

Gedeon Richter

**Report to the Budapest Stock Exchange
3 months to March 2023**



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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.

Changes in the reporting format

We are pleased to release our first quarterly report amended in line with the redefined reporting principles. Our primary aim has been to tailor the content of the report to specific investor and analyst needs and also to improve transparency. The changes were presented at an online meeting held by Richter's Senior Management on 20 April 2023. Below we briefly remind our readers of these new features.

We have aligned our reporting geographies to reflect the regional split followed in our regular operations. The main reporting regions now consist of Europe, Asia-Pacific, North America, Latin America and Rest of the World. The countries included in each of these regions are found in our Appendix 1 on page 36 or on our website (analyst information tables):

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

As a consequence of Richter's announcement in October 2022 on selling its Wholesale and retail business in Romania (subsequent to the sale of a similar business in Moldavia in 2021) business segments have now 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. By the date of publication of this current report the transaction has not yet closed.

In addition to the above, detailed information on our strategic focus areas will be also provided in this report and related presentations: Women's Healthcare (WHC), Neuropsychiatry (CNS), Biotechnology (BIO) and General medicines (GM). In order to sum up the figures we have included an Other pharma pillar, which includes all the activities that do not fall under any of the strategic focus areas including proceeds from API, which impacted on base period turnover reported by the WHC focus area.

Executive Summary

“I am pleased to provide you with our Q1 results in a renewed format, whose purpose is to present a more detailed view on the performance of our business units and to give readers a better sense of underlying trends. All four divisions are ahead of plan so far in the year with revenue growth balanced across markets and brands. Our figures were lifted further by currency movements, which in a year-on-year comparison, were still in our favour in the first months of 2023.

Vraylar strongly benefitted from the addition of aMDD to the label, as well as the focus and care that the product receives from our partner Abbvie. Our progress in building the future product portfolio was reflected not only in the steady delivery of internal R&D milestones but also the success in sourcing late-stage projects externally, especially in the domain of HRT.”

Gábor Orbán

Consolidated sales	HUFm				EURm	
	2023	2022	Change		2023	2022
	3 months to March		%		3 months to March	
Total	209,653	168,057	41,596	24.8	539.5	458.1

Pharma sales	HUFm				EURm	
	2023	2022	Change		2023	2022
	3 months to March		%		3 months to March	
EUROPE	113,988	88,749	25,239	28.4	293.3	242.0
WEU	30,891	25,687	5,204	20.3	79.5	70.0
CEU	39,584	33,388	6,196	18.6	101.9	91.1
Hungary	13,264	11,402	1,862	16.3	34.1	31.1
EEU	43,513	29,674	13,839	46.6	111.9	80.9
Russia	33,122	19,477	13,645	70.1	85.2	53.1
NORTHAM	46,728	32,497	14,231	43.8	120.2	88.6
USA	45,800	31,612	14,188	44.9	117.9	86.2
LATAM	5,627	3,414	2,213	64.8	14.5	9.3
APAC	9,087	9,584	-497	-5.2	23.4	26.1
China	5,153	4,694	459	9.8	13.3	12.8
ROW	2,329	1,064	1,265	118.9	6.0	2.9
Total	177,759	135,308	42,451	31.4	457.4	368.9

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

Approximate exchange rate gain at pharma sales level: HUF +18.9bn

Specialty sales - pharmaceuticals	HUFm				EURm	
	2023	2022	Change		2023	2022
	3 months to March				3 months to March	
				%		
CNS - cariprazine	43,295	29,030	14,265	49.1	111.4	79.1
Vraylar® royalty (USA)	40,642	27,479	13,163	47.9	104.6	74.9
Vraylar® royalty (CA)	33	0	33	n.a.	0.1	0.0
Reagila®	2,620	1,551	1,069	68.9	6.7	4.2
WHC	63,320	44,782	18,538	41.4	162.9	122.1
OCs	36,664	25,151	11,513	45.8	94.3	68.6
of which: Drovelis®	2,194	909	1,285	141.4	5.6	2.5
Bemfola®	6,147	5,772	375	6.5	15.8	15.7
Evra®	7,137	5,291	1,846	34.9	18.4	14.4
Cyclogest®	1,469	969	500	51.6	3.8	2.6
Ryeqo®	1,084	233	851	365.1	2.8	0.6
Lenzetto®	1,599	1,188	411	34.6	4.1	3.2
BIO - teriparatide	5,029	3,536	1,493	42.2	12.9	9.6
Total	111,647	77,348	34,299	44.3	287.2	210.8
Proportion to Pharma sales (%)	62.8	57.2				

Selected consolidated business metrics	HUFm				EURm	
	2023	2022	Change		2023	2022
	3 months to March				3 months to March	
				%		
Revenues	209,653	168,057	41,596	24.8	539.5	458.1
Gross profit	127,363	95,993	31,370	32.7	327.7	261.7
EBIT	54,131	37,483	16,648	44.4	139.3	102.2
Clean EBIT*	58,868	37,008	21,860	59.1	151.5	100.9
Gross margin (%)	60.7	57.1				
EBIT margin (%)	25.8	22.3				
Profit margin attributable to owners of the parent (%)	18.7	22.0				
Free cash-flow	(12,335)	42,428	-54,763	-	(31.7)	115.7
CAPEX	31,390	9,501	21,889	230.4	80.8	25.9
EPS (HUF, EUR)	210	199	11	5.5	0.54	0.54
ROE (%)	14.4	16.0				
Cash conversion cycle (days)	216.9	182.3	34.6	19.0		

* Note:

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

Group performance

Extraordinary events impacting the reporting period

Russian – Ukrainian conflict

Latest available market intelligence data suggest a notable slowdown of pharma market dynamics in Russia when measured in units despite the marginal increase in wholesaler stocks during the first two months of 2023. The slowdown in volumes sold was more than offset by higher RUB denominated turnover fueled by price increases implemented at the end of the first quarter 2022. Richter keeps closely monitoring its exposure and the payment discipline in Russia. Approximately half of our local subsidiary's RUB denominated turnover is naturally hedged by RUB incurred costs of local manufacturing and marketing activities. Settlement of accounts with the Parent are made mostly in USD.

Commercial operations disrupted in Ukraine in late February 2022 resulted in an exceptionally low base period figure on this market.

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 35 of our products was initiated in October 2022 on this legal basis. The practical implementation of the above measure did not take place by the end of the first quarter 2023, all of our registered products have been marketed without any impediment so far.

Payments from both Russian and Ukrainian markets have been arriving in due order during the reported quarter.

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.

Group financials

Exchange rate impact on main consolidated P&L items

Our business was significantly impacted by exchange rate gains. We continue to disclose our estimates for these FX related effects at the level of individual P&L items.

HUFbn	2023 Q1
Sales	21.6
Gross profit	16.7
Operating profit	12.9

For selected average exchange rates prevailing in the reported period please refer to Appendix 3 on page 39.

