1</b>	<b>275.1</b>	<b>290.5</b>
Russia	68,496	77,813	-12.0	179.3	197.7
Kazakhstan	8,401	7,586	10.8	22.0	19.3
Ukraine	7,189	8,095	-11.2	18.8	20.6
Uzbekistan	7,374	7,837	-5.9	19.3	19.9
<b>ALL OTHER REGIONS*</b>	<b>14,918</b>	<b>13,688</b>	<b>9.0</b>	<b>39.1</b>	<b>34.8</b>
<b>Total*</b>	<b>226,888</b>	<b>225,032</b>	<b>0.8</b>	<b>594.0</b>	<b>571.6</b>

\* Note:

All other regions include LATAM, APAC and ROW regions.

### *Hungary*

The underlying market increased by 10.4% in value terms, while retail sales growth of Richter products at 13.5% 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 7.4%.<sup>1</sup>

### *Poland*

Turnover in Poland increased by 5.0% in HUF terms, or 3.9% in PLN terms in 2023 and totalled HUF 21,848m (PLN 260.2m). Sales of our antiviral product contributed the most to the higher turnover realised on this market.

### *Romania*

General Medicines sales in Romania were HUF 13,915m (RON 180.4m) in 2023. Sales increased by 16.9% (20.0% in RON terms) primarily driven by certain price increases implemented in the second half 2023.

### *Russia*

Sales to Russia at HUF 68,496m (RUB 15,782.5m) declined by 12.0% in HUF terms (increased by 16.8% in RUB terms). The exchange rate of RUB against the HUF declined on an average by 24.7% compared to 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 business unit were primarily driven by cardiovascular and rheumatology products.

<sup>1</sup> Market intelligence figures comprise the entire product portfolio, not only those belonging to GM Business Unit.

Price increases impacted our year-on-year performance achieved during the reported year on this market by an average of 4.4% implemented on our portfolio of non-EDL drugs. Nearly stagnating volumes at the wholesaler level were therefore complemented by the higher prices applied.

In-market sales figures (IQVIA, data for the first eleven months 2023) suggest that retail sales recorded in RUB terms by Richter products increased by 8.6% significantly exceeding overall market growth at 3.1% in RUB terms, primarily related to price increases implemented by manufacturers and distributors.<sup>2</sup>

### *Ukraine*

Sales reported in Ukraine in 2023, at HUF 7,189m (EUR 18.8m) fell behind turnover realised in 2022 by 11.2% (8.5% in EUR terms).

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. Authorities warned the Company that should it maintain its Russian manufacturing base, marketing authorizations will be revoked in respect of 10 Richter brands sold in 29 different formulations with effect from early 2025. Richter is going to legally challenge this decision.

### **Notes on GM profitability**

The negative impact of RUB on turnover together with higher operating costs and claw back items could not be entirely offset by the successful new product launches, higher volumes and price increases reported during the year resulting altogether in lower levels of clean EBIT.

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<sup>2</sup> Market intelligence figures comprise the entire product portfolio, not only those belonging to GM Business Unit.

# Consolidated Financial Statements

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

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 Investor relations manager: Róbert Réthy

## Consolidated Balance Sheet – Assets

	31 December 2023 Not audited HUFm	31 December 2022 Restated* HUFm	Change %
<b>ASSETS</b>	<b>1,361,217</b>	<b>1,353,784</b>	<b>0.5</b>
<b>Non-current assets</b>	<b>826,304</b>	<b>778,014</b>	<b>6.2</b>
Property, plant and equipment	347,394	315,949	10.0
Goodwill	31,903	35,101	-9.1
Other intangible assets	230,383	196,714	17.1
Investments in associates and joint ventures	15,177	9,281	63.5
Non-current financial assets at amortised cost	4,120	20,801	-80.2
Non-current financial assets at FVTPL	75,839	67,724	12.0
Non-current financial assets at FVOCI	71,739	68,193	5.2
Derivative financial instruments	16,327	31,446	-48.1
Deferred tax assets	29,244	29,373	-0.4
Long term receivables	4,178	3,432	21.7
<b>Current assets</b>	<b>534,913</b>	<b>575,770</b>	<b>-7.1</b>
Inventories	177,767	153,335	15.9
Contract assets	8,103	6,150	31.8
Trade receivables	204,968	175,182	17.0
Other current assets	44,538	41,120	8.3
Current financial assets at amortised cost	6,239	44,716	-86.0
Current financial assets at FVOCI	1,454	1,536	-5.3
Derivative financial instruments	9,662	2,154	348.6
Current tax asset	1,689	4,844	-65.1
Cash and cash equivalents	80,493	79,719	1.0
Assets classified as held for sale	-	67,014	-100.0

Note: \* See Appendix 2

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## Consolidated Balance Sheet – Equity and Liabilities

	<b>31 December 2023 Not audited HUFm</b>	<b>31 December 2022 Restated* HUFm</b>	<b>Change %</b>
<b>EQUITY AND LIABILITIES</b>	<b>1,361,217</b>	<b>1,353,784</b>	<b>0.5</b>
<b>Capital and reserves</b>	<b>1,142,581</b>	<b>1,073,847</b>	<b>6.4</b>
Share capital	18,638	18,638	0.0
Treasury shares	(29,982)	(2,123)	n.a.
Share premium	15,214	15,214	0.0
Capital reserves	3,475	3,475	0.0
Foreign currency translation reserves	49,533	47,846	3.5
Revaluation reserves for financial assets at FVOCI	1,999	(339)	n.a.
Cash-flow hedge reserve	6,546	820	698.3
Retained earnings	1,065,391	979,870	8.7
Non-controlling interest	11,767	10,446	12.6
<b>Non-current liabilities</b>	<b>104,128</b>	<b>100,430</b>	<b>3.7</b>
Borrowings	182	-	n.a.
Deferred tax liability	3,824	3,928	-2.6
Non-current financial liabilities at FVTPL	54,467	41,516	31.2
Derivative financial instruments	11,413	25,484	-55.2
Lease liability	13,817	10,789	28.1
Other non-current liabilities and accruals	13,866	13,634	1.7
Provisions	6,559	5,079	29.1
<b>Current liabilities</b>	<b>114,508</b>	<b>179,507</b>	<b>-36.2</b>
Trade payables	51,301	46,092	11.3
Contract liabilities	2,347	1,931	21.5
Current tax liabilities	1,974	3,848	-48.7
Current financial liabilities at FVTPL	2,722	2,855	-4.7
Derivative financial instruments	935	4,786	-80.5
Lease liability	4,428	4,437	-0.2
Other current liabilities and accruals	47,840	64,361	-25.7
Provisions	2,961	2,153	37.5
Liabilities directly associated with assets classified as held for sale	-	49,044	-100.0

Note: \* See Appendix 2.



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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 1 January 2022	18,638	15,214	3,475	(2,862)	1,346	29,363	(23)	849,735	914,886	8,136	923,022
Profit for the year (restated*)	-	-	-	-	-	-	-	169,076	169,076	1,674	170,750
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	19,392	-	-	19,392	848	20,240
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	(909)	-	-	(909)	-	(909)
Actuarial gain on retirement defined benefit plans	-	-	-	-	-	-	-	1,131	1,131	-	1,131
Changes in the fair value of financial assets at FVOCI	-	-	-	-	690	-	-	-	690	-	690
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	-	-	-	-	-	-	(8,432)	-	(8,432)	-	(8,432)
Hedging gain reclassified to profit or loss	-	-	-	-	-	-	9,275	-	9,275	-	9,275
Comprehensive income at 31 December 2022 (restated*)	-	-	-	-	(1,685)	18,483	843	172,582	190,223	2,522	192,745
Purchase of treasury shares	-	-	-	(1,326)	-	-	-	-	(1,326)	-	(1,326)
Transfer of treasury shares	-	-	-	2,065	-	-	-	(2,065)	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	1,552	1,552	-	1,552
Ordinary share dividend for 2021	-	-	-	-	-	-	-	(41,934)	(41,934)	-	(41,934)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(212)	(212)
<b>Transactions with owners in their capacity as owners for year ended 31 December 2022</b>	-	-	-	739	-	-	-	(42,447)	(41,708)	(212)	(41,920)
<b>Balance at 31 December 2022 (restated*)</b>	<b>18,638</b>	<b>15,214</b>	<b>3,475</b>	<b>(2,123)</b>	<b>(339)</b>	<b>47,846</b>	<b>820</b>	<b>979,870</b>	<b>1,063,401</b>	<b>10,446</b>	<b>1,073,847</b>

Note: \* See Appendix 2.