Notes on profitability

Quarterly Operating profit growth was 10.1% without FX effects driven by favourable changes in the product portfolio mix and a relatively slower increase of operating expenses. In addition, no Windfall tax was recorded in 2022 Q1.

Excluding FX effects Richter's gross profit increased by 15.3%, driven by a 17.4% rise in Pharma segment revenues, and the drop in the weight of the Wholesale and Retail business in the mix.

Sales & Marketing expenses increased by a slower pace than Gross profits as some of the overhead costs were reallocated to G&A and as promotion activities are about to intensify in upcoming quarters.

G&A expenses were higher as a result of the reallocation of overheads plus the impact of the efficiency improvement project costs. R&D expenses uptake started slower.

Net financial income turned negative as last quarter's headwind continued generating HUF 13bn unrealised losses, despite Management's actions to mitigate FX risks by hedging transactions

Return on Equity (ROE) is calculated on the cumulative profit / loss for the period of last 4 quarters divided by the reported quarter's capital and reserves. The relative decrease of 1.6% is the consequence of Q4 2022 negative profit hit by the one-off effect of Windfall tax and unrealised exchange losses.

Notes on liquidity

Free Cash Flows (FCF) are temporarily negative after the investment into WHC portfolio including a licence agreement for [Donesta®](#), a novel product candidate for the treatment of post-menopausal symptoms (EUR 50m). Operating net cash-flows are healthy and liquidity remains stable, while stockpiling increased our Cash Conversion Cycle.

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
	3 months to March		%		3 months to March	
EUROPE	48,042	33,392	14,650	43.9	123.6	91.0
WEU	22,795	17,970	4,825	26.9	58.7	49.0
Germany	4,086	3,153	933	29.6	10.5	8.6
Spain	4,448	3,511	937	26.7	11.4	9.6
France	2,967	2,345	622	26.5	7.6	6.4
UK	2,116	2,270	-154	-6.8	5.4	6.2
Italy	2,858	2,524	334	13.2	7.4	6.9
CEU	9,060	7,754	1,306	16.8	23.3	21.1
Poland	3,246	2,893	353	12.2	8.4	7.9
EEU	16,187	7,668	8,519	111.1	41.6	20.9
Russia	13,803	6,098	7,705	126.4	35.5	16.6
NORTHAM	3,986	2,563	1,423	55.5	10.3	7.0
USA	3,252	1,783	1,469	82.4	8.4	4.9
LATAM	4,647	3,075	1,572	51.1	11.9	8.4
Mexico	1,481	1,145	336	29.3	3.8	3.1
APAC	4,847	5,345	-498	-9.3	12.5	14.6
China	3,620	3,828	-208	-5.4	9.3	10.4
ROW	1,798	407	1,391	341.8	4.6	1.1
Total	63,320	44,782	18,538	41.4	162.9	122.1

Sales of the WHC product group increased due to the higher turnover of oral contraceptives together with the royalties and 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. Richter could capitalise on price increases, a more favourable competitive landscape, together with a strong RUB consequently this portfolio reported excellent sales dynamics in Russia.

In addition, turnover of the emergency contraceptive [Plan B](#) further lifted US sales.

Product launches

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

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

Turnover of key WHC products by geographies

Bemfola®

	HUFm				EURm	
	2023	2022	Change		2023	2022
	3 months to March				3 months to March	
EUROPE	5,680	4,924	756	15.4	14.6	13.4
WEU	4,971	4,142	829	20.0	12.8	11.3
CEU	708	763	-55	-7.2	1.8	2.0
EEU	1	19	-18	-94.7	0.0	0.1
LATAM	89	37	52	140.5	0.2	0.1
APAC	378	811	-433	-53.4	1.0	2.2
Total	6,147	5,772	375	6.5	15.8	15.7

Higher sales of Bemfola® achieved primarily in France and Spain were partly offset by lower turnover experienced in South Korea and Australia. Sales to Ukraine have declined to a minimum level as a consequence of the ongoing war.

Evra®

	HUFm				EURm	
	2023	2022	Change		2023	2022
	3 months to March				3 months to March	
				%		
EUROPE	3,336	2,931	405	13.8	8.6	8.0
WEU	2,437	2,006	431	21.5	6.3	5.5
CEU	782	832	-50	-6.0	2.0	2.3
EEU	117	93	24	25.8	0.3	0.2
NORTHAM	708	748	-40	-5.3	1.8	2.0
LATAM	2,281	1,313	968	73.7	5.9	3.6
APAC	35	83	-48	-57.8	0.1	0.2
ROW	777	216	561	259.7	2.0	0.6
Total	7,137	5,291	1,846	34.9	18.4	14.4

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. Royalty type revenues linked to sales of Evra® and paid by Janssen during this transitional period have been reported as sales. In the reported period Evra® ranked 3rd on our Top10 products list. Turnover of this product increased primarily in Latin America, notably in Brazil, Mexico and Chile, RoW and in Western Europe regions.

Direct sales of this product amounted to HUF 6,855m (EUR 17.7m) in the first quarter 2023 while royalty income recorded by Evra® totalled HUF 282m (EUR 0.7m).

Other Key WHC products

For total pharmaceutical turnover of Ryeqo®, Lenzetto®, Cyclogest® and of our oral contraceptive portfolio please refer to Specialty sales table on page 6.

Notes on WHC profitability

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

Volume increase of oral contraceptives with high gross margin was driving the clean EBIT increase of the period supported by generally positive FX environment both in Western Europe and Eastern Europe regions.

Higher S&M expenses were incurred in respect of Ryeqo® and Drovelis® in order to build 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.

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. Its therapeutic indication Cariprazine was also approved by the EMA in 2017 for the schizophrenia indication under the brand name [Reagila®](#). The product is marketed in Western Europe by Recordati while Richter performs sales and marketing activities for this product in Central and Eastern Europe and CIS. In addition, Richter has signed a number of bilateral agreements to commercialize [Reagila®](#) in non-European markets.

Nearly 94% of business unit turnover originates in North America and it is denominated in USD. [Vraylar®](#) royalty income due to Richter in the first quarter 2023 amounted to HUF 40,675m (USD 108.5m). The figures above also include royalty income paid on AbbVie sales recorded in Canada during the first quarter 2023.

Proceeds from [Reagila®](#) amounted to HUF 2,620m (EUR 6.7m) during the reported period.

Events occurred in the last quarter

Following the approval by FDA of [Vraylar®](#) in the USA for the expanded use of cariprazine as adjunctive therapy to antidepressants for the treatment of major depressive disorder (aMDD) in adults in December 2022, AbbVie organized a launch conference for medical representatives to initiate the promotion of the fourth indication in late January 2023.

Global reach

Cariprazine was launched in the first quarter 2023 by Richter or its license partners in Morocco, Oman, Iraq and Cyprus. In addition the product obtained reimbursement status in Belarus during the reported period. Altogether by the end of the three months to March 2023 cariprazine was available in 57 countries globally including the USA and Hungary, with reimbursement in most countries where a reimbursement system is in place.