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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 1 January 2023	18,638	15,214	3,475	(2,123)	(339)	47,846	820	979,870	<b>1,063,401</b>	10,446	<b>1,073,847</b>
Profit for the year	-	-	-	-	-	-	-	158,850	<b>158,850</b>	1,801	<b>160,651</b>
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	1,601	-	-	<b>1,601</b>	(402)	<b>1,199</b>
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	86	-	-	<b>86</b>	-	<b>86</b>
Actuarial loss on retirement defined benefit plans	-	-	-	-	-	-	-	(657)	<b>(657)</b>	-	<b>(657)</b>
Changes in the fair value of financial assets at FVOCI	-	-	-	-	2,338	-	-	-	<b>2,338</b>	-	<b>2,338</b>
Change in fair value of hedging instruments recognised in OCI	-	-	-	-	-	-	18,093	-	<b>18,093</b>	-	<b>18,093</b>
Hedging loss reclassified to profit or loss	-	-	-	-	-	-	(12,367)	-	<b>(12,367)</b>	-	<b>(12,367)</b>
<b>Total comprehensive income at 31 December 2023</b>	-	-	-	-	2,338	1,687	5,726	158,193	<b>167,944</b>	1,399	<b>169,343</b>
Purchase of treasury shares	-	-	-	(29,799)	-	-	-	-	<b>(29,799)</b>	-	<b>(29,799)</b>
Transfer of treasury shares	-	-	-	1,940	-	-	-	(1,940)	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	1,954	<b>1,954</b>	-	<b>1,954</b>
Ordinary share dividend for 2022	-	-	-	-	-	-	-	(72,686)	<b>(72,686)</b>	-	<b>(72,686)</b>
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(177)	<b>(177)</b>
Sale of subsidiaries	-	-	-	-	-	-	-	-	-	99	<b>99</b>
<b>Transactions with owners in their capacity as owners for year ended 31 December 2023</b>	-	-	-	(27,859)	-	-	-	(72,672)	<b>(100,531)</b>	(78)	<b>(100,609)</b>
<b>Balance at 31 December 2023</b>	<b>18,638</b>	<b>15,214</b>	<b>3,475</b>	<b>(29,982)</b>	<b>1,999</b>	<b>49,533</b>	<b>6,546</b>	<b>1,065,391</b>	<b>1,130,814</b>	<b>11,767</b>	<b>1,142,581</b>

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## Consolidated Income Statement – HUF

	For the year ended 31 December		
	2023	2022	Change
	Not audited HUFm	Restated* HUFm	%
Revenues	805,158	802,755	0.3
Cost of sales	(283,834)	(342,291)	-17.1
Gross profit	521,324	460,464	13.2
Sales and marketing expenses	(146,047)	(147,487)	-1.0
Administration and general expenses	(50,572)	(34,863)	45.1
Research and development expenses	(78,344)	(75,109)	4.3
Other income	10,778	23,688	-54.5
Other expenses	(67,322)	(74,702)	-9.9
(Impairment)/Reversal of impairment on financial and contract assets	(453)	1,564	n.a.
Profit from operations	189,364	153,555	23.3
Finance income	84,041	88,803	-5.4
Finance costs	(107,999)	(82,845)	30.4
Net financial (loss)/income	(23,958)	5,958	n.a.
Share of profit of associates and joint ventures	6,134	6,150	-0.3
Profit before income tax	171,540	165,663	3.5
Income and deferred tax	(4,830)	11,340	n.a.
Local business tax and innovation contribution	(6,059)	(6,253)	-3.1
Profit for the year	160,651	170,750	-5.9
Profit attributable to:			
Owners of the parent	158,850	169,076	-6.0
Non-controlling interest	1,801	1,674	7.6
<b>Earnings per share (EPS)</b>	<b>HUF</b>	<b>HUF</b>	<b>%</b>
Basic	860	907	-5.2
Diluted	860	907	-5.2

Note: \* See Appendix 2.

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## Consolidated Statement of Comprehensive Income – HUF

	For the year ended 31 December		
	2023	2022	Change
	Not audited HUFm	Restated* HUFm	%
Profit for the year	160,651	170,750	-5.9
Actuarial (loss)/gain on retirement defined benefit plans	(657)	1,131	n.a.
Changes in the fair value of equity instruments at FVOCI	2,189	1,209	81.1
Items that will not be reclassified to profit or loss (net of tax)	1,532	2,340	-34.5
Exchange differences arising on translation of subsidiaries	1,199	20,240	-94.1
Exchange differences arising on translation of associates and joint ventures	86	(909)	n.a.
Change in fair value of hedging instruments recognised in OCI	18,093	(8,432)	n.a.
Hedging (loss)/gain reclassified to profit or loss	(12,367)	9,275	n.a.
Changes in fair value of debt instruments at FVOCI	149	(519)	n.a.
Items that may be subsequently reclassified to profit or loss (net of tax)	7,160	19,655	-63.6
Other comprehensive income for the year	8,692	21,995	-60.5
Total comprehensive income for the year	169,343	192,745	-12.1
Attributable to:			
Owners of the parent	167,944	190,223	-11.7
Non-controlling interest	1,399	2,522	-44.5

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## Consolidated Income Statement – EUR

	For the year ended 31 December		
	2023	2022	Change
	Not audited EURm	Restated* EURm	%
Revenues	2,107.9	2,039.1	3.4
Cost of sales	(743.1)	(869.5)	-14.5
Gross profit	1,364.8	1,169.6	16.7
Sales and marketing expenses	(382.4)	(374.5)	2.1
Administration and general expenses	(132.4)	(88.6)	49.4
Research and development expenses	(205.1)	(190.8)	7.5
Other income	28.2	60.2	-53.2
Other expenses	(176.2)	(189.8)	-7.2
(Impairment)/Reversal of impairment on financial and contract assets	(1.2)	4.0	n.a.
Profit from operations	495.7	390.1	27.1
Finance income	220.0	225.5	-2.4
Finance costs	(282.7)	(210.4)	34.4
Net financial (loss)/income	(62.7)	15.1	n.a.
Share of profit of associates and joint ventures	16.1	15.6	3.2
Profit before income tax	449.1	420.8	6.7
Income and deferred tax	(12.6)	28.8	n.a.
Local business tax and innovation contribution	(15.9)	(15.9)	0.0
Profit for the year	420.6	433.7	-3.0
Profit attributable to:			
Owners of the parent	415.9	429.5	-3.2
Non-controlling interest	4.7	4.2	11.9
<b>Average exchange rate (EURHUF)</b>	381.98	393.68	-3.0
<b>Earnings per share (EPS)</b>	<b>EUR</b>	<b>EUR</b>	<b>%</b>
Basic	2.25	2.30	-2.2
Diluted	2.25	2.30	-2.2

Note: \* See Appendix 2.

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## Consolidated Statement of Comprehensive Income – EUR

	For the year ended 31 December		
	2023	2022	Change
	Not audited EURm	Restated* EURm	%
Profit for the year	420.6	433.7	-3.0
Actuarial (loss)/gain on retirement defined benefit plans	(1.7)	2.9	n.a.
Changes in the fair value of equity instruments at FVOCI	5.7	3.1	83.9
Items that will not be reclassified to profit or loss (net of tax)	4.0	6.0	-33.3
Exchange differences arising on translation of subsidiaries	3.1	51.4	-94.0
Exchange differences arising on translation of associates and joint ventures	0.2	(2.3)	n.a.
Change in fair value of hedging instruments recognised in OCI	47.4	(21.4)	n.a.
Hedging (loss)/gain reclassified to profit or loss	(32.4)	23.5	n.a.
Changes in fair value of debt instruments at FVOCI	0.4	(1.3)	n.a.
Items that may be subsequently reclassified to profit or loss (net of tax)	18.7	49.9	-62.5
Other comprehensive income for the year	22.7	55.9	-59.4
Total comprehensive income for the year	443.3	489.6	-9.5
Attributable to:			
Owners of the parent	439.7	483.2	-9.0
Non-controlling interest	3.6	6.4	(43.8)

Note: \* See Appendix 2.