Notes on CNS profitability

AbbVie's very strong sales performance compared to Q1 2022 of [Vraylar®](#) was strongly driven by adjunctive MDD prescriptions.

Biotechnology (BIO) strategic focus area

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 5,029m (EUR 12.9m) in the first quarter 2023. Sales proceeds from Japan contributed HUF 785m representing 16% of total sales achieved by the product.

	HUFm				EURm	
	2023 3 months to March	2022	Change	%	2023 3 months to March	2022
EUROPE	4,125	2,527	1,598	63.2	10.6	6.9
WEU	3,740	2,250	1,490	66.2	9.6	6.1
CEU	385	277	108	39.0	1.0	0.8
LATAM	56	0	56	n.a.	0.1	0.0
APAC	845	975	-130	-13.3	2.2	2.6
ROW	3	34	-31	-92.1	0.0	0.1
Total	5,029	3,536	1,493	42.2	12.9	9.6

Other biotechnology turnover

Turnover of Biotechnology focus area includes sales worth of HUF 2,829m (EUR 7.3m) in addition to turnover of teriparatide. These figures declined by HUF 2,510m (EUR 7.3m) when compared to Q1 2022.

Notes on BIO profitability

Significant year-on-year profitability improvement.

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

Due to the seasonality of the business first quarter incomes are lower, hence profitability is slightly negative ex-R&D expenses, but expected to be on track for the rest of the year.

Ongoing R&D activity includes 3 major clinical projects.

General medicine (GM) strategic focus area

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

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

Sales by geographies

	HUFm				EURm	
	2023	2022	Change		2023	2022
	3 months to March				3 months to March	
				%		
EUROPE	55,732	46,224	9,508	20.6	143.4	126.0
CEU	27,902	23,765	4,137	17.4	71.8	64.8
Hungary	11,414	9,887	1,527	15.4	29.4	27.0
Poland	6,448	5,149	1,299	25.2	16.6	14.0
Romania	3,141	3,011	130	4.3	8.1	8.2
EEU	26,790	21,721	5,069	23.3	68.9	59.2
Russia	18,830	13,133	5,697	43.4	48.5	35.8
Ukraine	1,560	1,904	,344	-18.1	4.0	5.2
Uzbekistan	995	2,073	,1,078	-52.0	2.6	5.7
Kazakhstan	1,807	1,510	297	19.7	4.6	4.1
ALL OTHER REGIONS*	3,735	3,074	661	21.6	9.6	8.4
Total*	59,467	49,298	10,169	20.6	153.0	134.4

* Note:

All other regions include LATAM, APAC and ROW regions.

Hungary

The underlying market increased by 12% in value terms, while retail sales growth of Richter products at 19% exceeded the overall market performance according to the latest available IQVIA data. The Company now ranks third amongst players in the Hungarian pharmaceutical market with a market share of 4.8%. Taking into account the prescription drugs retail market alone, Richter qualifies for second place with a market share of 7.7%.

Poland

Turnover in Poland increased by HUF 1,299m (PLN 12.6m), or 25.2% (19.2%) in the first quarter 2023 and totalled HUF 6,448m (PLN 77.9m). Sales of our antiviral product contributed the most to the higher turnover realised on this market.

Romania

General medicine sales in Romania sales were HUF 3,141m (RON 39.8m) in the first three months to March 2023. Primarily due to exchange rate movements we reported a slight sales growth of HUF 130m, 4.3%. When reported in RON, turnover declined by RON 1.0m, 2.5%.

Russia

Sales to Russia at HUF 18,830m (RUB 3,796.3m) increased by 43.4% in HUF terms (9.0% in RUB terms). The RUB appreciated against the HUF on an average by 31.6% compared to the first quarter 2022. Notwithstanding a volatile market environment presenting unforeseeable risks connected to the ongoing war and the subsequent sanctions imposed on Russia, business operations prevailed broadly at levels experienced prior to the war. Sales of this strategic focus area were primarily driven by cardiovascular, muscle relaxant and antiviral products.

Price increases impacted our year-on-year performance achieved during the reported quarter on this market to an average of 18% implemented to our portfolio of non-EDL drugs. A marginal increase in volumes at wholesaler level, was, therefore complemented by higher prices applied.

In-market sales figures (IQVIA, data for the first two months) suggest that retail sales recorded in RUB terms by Richter products increased by 20.5% significantly exceeding overall market growth at 4.4% in RUB terms primarily related to price increases implemented by manufacturers and distributors.

Ukraine

Sales reported in Ukraine in the first quarter 2023, at HUF 344 (EUR 4.0m) fell behind HUF 1,904m turnover realised in the same quarter 2022 by 18.1% (23.1% in EUR terms). Base period figures were impacted by a complete halt to our sales lasting more than a month following the 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 35 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 quarter 2023, all of our registered products have been marketed without any impediment so far.

Notes on GM profitability

Double digit increase in gross profit was partially offset by inflated operating expenses and cost of efficiency projects.

A strong start of the year with a relatively supportive FX environment when compared to Q1 2022; this trend is expected to change unfavourably later this year.

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 the risk management is the timely identification, evaluation and management of risks that threaten the stable operation of Richter and the achievement of its goals with cost-effective measures. In order to achieve this, Richter introduced a holistic and integrated risk management system, which examines and manages all of the company's risks together with their interrelationships. The Investment Committee is held on a weekly basis, where financial risks are regularly reviewed.

Financial risks

Main risk areas	Description of risk and management	Risk ranking
Liquidity risk	<ul style="list-style-type: none"> A company cannot fulfill its payment obligations only at the 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	<ul style="list-style-type: none"> A significant part of cash flow is in foreign currency (typically over 90% of income and over 70% of expenses). Profit and balance sheet are exposed to changes in FX rates. Expected volatility of FX rate changes is currently high, main exposures in USD, RUB, EUR. Management of volatility by hedging transactions, natural hedges, usage of limits. In the case of RUB, hedging with derivative transactions is not possible in the current market situation, but the risk can be mitigated with other methods (e.g. discounting) 	Very high
Interest rate risk	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Non-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 Q1, HUF 252 bn receivables. In the past 1 year, no loss occurred due to customer non-payment. In Belarus and Mongolia, there is currently no possibility of credit insurance, but we are actively looking for alternative insurance providers, while the risk can be properly managed with other tools such as monthly FX revaluation, twice a year provision calculation based own probability of default database and forward-looking probability of default database (Dun & Bradstreet). 	Low
Credit risk of investment partners	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Margins may narrow due to inflation, and some products may even become unprofitable. A significant part 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
Alacsony
Middle
High
Very high

Hedging policy

The management of the foreign exchange rate risk is based on the strategy approved by the Board of Directors. The financial department regularly analyzes the netted group-level risk exposure and the available hedging options.