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## Consolidated Income Statement – 3 months to December HUF, EUR

	October-December 3 months					
	2023	2022	Change	2023	2022	Change
	Not audited HUFm	Restated* HUFm		Not audited EURm	Restated* EURm	
Revenues	203,178	223,968	-9.3	531.5	545.0	-2.5
Cost of sales	(73,180)	(100,208)	-27.0	(191.4)	(244.6)	-21.7
Gross profit	129,998	123,760	5.0	340.1	300.4	13.2
Sales and marketing expenses	(35,956)	(44,040)	-18.4	(94.1)	(107.5)	-12.5
Administration and general expenses	(13,007)	(9,971)	30.4	(34.0)	(24.3)	39.9
Research and development expenses	(19,035)	(19,265)	-1.2	(49.8)	(46.6)	6.9
Other income	3,411	5,205	-34.5	8.9	12.4	-28.2
Other expenses	(20,437)	(57,802)	-64.6	(53.5)	(146.1)	-63.4
(Impairment)/Reversal of impairment on financial and contract assets	(21)	1,373	n.a.	(0.1)	3.5	n.a.
Profit from operations	44,953	(740)	n.a.	117.5	(8.2)	n.a.
Finance income	9,386	(8,236)	n.a.	24.5	(25.0)	n.a.
Finance costs	(14,907)	(37,116)	-59.8	(38.9)	(92.4)	-57.9
Net financial (loss)/income	(5,521)	(45,352)	-87.8	(14.4)	(117.4)	-87.7
Share of profit of associates and joint ventures	1,859	2,351	-20.9	4.9	5.8	-15.5
Profit before income tax	41,291	(43,741)	n.a.	108.0	(119.8)	n.a.
Income and deferred tax	(3,813)	18,652	n.a.	(10.0)	47.7	n.a.
Local business tax and innovation contribution	(576)	(1,418)	-59.4	(1.5)	(3.4)	-55.9
Profit for the period	36,902	(26,507)	n.a.	96.5	(75.5)	n.a.
Profit attributable to:						
Owners of the parent	36,360	(26,927)	n.a.	95.1	(76.5)	n.a.
Non-controlling interest	542	420	29.0	1.4	1.0	40.0
<b>Average exchange rate (EUR/HUF)</b>				<b>382.40</b>	351.09	8.9
<b>Earnings per share (EPS)</b>	<b>HUF</b>	<b>HUF</b>	<b>%</b>	<b>EUR</b>	<b>EUR</b>	<b>%</b>
Basic	197	(145)	n.a.	0.51	(0.41)	n.a.
Diluted	197	(145)	n.a.	0.51	(0.41)	n.a.

Note: \* See Appendix 2.

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 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary  
 Sector: Pharmaceutical  
 Reporting period: January-December 2023

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## Consolidated Cash-flow Statement

	For the year ended 31 December	
	2023	2022
	Not audited	Restated**
	HUFm	HUFm
<b>Operating activities</b>		
Profit before income tax	171,540	165,663
Depreciation and amortisation	50,808	48,569
Non cash items	5,405	22,078
Net interest and dividend income	(11,155)	(6,979)
Impairment recognised on intangible assets and goodwill	5,751	19,861
Other items	3,548	(2,949)
Interest paid	(14,525)	(7,256)
Income tax paid	(9,744)	(14,290)
Gain on disposal of subsidiaries	(11,436)	-
Net cash flow from operating activities before changes in working capital	190,192	224,697
<i>Movements in working capital</i>	(66,522)	(38,701)
Increase in trade and other receivables	(23,196)	(51,307)
Increase in inventories	(27,558)	(35,637)
(Decrease)/Increase in payables and other liabilities	(15,768)	48,243
Net cash flow from operating activities	123,670	185,996
<b>Cash flow from investing activities</b>		
Payments for property, plant and equipment	(61,960)	(59,231)
Payments for intangible assets	(32,679)	(12,348)
Proceeds from disposal of property, plant and equipment	3,057	2,807
Payments to acquire financial assets	(38,050)	(57,723)
Proceeds on sale or redemption on maturity of financial assets	71,895	13,523
Disbursement of loans net	27,169	(18,053)
Interest received	24,844	13,418
Dividend receives	21	43
Net cash outflow on purchase of group of assets	(25,131)	-
Net cash outflow on acquisition of subsidiaries	-	(1,263)
Net cash inflow from disposal of subsidiaries	10,831	-
Net cash flow to investing activities	(20,003)	(118,827)
<b>Cash flow from financing activities</b>		
Purchase of treasury shares	(29,799)	(1,326)
Dividend paid	(72,863)	(42,146)
Principal elements of lease payments	(1,327)	(3,437)
Repayment of borrowings	(35,753)	(178,487)
Proceeds from borrowings	35,935	178,487
Net cash flow to financing activities	(103,807)	(46,909)
Net (decrease)/increase in cash and cash equivalents	(140)	20,260
Cash and cash equivalents at beginning of year	79,719	59,856
Effect of foreign exchange rate changes on cash and cash equivalents	(46)	563
Cash and cash equivalents at end of year	79,533	80,679