The Group uses only standard derivative instruments for hedging purposes. Hedging transactions are entered into when the risk situation and potential benefits make it reasonable; only the Parent Company is entitled to conclude them.

Hedging deal	Purpose of coverage	Open forward portfolio
FX	In Q4 2021, the Group introduced hedge accounting in accordance with IFRS9 for a part of the transactions covering sales income. In Q1 2023, we also regularly carried out currency hedging operations, and at the end of the quarter, with regard to the USD revenues, the Group registers open rolling hedging transactions for a six-quarter period (Q2 2023 - Q3 2024) under hedge accounting.	USDHUF currency pair in the amount of USD 263m
FX	Other open forward deals for commercial purposes	USD 5m and EUR 10m
FX	Non hedge accounting - to mitigate the currency revaluation effect in the financial result.	USDHUF currency pair in the amount of USD 151m
Energy	From the beginning of 2023, the Group started to hedge the price volatility of gas 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 6m

Strategic and operational risks

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

The most important risk factors of the Richter Group:

- Direct and indirect risks of Russian-Ukrainian war
- Outstanding contribution of cariprazine to the turnover and profits of the Company
- Higher risks associated with CNS research projects advancing into more advanced phases
- Development and licensing-in of WHC and biosimilar specialty products
- Maintaining the turnover arising from branded generic products and protection of sales levels of our traditional product portfolio
- Ensuring qualified workforce
- Risk of compliance with health authority regulations
- ESG-related risks
- The risk of a proper reaction to the situation generated by the global, competitive development of digitization
- Information and Cyber security
- 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
- International political risks

Consolidated financial statements

Business segment information

Pharmaceuticals																
	Neuropsychiatry (CNS)			General Medicines (GM)			Women's Healthcare (WHC)			Biotechnology (BIO)			Pharma other		Total	
	3 months to March			3 months to March			3 months to March			3 months to March			3 months to March		3 months to March	
	2023	2022	Not audited HUFm	2023	2022	Not audited HUFm	2023	2022	Not audited HUFm	2023	2022	Not audited HUFm	2023	2022	Not audited HUFm	2023
Revenues	43,295	29,031	59,467	49,298	63,320	44,782	7,858	8,875	3,819	3,322	177,759	135,308				
Cost of sales	(215)	(113)	(25,611)	(19,645)	(18,343)	(10,251)	(6,087)	(10,256)	(3,141)	(2,332)	(53,397)	(42,597)				
Gross profit	43,080	28,918	33,856	29,653	44,977	34,531	1,771	(1,381)	678	990	124,362	92,711				
Sales and marketing expenses	(796)	(588)	(12,150)	(10,701)	(19,955)	(17,142)	(1,534)	(1,598)	(290)	(424)	(34,725)	(30,453)				
Administration and general expenses	(181)	(77)	(4,871)	(3,047)	(5,164)	(2,593)	(597)	(503)	(313)	(205)	(11,126)	(6,425)				
Research and development expenses	(5,366)	(4,571)	(1,801)	(1,954)	(4,026)	(4,364)	(5,957)	(6,080)	-	-	(17,150)	(16,969)				
Claw-back	(275)	(41)	(810)	(729)	(1,097)	(1,179)	(53)	(82)	-	-	(2,235)	(2,031)				
Milestone	-	7	-	8	7	-	-	-	-	-	8	14				
Clean EBIT	36,462	23,648	14,224	13,222	14,743	9,260	(6,370)	(9,644)	75	361	59,134	36,847				
Ratios	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Gross margin	99.5	99.6	56.9	60.2	71.0	77.1	22.5	-15.6	17.8	29.8	70.0	68.5				
Clean EBIT margin	84.2	81.5	23.9	26.8	23.3	20.7	-81.1	-108.7	2.0	10.9	33.3	27.2				

Note:

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

	Pharmaceuticals Total				Other				Eliminations				Group total			
	3 months to March 2023		3 months to March 2022		3 months to March 2023		3 months to March 2022		3 months to March 2023		3 months to March 2022		3 months to March 2023		3 months to March 2022	
	Not audited HUFm	Not audited HUFm	Not audited HUFm	Not audited HUFm	Not audited HUFm	Not audited HUFm	Not audited HUFm	Not audited HUFm	Not audited HUFm	Not audited HUFm	Not audited HUFm	Not audited HUFm	Not audited HUFm	Not audited HUFm	Not audited HUFm	Not audited HUFm
Revenues	177,759	135,308	35,958	36,209	(4,064)	(3,460)	209,653	168,057								
Cost of sales	(53,397)	(42,597)	(32,757)	(33,070)	3,864	3,603	(82,290)	(72,064)								
Gross profit	124,362	92,711	3,201	3,139	(200)	143	127,363	95,993								
Sales and marketing expenses	(34,725)	(30,453)	(2,181)	(2,053)	-	-	(36,906)	(32,506)								
Administration and general expenses	(11,126)	(6,425)	(1,086)	(1,068)	-	-	(12,212)	(7,493)								
Research and development expenses	(17,150)	(16,969)	-	-	-	-	(17,150)	(16,969)								
Claw-back	(2,235)	(2,031)	-	-	-	-	(2,235)	(2,031)								
Milestone	8	14	-	-	-	-	8	14								
Clean EBIT	59,134	36,847	(66)	18	(200)	143	58,868	37,008								
Ratios	%	%	%	%	%	%	%	%								
Gross margin	70.0	68.5	8.9	8.7	4.9	-4.1	60.7	57.1								
Clean EBIT margin	33.3	27.2	-0.2	0.0	4.9	-4.1	28.1	22.0								

Note on previous Wholesale and retail segment performance

Sales by geographies

Wholesale and retail sales	HUFm				EURm	
	2023	2022	Change		2023	2022
	3 months to March				3 months to March	
				%		
EUROPE	31,815	32,907	-1,092	-3.3	81.9	89.7
CEU	29,922	31,675	-1,753	-5.5	77.0	86.3
Romania	29,922	31,675	-1,753	-5.5	77.0	86.3
EEU	1,894	1,232	662	53.7	4.9	3.4
Armenia	1,894	1,232	662	53.7	4.9	3.4
LATAM	1,801	1,494	307	20.5	4.6	4.1
Total	33,617	34,401	-784	-2.3	86.5	93.8

Selected business metrics

	Wholesale and retail	
	3 months to March	
	2023	2022
	Not audited	Not audited
Revenues	33,617	34,401
Cost of sales	(30,600)	(31,489)
Gross profit	3,017	2,912
EBIT	89	181
Net financial income	(104)	(155)

Business metrics	%	%
Gross margin	9.0	8.5
Operating margin	0.3	0.5

Consolidated Financial Statements

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 E-mail address: investor.relations@richter.hu
 Investor relations manager: Katalin Ördög

Consolidated Balance Sheet – Assets

	31 March 2023 Not audited HUFm	31 December 2022 Audited HUFm	Change %
ASSETS	1,369,425	1,340,289	2.2
Non-current assets	795,897	764,519	4.1
Property, plant and equipment	311,789	315,949	-1.3
Goodwill	33,228	35,101	-5.3
Other intangible assets	228,511	196,714	16.2
Investments in associates and joint ventures	10,066	9,281	8.5
Non-current financial assets at amortised cost	23,963	20,801	15.2
Non-current financial assets at FVTPL	70,196	67,724	3.7
Non-current financial assets at FVOCI	65,113	68,193	-4.5
Derivative financial instruments	30,068	31,446	-4.4
Deferred tax assets	19,585	15,878	23.3
Long term receivables	3,378	3,432	-1.6
Current assets	573,528	575,770	-0.4
Inventories	164,465	153,335	7.3
Contract assets	5,063	6,150	-17.7
Trade receivables	170,284	175,182	-2.8
Other current assets	40,604	41,120	-1.3
Current financial assets at amortised cost	31,758	44,716	-29.0
Current financial assets at FVOCI	1,536	1,536	0.0
Derivative financial instruments	10,747	2,154	398.9
Current tax asset	5,071	4,844	4.7
Cash and cash equivalents	85,992	79,719	7.9
Assets classified as held for sale	58,008	67,014	-13.4

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Consolidated Balance Sheet – Equity and Liabilities

	31 March 2023 Not audited HUFm	31 December 2022 Audited HUFm	Change %
EQUITY AND LIABILITIES	1,369,425	1,340,289	2.2
Capital and reserves	1,098,165	1,060,352	3.6
Share capital	18,638	18,638	0.0
Treasury shares	(2,791)	(2,123)	31.5
Share premium	15,214	15,214	0.0
Capital reserves	3,475	3,475	0.0
Foreign currency translation reserves	44,492	47,846	-7.0
Revaluation reserves for financial assets at FVOCI	(3,374)	(339)	895.3
Cash-flow hedge reserve	6,730	820	720.7
Retained earnings	1,006,071	966,375	4.1
Non-controlling interest	9,710	10,446	-7.0
Non-current liabilities	99,631	100,430	-0.8
Deferred tax liability	4,228	3,928	7.6
Non-current financial liabilities at FVTPL	43,285	41,516	4.3
Derivative financial instruments	24,012	25,484	-5.8
Lease liability	9,664	10,789	-10.4
Other non-current liabilities and accruals	13,476	13,634	-1.2
Provisions	4,966	5,079	-2.2
Current liabilities	171,629	179,507	-4.4
Trade payables	35,711	46,092	-22.5
Contract liabilities	2,765	1,931	43.2
Current tax liabilities	3,490	3,848	-9.3
Current financial liabilities at FVTPL	2,035	2,855	-28.7
Derivative financial instruments	721	4,786	-84.9
Lease liability	4,086	4,437	-7.9
Other current liabilities and accruals	80,114	64,361	24.5
Provisions	1,442	2,153	-33.0
Liabilities directly associated with assets classified as held for sale	41,265	49,044	-15.9

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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	-	-	-	-	-	-	-	37,054	37,054	852	37,906
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	(2,591)	-	-	(2,591)	51	(2,540)
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	(459)	-	-	(459)	-	(459)
Changes in the fair value of financial assets at FVOCI	-	-	-	-	(3,406)	-	-	-	(3,406)	-	(3,406)
Change in fair value of hedging instruments recognised in OCI	-	-	-	-	-	-	(1,155)	-	(1,155)	-	(1,155)
Total comprehensive income at 31 March 2022	-	-	-	-	(3,406)	(3,050)	(1,155)	37,054	29,443	903	30,346
Purchase of treasury shares	-	-	-	(79)	-	-	-	-	(79)	-	(79)
Recognition of share-based payments	-	-	-	-	-	-	-	447	447	-	447
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(32)	(32)
Transactions with owners in their capacity as owners for period ended 31 March 2022	-	-	-	(79)	-	-	-	447	368	(32)	336
Balance at 31 March 2022	18,638	15,214	3,475	(2,941)	(2,060)	26,313	(1,178)	887,236	944,697	9,007	953,704

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HUF m	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	-	-	-	-	-	-	-	39,193	39,193	(157)	39,036
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	(3,561)	-	-	(3,561)	(579)	(4,140)
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	207	-	-	207	-	207
Changes in the fair value of financial assets at FVOCI	-	-	-	-	(3,035)	-	-	-	(3,035)	-	(3,035)
Change in fair value of hedging instruments recognised in OCI	-	-	-	-	-	-	7,290	-	7,290	-	7,290
Hedging loss/(gain) reclassified to profit or loss	-	-	-	-	-	-	(1,380)	-	(1,380)	-	(1,380)
Total comprehensive income at 31 March 2023	-	-	-	-	(3,035)	(3,354)	5,910	39,193	38,714	(736)	37,978
Purchase of treasury shares	-	-	-	(628)	-	-	-	-	(628)	-	(628)
Transfer of treasury shares	-	-	-	(40)	-	-	-	40	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	463	463	-	463
Transactions with owners in their capacity as owners for period ended 31 March 2023	-	-	-	(668)	-	-	-	503	(165)	-	(165)
Balance at 31 March 2023	18,638	15,214	3,475	(2,791)	(3,374)	44,492	6,730	1,006,071	1,088,455	9,710	1,098,165

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Consolidated Income Statement – HUF

	For the year ended 31 December 2022	For the period ended 31 March			
			2023	2022	Change
		Audited HUFm	Not audited HUFm	Not audited HUFm	%
802,755	Revenues	209,653	168,057	24.8	
(342,291)	Cost of sales	(82,290)	(72,064)	14.2	
460,464	Gross profit	127,363	95,993	32.7	
(147,487)	Sales and marketing expenses	(36,906)	(32,506)	13.5	
(34,863)	Administration and general expenses	(12,212)	(7,493)	63.0	
(75,109)	Research and development expenses	(17,150)	(16,969)	1.1	
23,688	Other income	2,856	2,863	-0.2	
(74,702)	Other expenses (Impairment)/reversal of impairment on financial and contract assets	(9,715)	(4,431)	119.3	
1,564		(105)	26	n.a.	
153,555	Profit from operations	54,131	37,483	44.4	
88,803	Finance income	21,205	16,479	28.7	
(82,845)	Finance costs	(38,334)	(15,142)	153.2	
5,958	Net financial (loss)/income	(17,129)	1,337	n.a.	
6,150	Share of profit of associates and joint ventures	994	1,637	-39.3	
165,663	Profit before income tax	37,996	40,457	-6.1	
(2,155)	Income and deferred tax	2,543	(1,382)	n.a.	
(6,253)	Local business tax and innovation contribution	(1,503)	(1,169)	28.6	
157,255	Profit for the period	39,036	37,906	3.0	
	Profit attributable to:				
155,581	Owners of the parent	39,193	37,054	5.8	
1,674	Non-controlling interest	(157)	852	n.a.	
	Statement of comprehensive income				
157,255	Profit for the period	39,036	37,906	3.0	
1,131	Actuarial loss on retirement defined benefit plans	-	-	n.a.	
1,209	Changes in the fair value of equity instruments at FVOCI	(2,464)	(1,322)	86.4	
2,340	Items that will not be reclassified to profit or loss (net of tax)	(2,464)	(1,322)	86.4	
20,240	Exchange differences arising on translation of subsidiaries	(4,140)	(2,540)	63.0	
(909)	Exchange differences arising on translation of associates and joint ventures	207	(459)	n.a.	
(8,432)	Change in fair value of hedging instruments recognised in OCI	7,290	(1,155)	n.a.	
9,275	Hedging loss/(gain) reclassified to profit or loss	(1,380)	-	n.a.	
(519)	Changes in fair value of debt instruments at FVOCI	(571)	(2,084)	-72.6	
19,655	Items that may be subsequently reclassified to profit or loss (net of tax)	1,406	(6,238)	n.a.	
21,995	Other comprehensive income for the period	(1,058)	(7,560)	-86.0	
179,250	Total comprehensive income for the period	37,978	30,346	25.1	
	Attributable to:				
176,728	Owners of the parent	38,714	29,443	31.5	
2,522	Non-controlling interest	(736)	903	n.a.	
	HUF Earnings per share (EPS)	HUF	HUF	%	
835	Basic	210	199	5.5	
835	Diluted	210	199	5.5	