Note: \*\* See Appendix 1.



## 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 during the reported year as a result of various capital expenditure programmes carried out at the Group including the expansion of biotech CDMO capabilities in Germany and investments realised at Building 6 of the Parent company. The latter project includes capital expenditures linked to the injectables plant, the packaging facility and the automated warehouse. Such expenditures were incurred following investments at our Russian subsidiary being minimised to those strictly necessary projects as a response to the recent geopolitical changes.

Other intangible assets have increased following 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 of 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). The increase was partly offset by impairment losses reported as Other expenses.

Financial assets are denominated in Hungarian Forint, Euro and US dollar currencies 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	Q4 2023	Change in Q4 2023 (HUF)	Notes
Hedging derivative instruments designated in hedge accounting programs (FVOCI)	-1,704.2	8,109.3	11,311.4	3,703.4	9,966.2	+ 6,262.8	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	-183.5	+ 422.4	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	3,581.0	- 1,149.8	
<b>Total</b>	<b>3,330.5</b>	<b>16,081.4</b>	<b>17,860.9</b>	<b>7,828.3</b>	<b>13,363.7</b>	<b>+5,535.4</b>	

### Current assets

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

Trade receivables also increased in correlation with higher sales levels recorded.

### Current liabilities

The amount of Other current liabilities and accruals decreased primarily because it included the windfall tax as a liability in respect of 2022. The settlement of this liability was realised during 2023 together with the payment of windfall tax advance levied in respect of 2023.

## P&L items

### Exchange rate impact on main consolidated P&L items

During the reported year our business was impacted by exchange rate losses, as follows:

HUFbn	M12 2023
Sales *	-49.4
Gross profit	-41.2
Operating profit	-23.6

For selected average exchange rates prevailing in the reported period see page 31.

Note: \* In order to become eligible for ESOT's 2 year performance obligations we disclose that the average revenue for the periods between 2022-2023 denominated in HUF (where foreign

exchange revenues are calculated at 2021 average rates and where any intercompany effects are excluded) exceeded the consolidated revenues of 2021 by HUF 119,943m.

### Gross profit and margin

Excluding FX effects Richter's gross profit increased by 22.2%, driven by a 21.6% 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 the divestiture of Romanian W&R operations.

Gross profit was positively impacted by

- overall volume growth and positive product mix changes achieved throughout all business units,
- 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,
- robust growth of royalty proceeds in respect of [Vraylar®](#),
- positive impact of CDMO activities at the Biotechnology business unit

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 41.2bn,
- 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 1.4bn 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 4,237m, similar to the figure incurred in the base period.

Amortization of [Bemfola](#) amounted to HUF 2,080m, while we accounted for HUF 3,831m in respect of [Evra®](#), HUF 548m in respect of [Gis-Kit](#) and HUF 1,274m in respect of OC Distributors Ltd on the same grounds during the reported year.

### Gross margin

64.7%

57.4%

Gross margin increased during the reported period when compared to that achieved in 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 and 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: 18.1% 18.4%

Sales and marketing expenses slightly decreased on a Group level during the reported period due to the divesture of the Romanian wholesale and retail businesses in May 2023 and the reallocation of certain overheads to Administrative and general expenses amounting to approximately HUF 10bn. Sales and marketing expenses on the pharma level 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 Latin America.