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Consolidated Income Statement – EUR

For the year ended 31 December 2022		For the period ended 31 March		
Not audited		2023	2022	Change
EURm		Not audited EURm	Not audited EURm	%
2,039.1	Revenues	539.5	458.1	17.8
(869.5)	Cost of sales	(211.8)	(196.4)	7.8
1,169.6	Gross profit	327.7	261.7	25.2
(374.5)	Sales and marketing expenses	(95.0)	(88.6)	7.2
(88.6)	Administration and general expenses	(31.4)	(20.4)	53.9
(190.8)	Research and development expenses	(44.1)	(46.3)	-4.8
60.2	Other income	7.4	7.9	-6.3
(189.8)	Other expenses	(25.0)	(12.2)	104.9
	(Impairment)/reversal of impairment on financial and contract assets	(0.3)	0.1	n.a.
390.1	Profit from operations	139.3	102.2	36.3
225.5	Finance income	54.5	44.9	21.4
(210.4)	Finance costs	(98.6)	(41.3)	138.7
15.1	Net financial (loss)/income	(44.1)	3.6	n.a.
15.6	Share of profit of associates and joint ventures	2.6	4.5	-42.2
420.8	Profit before income tax	97.8	110.3	-11.3
(5.5)	Income and deferred tax	6.5	(3.8)	n.a.
(15.9)	Local business tax and innovation contribution	(3.8)	(3.2)	18.8
399.4	Profit for the period	100.5	103.3	-2.7
	Profit attributable to:			
395.2	Owners of the parent	100.9	101.0	-0.1
4.2	Non-controlling interest	(0.4)	2.3	n.a.
393.68	Average exchange rate (EURHUF)	388.61	366.80	5.9
	Statement of comprehensive income			
399.4	Profit for the period	100.5	103.3	-2.7
2.9	Actuarial loss on retirement defined benefit plans	-	-	n.a.
3.1	Changes in the fair value of equity instruments at FVOCI	(6.4)	(3.6)	77.8
6.0	Items that will not be reclassified to profit or loss (net of tax)	(6.4)	(3.6)	77.8
	Exchange differences arising on translation of subsidiaries	(10.6)	(6.9)	53.6
	Exchange differences arising on translation of associates and joint ventures	0.5	(1.3)	n.a.
	Change in fair value of hedging instruments recognised in OCI	18.8	(3.1)	n.a.
23.5	Hedging loss/(gain) reclassified to profit or loss	(3.6)	-	n.a.
(1.3)	Changes in fair value of debt instruments at FVOCI	(1.5)	(5.7)	-73.7
	Items that may be subsequently reclassified to profit or loss (net of tax)	3.6	(17.0)	n.a.
55.9	Other comprehensive income for the period	(2.8)	(20.6)	-86.4
455.3	Total comprehensive income for the period	97.7	82.7	18.1
	Attributable to:			
448.9	Owners of the parent	99.6	80.3	24.0
6.4	Non-controlling interest	(1.9)	2.4	n.a.
	EUR Earnings per share (EPS)	EUR	EUR	%
2.12	Basic	0.54	0.54	0.0
2.12	Diluted	0.54	0.54	0.0

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-March 2023

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

Consolidated Cash-flow Statement

For the year ended 31 December 2022		For the period ended 31 March	
		2023 Not audited HUFm	2022 Not audited HUFm
	Operating activities		
165,663	Profit before income tax	37,996	40,457
48,569	Depreciation and amortisation	12,496	11,658
	Non cash items accounted through Consolidated Income Statement	(11,431)	(1,284)
(6,979)	Net interest and dividend income	(2,908)	(820)
(906)	Changes in provision for defined benefit plans	(39)	317
(3,892)	Reclass of results on changes of property, plant and equipment and intangible assets	(14,318)	37
19,861	Impairment recognised on intangible assets and goodwill	-	-
297	Impairment of securities	(60)	-
1,552	Expense recognised in respect of equity-settled share-based payments	463	447
	<i>Movements in working capital</i>		
(51,307)	Decrease/(Increase) in trade and other receivables	13,924	14,936
(38,994)	Increase in inventories	(10,519)	(7,728)
48,243	(Decrease)/Increase in payables and other liabilities	(3,304)	(3,080)
(7,256)	Interest paid	(111)	(6)
(14,290)	Income tax paid	(3,134)	(3,005)
184,927	Net cash flow from operating activities	19,055	51,929
	Cash flow from investing activities		
(59,231)	Payments for property, plant and equipment	(9,211)	(7,314)
(12,348)	Payments for intangible assets	(22,179)	(2,187)
2,807	Proceeds from disposal of property, plant and equipment	532	491
(57,723)	Payments to acquire financial assets	(12,840)	(17,303)
13,523	Proceeds on sale or redemption on maturity of financial assets	11,782	-
(18,053)	Disbursement of loans net	7,838	(7,560)
13,418	Interest received	2,816	660
43	Dividend receives	-	-
(1,263)	Net cash outflow on acquisition of subsidiaries	-	-
(118,827)	Net cash flow to investing activities	(21,262)	(33,213)
	Cash flow from financing activities		
(1,326)	Purchase of treasury shares	(628)	(79)
(42,146)	Dividend paid	-	(32)
(3,437)	Principal elements of lease payments	(1,805)	(1,228)
(178,487)	Repayment of borrowings	-	(157,826)
178,487	Proceeds from borrowings	-	157,826
(46,909)	Net cash flow to financing activities	(2,433)	(1,339)
19,191	Net (decrease)/increase in cash and cash equivalents	(4,640)	17,377
59,856	Cash and cash equivalents at beginning of year	79,719	59,856
	Effect of foreign exchange rate changes on the balances held in foreign currencies	12,486	(3,204)
1,632			
80,679	Cash and cash equivalents at end of period	87,565	74,029

Balance sheet data cannot be reconciled directly due to the reclassification of the assets held for sale.

Prepared in accordance with IAS 34 Interim Financial Reporting.

Consolidated net financial loss/income (HUF, EUR)

	HUFm			EURm		
	2023	2022	Change	2023	2022	Change
	3 months to March			3 months to March		
Net financial income	(17,129)	1,337	-18,466	(44.1)	3.6	-47.7

Unrealised financial loss/income (HUF, EUR)

	HUFm			EURm		
	2023	2022	Change	2023	2022	Change
	3 months to March			3 months to March		
Unrealised financial items	(13,141)	4,176	-17,317	(33.8)	11.4	-45.2
Exchange (loss)/gain on trade receivables and trade payables	(10,366)	956	-11,322	(26.7)	2.6	-29.3
(Loss)/Gain on foreign currency loans receivable	(2,819)	684	-3,503	(7.3)	1.9	-9.2
(Loss)/Gain on foreign currency securities	(1,929)	610	-2,539	(5.0)	1.7	-6.7
Foreign exchange difference of other financial assets and liabilities	(1,522)	838	-2,360	(3.9)	2.2	-6.1
Unwinding of discounted value related to contingent-deferred purchase price liabilities	(19)	-	-19	(0.0)	-	-0.0
Result of unrealised forward exchange contracts	3,459	1,912	1,547	8.9	5.2	3.7
Interest expenses related to IFRS 16 standard	(203)	(166)	-37	(0.5)	(0.5)	-0.0
Foreign exchange difference related to IFRS 16 standard	92	20	72	0.2	0.1	0.1
Unrealised fair value difference on financial instruments	106	(678)	784	0.3	(1.8)	2.1
Impairment of securities	60	-	60	0.2	-	0.2

Period end exchange rates

	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022
EURHUF	380.99	400.25	421.41	396.75	369.62
USDHUF	349.85	375.68	428.57	379.99	332.09
RUBHUF	4.53	5.15	7.45	7.23	4.07
EURRUB	84.10	77.72	56.57	54.88	90.82
EURUSD	1.09	1.07	0.98	1.04	1.11

Realised financial loss/income (HUF, EUR)

	HUFm			EURm		
	2023	2022	Change	2023	2022	Change
	3 months to March			3 months to March		
Realised financial items	(3,988)	(2,839)	-1,149	(10.3)	(7.8)	-2.5
Gain on forward exchange contracts	146	1,077	-931	0.4	2.9	-2.5
Exchange loss realised on trade receivables and trade payables	(7,487)	(4,181)	-3,306	(19.3)	(11.4)	-7.9
Foreign exchange difference on conversion of cash	(1,039)	(33)	-1,006	(2.7)	(0.1)	-2.6
Interest income	2,816	660	2,156	7.2	1.8	5.4
Interest expense	(111)	(6)	-105	(0.3)	(0.0)	-0.3
Gain of cash-flow hedge (reclassification from OCI)	1,545	-	1,545	4.0	-	4.0
Result of sale of equity instruments	72	-	72	0.2	-	0.2
Other financial items	70	(356)	426	0.2	(1.0)	1.2

Notes to consolidated financial statements**Balance Sheet items**

Subsequent to the sale of Romanian Wholesale and retail companies of the Group, in line with IFRS5 standard all related balance sheet items of both subsidiaries have been reclassified as Assets classified as held for sale or Liabilities directly associated with assets classified as held for sale.

Non-current financial assets

- Other intangible assets have increased as a consequence of the acquisition of **Donesta®**, an HRT product candidate. This item includes the EUR 50m upfront payment executed upon signature, in line with the agreement made with Mithra.
- Financial assets are denominated in Hungarian Forint, Euro and US dollar with average duration of 1 years, divided into 3 individual portfolios with different maturity profile.
- Vast majority of non-current financial assets are government bonds issued by Republic of Hungary and 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 where funds invest exclusively in investment grade corporate bonds.

Change in value of hedging derivative instruments

Carrying value (HUFm)	Q1. 2023	Q4. 2022	Quarterly change	Notes
Hedging derivative instruments designated in hedge accounting programs (FVOCI)	8,109	(1,704)	9,813	Primarily hedges related to USD Vraylar [®] royalty and gas
Hedging derivative instruments not designated in hedge accounting programs (FVTPL)	3,664	205	3,459	Primarily hedges related to USD denominated financial assets and USD receivables
Interest rate swaps (FVTPL)	4,308	4,829	-521	
Total	16,081	3,330	12,751	

The amount of Derivative financial instruments included in Current assets increased due to a change in their fair value. Current financial assets at amortised cost have declined in line with the maturity of certain assets.

Key drivers of changes in working capital are inventory stockpiling, changes in RUB and settlement of open accounts payable balances at year end.

P&L items

Gross profit and margin

Gross profit was positively impacted by

- exchange rates movements. Based on internal management accounting estimates this affected positively the gross profit by approximately HUF 16.7bn.
- a significant year-on-year increase (HUF 13,196m) in royalties received from the sales of Vraylar[®] in the USA and Canada.
- the increase of turnover proceeds from certain traditional and WHC products, such as oral contraceptives – the latter including Drovelis[®] – and Ryeqo[®] also contributed to the gross profit expansion.

while it was negatively impacted by

- increased production overhead costs. The latter prevailed only to a limited extent as these items feed through into cost of goods sold gradually over time.

Gross profit was also positively impacted by a higher amount of royalties received and direct sales proceeds from Evra[®], (+HUF 1,846m altogether), while gross margin was impacted slightly negatively.

Amortisation of acquired portfolio

Amortisation of the marketing and intellectual property rights of the OC portfolio acquired from Grünenthal amounted to HUF 1,045m, similar to the figure incurred in the base period.

Amortization of Bemfola® amounted to HUF 520m, and we accounted for HUF 945m in respect of Evra® on the same grounds during the reported period.

	Gross margin	
60.7%		57.1%

Gross margin increased during the reported period when compared to that achieved in the first quarter 2022 as a result of the previously detailed items. This increase was also a consequence of the higher turnover in the core Pharmaceutical segment, which exceeded the sales growth reported by the lower margin ex-Wholesale and retail business.

Sales and marketing expenses

Proportion to sales:	17.6%	19.3%
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The proportion of Sales and marketing expenses to sales slightly declined during the reported period. The monetary amount of these items increased primarily due to FX impacts. FX changes prevailing in the reported period inflated these costs by approximately HUF 2.5bn. In addition to the above we supported the sale of our recently launched WHC products by means of promotion campaigns.