## 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 incurred with the aim to improve efficiency.

## Research and development expenses

Proportion to sales: 9.7% 9.4%

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 partly offset by Women's Healthcare.

## Other income and Other expenses

### Claw-back

Other income and Other expenses include in 2023 liabilities amounting to HUF 11,623m in respect of the claw-back regimes. Such claw-backs increased primarily in the UK and in Hungary.

### One-off items

Altogether HUF 10,623m milestone income was accounted for in the base year while HUF 597m milestone proceeds were accounted for in 2023.

Extraordinary tax levied on the industry in late December 2022 amounted to HUF 28,259m in 2023.

The Group performs an annual review of its development programmes, consequently it accounted for an impairment loss on certain intangible assets amounting to HUF 4,127m. The corresponding amount was HUF 20.068m accounted for in respect of 2022.

## Profit from operations, EBIT, operating margin and EBITDA

Reported Profit from operations increased during 2023 when compared to the base period. The adverse impact of the extraordinary FX environment amounted to approximately HUF 23.6bn at EBIT in addition to the impact of the windfall tax levied on the industry in late December 2022.

Operating profit ex FX in 2023 exceeded the results achieved in the base period by nearly 40%, reflecting favourable changes in the sales volume and product mix partly offset by unfavourable FX environment (primarily RUB). In addition operating costs were also inflated.

### Operating margin

23.5%	19.1%
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### Clean EBIT

Clean EBIT increased by 14.3% during 2023 when compared to the base period.

### EBITDA

HUF 234,931m	HUF 196,480m
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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.

## Notes on free cash flow

Free Cash Flows (FCF) declined when compared to the base year primarily as the combined impact of financial losses, changes in the working capital, and the impact of the payment of extraordinary taxes in respect of both 2022 and 2023 in addition to the effect of an unsubstantial amount of impairment loss accounted for in respect of certain intangible assets.

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

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

	HUFm			EURm		
	2023	2022	Change	2023	2022	Change
	12 months to December			12 months to December		
Net financial (loss) / income	(23,958)	5,958	-29,916	(62.7)	15.1	-77.8

A net financial loss was incurred as FX headwind continued to impact 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.

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

	HUFm			EURm		
	2023	2022	Change	2023	2022	Change
	12 months to December			12 months to December		
Unrealised financial items	(12,138)	(17,887)	5,749	(31.8)	(45.5)	13.7
Exchange gain/(loss) on trade receivables and trade payables	1,531	(16,740)	18,271	4.0	(42.5)	46.5
(Loss)/Gain on foreign currency loans receivable	(3,702)	3,842	-7,544	(9.7)	9.8	-19.5
(Loss)/Gain on foreign currency securities	(236)	1,391	-1,627	(0.6)	3.5	-4.1
Foreign exchange difference of other financial assets and liabilities	(531)	(780)	249	(1.4)	(1.9)	0.5
Unwinding of discounted value related to contingent-deferred purchase price liabilities	(79)	(37)	-42	(0.2)	(0.2)	-0.0
Result of unrealised forward exchange contracts	(231)	10	-241	(0.6)	0.0	-0.6
Unrealised loss of cash-flow hedge (reclassification from OCI)	(277)	-	-277	(0.7)	-	-0.7
Interest expenses related to IFRS 16 standard	(815)	(774)	-41	(2.1)	(2.0)	-0.1
Foreign exchange difference related to IFRS 16 standard	134	(85)	219	0.3	(0.2)	0.5
Unrealised fair value difference on financial instruments	(3,933)	(4,417)	484	(10.3)	(11.2)	0.9
Impairment loss on investments	(1,624)	-	-1,624	(4.3)	-	-4.3
Impairment of securities	(2,375)	(297)	-2,078	(6.2)	(0.8)	-5.4

## Period end exchange rates

	31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022
EURHUF	382.78	391.25	371.13	380.99	400.25
USDHUF	346.44	368.76	342.40	349.85	375.68
RUBHUF	3.86	3.79	3.90	4.53	5.15
EURRUB	99.17	103.23	95.16	84.10	77.72
EURUSD	1.10	1.06	1.08	1.09	1.07

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

	HUFm			EURm		
	2023	2022	Change	2023	2022	Change
	12 months to December			12 months to December		
Realised financial items	(11,820)	23,845	-35,665	(30.9)	60.6	-91.5
Gain/(Loss) on forward exchange contracts	6,524	(6,380)	12,904	17.1	(16.2)	33.3
Exchange (loss)/gain realised on trade receivables and trade payables	(39,025)	24,636	-63,661	(102.2)	62.6	-164.8
Foreign exchange difference on conversion of cash	(2,398)	1,651	-4,049	(6.3)	4.1	-10.4
Dividend income	21	43	-22	0.1	0.1	0.0
Interest income	24,844	13,418	11,426	65.0	34.1	30.9
Interest expense	(14,525)	(7,256)	-7,269	(38.0)	(18.4)	-19.6
Gain/(Loss) of cash-flow hedge (reclassification from OCI)	3,458	(95)	3,553	9.1	(0.2)	9.3
Result of sale of equity instruments	(1,954)	(3,112)	1,158	(5.1)	(7.9)	2.8
Gain on disposal of subsidiaries	11,436	-	11,436	29.9	-	29.9
Other financial items	(201)	940	-1,141	(0.5)	2.4	-2.9

Weakening RUB exchange rate during 2023 resulted in exceptionally high losses of realised FX items.

## Selected average exchange rates

	M12 2023	M9 2023	H1 2023	Q1 2023	M12 2022
EURHUF	381.98	381.88	381.01	388.61	393.68
USDHUF	353.36	352.76	352.73	362.12	375.62
RUBHUF	4.34	4.33	4.62	4.96	5.76
CNYHUF	49.60	49.76	50.27	52.53	55.23

## 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 Q4 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 338.950m
FX	Non hedge accounting - to mitigate the currency revaluation effect in the financial result.	USDHUF currency pair in the amount of USD 21m, and EURHUF currency pair in the amount of EUR 56.6m
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 the entire calendar year of 2024.	EUR 15.67m

## 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 2023 the Group reported HUF 4,830m tax expense, which resulted from a HUF 4,904m corporate tax expense, a HUF 23m extraordinary tax expense and a HUF 97m deferred tax income.

## Net income margin attributable to owners of the parent

19.7 %

21.1%

Net income attributable to owners of the parent at HUF 158,850m declined by HUF 10,226m when compared to 2022 primarily driven by net financial losses recorded subsequent to the adverse FX environment.

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 1.8 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 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 3,339,591 treasury shares at an average price of 8,719 HUF/share (average price excluding fees) by 31 December 2023.

The number of treasury shares and shares transferred to ESOT were 3,601,971 on 31 December 2023. Treasury shares include shares owned by the Parent Company.

## 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 12 months to December 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, 29 February 2024

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 twelve months period ended 31 December 2023 are unaudited. Audited financial statements for the twelve months period ended 31 December 2022 are restated.

## Appendix 1

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:

	<b>For the period ended 31 March</b>	
	<b>2023</b>	<b>2023</b>
	<b>Restated</b>	<b>Not audited</b>
	<b>MFt</b>	<b>MFt</b>
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

## Appendix 2 - Effect of changes in accounting policy

On 1 January 2023 the European Union adopted the amendments to IAS 12 which reduced the cases to which the initial recognition exemption applies. Since the Company accounted for investment tax credits under this method in the past, it reviewed the relevant accounting policies and opted for changing them.

The IFRSs do not provide for clear guidance regarding the treatment of investment tax credits, therefore IFRS practioners have an accounting policy choice. Prior to the financial year of 2023, the Company used option of analogy of initial recognition exemption in accordance with IAS 12.24 and did not recognise a deferred tax asset in connection with these tax credits. As a result of the change of accounting policy, the analogy of tax credits described in IAS 12 34-36. are used for the accounting of investment tax credits. Accordingly, deferred tax assets related to investment tax credits are recognised in the amount at which it is probable that taxable profits will be available in future periods.

The change in the accounting policy was implemented retroactively, by correcting the relevant reporting lines.