Registration fee for medical representatives

The annual registration fee payable in respect of medical representatives in Hungary amounted to HUF 274m in first quarter 2023. In accordance with the regulations, tax payable in 2023 on this ground can be offset by 90% of the tax liability depending on the level of R&D expenditures and wage related expenses of the staff employed in this field.

Administrative and general expenses

These expenses were impacted by FX volatility experienced during the first three months to March 2023 by approximately HUF 0.9bn resulting from previously mentioned reclassification of overheads and the costs of the efficiency improvement projects.

Research and development expenses

Proportion to sales: 8.2% 10.1%

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

Other income and Other expenses

Claw-back

Other income and Other expenses include in the first quarter 2023 liabilities amounting to HUF 1,831m in respect of the claw-back regimes. Such claw-backs increased primarily in France, Romania and Poland.

One-off items

Milestone incomes were negligible both in the reporting and the base period.

Extraordinary tax levied on the industry in late December 2022 amounts to HUF 3,368m in the first three months to March 2023.

20% tax obligation payable

In the first quarter 2023 an expense of HUF 404m was paid to settle the 20% tax obligation on turnover related to reimbursed sales in Hungary. In accordance with the regulations this type of tax can be offset by 90% of the tax liability depending on the level of R&D expenditures and wage related expenses of the staff employed in this field.

Profit from operations, operating margin and EBITDA

Reported Profit from operations increased during first quarter 2023 when compared to the base period. The positive impact of the extraordinary FX environment amounted to approximately HUF 12.9bn at EBIT level which was partly offset by the windfall tax levied on the industry in late December 2022.

	Operating margin	
25.8%	22.3%	

Clean EBIT

Reported Clean EBIT increased during first quarter 2023 when compared to the base period.

EBITDA	
HUF 65,277m	HUF 47,909m

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.

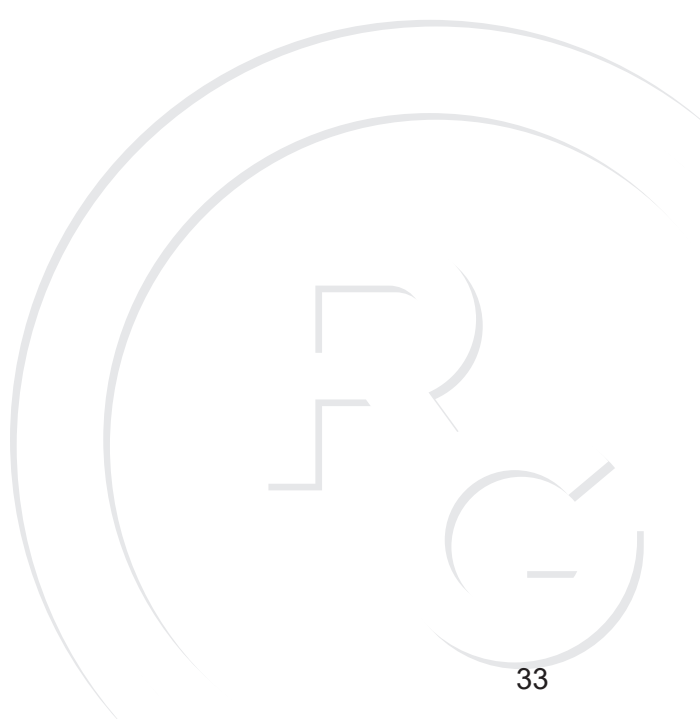
Income and deferred tax

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 quarter 2023 the Group reported HUF 2,543m tax expense, which resulted from a HUF 807m corporate tax expense, a HUF 1m extraordinary tax expense and a HUF 3,351m deferred tax income.

Net income margin attributable to owners of the parent

18.7 %	22.0%
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Corporate matters

Information regarding Richter's Boards

At the Annual General Meeting held on 25 April 2023 the following were reelected to be members of the Board of Directors for a 5 (five) year period until the 2028 AGM

Mr Erik Bogsch and
Mr Gábor Orbán

while

Dr Ilona Hardy dr Pintérné,
Dr Szilveszter E. Vizi
Dr Péter Cserhádi

were reelected for a 4 (four) year period until the 2027 AGM.

Ms Gabriella Balogh,
Mr Balázs Szepesi and
Ms Lászlóné Németh

were elected at ther AGM for a 3 (three) year period until the 2026 AGM.

At the Annual General Meeting held on 25 April 2023

Mr. Ferenc Sallai

was elected to be a member of the Supervisory Board for a 1 (one) year period until the 2024 AGM.

Dividends

Dividends as approved by the shareholders at the Annual General Meeting on 25 April 2023 totalled HUF 72,686m in respect of 2022. The portion payable in relation to ordinary shares with a face value of HUF 100 amounts to HUF 390 per share, 390% of the nominal share value.

Payout procedures as decided by the Board of Directors shall be published in an official announcement by 11 May 2023. The starting date for distributing dividend payments is going to be 15 June 2023.

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 3 months to March 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, 12 May 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 three months period ended 31 March 2023 and 2022 are unaudited. Financial statements for the twelve months period ended 31 December 2022 are audited.

Appendix 1

List of countries reclassified to new geographical regions

Current		Previous			
Region <i>short name</i>	Subregion <i>short name</i>	Country	Region	Subregion	
Europe <i>EUROPE</i>	Eastern Europe <i>EEU</i>	Russia	CIS	-	
		Ukraine		Ukraine	
		Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kirgizstan, Moldova, Tajikistan, Turkmenistan, Uzbekistan		Other CIS	
	Central Europe <i>CEU</i>	Hungary	Hungary	Europe / Hungary / ROW*	-
			Poland Romania Bulgaria, Croatia, Czech Republic, Estonia, Latvia, Lithuania, Slovakia, Slovenia, Cyprus, Malta		CEE
			Northern Macedonia, Montenegro, Serbia, Kosovo, Albania		ROW
	Western Europe <i>WEU</i>	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom		Europe / ROW*	-
			Iceland, Norway, San Marino, Switzerland		ROW
					WEU
North America <i>NORTHAM</i>	-		USA / ROW*	-	
		USA (incl. Puerto Rico)		USA	
		Canada	ROW		
Latin America <i>LATAM</i>	-		LatAm	-	
		Antigua/Barbuda, Argentina, Aruba, Barbados, Bolivia, Brazilia, Bahamas, Chile, Colombia, Costa Rica, Curacao, Dominica, Ecuador, El Salvador, Guatemala, Jamaica, St Kitts&Nevis, Cayman Islands, Sain Lucia, St.Maarten, Mexico, Panama, Peru, Paraguay, Surinam, Trinidad Tobago, Uruguay, Venezuela		LatAm	

Current		Previous		
Region <i>short name</i>	Subregion <i>short name</i>	Country	Subregion	Region
Asia Pacific APAC	-		China / ROW*	
		China (incl. Hong Kong)	China	
		Australia, Bangladesh, India, Indonesia, Japan, Malaysia, Mongolia, New Zealand, Republic of Korea, Singapore, Sri Lanka, Thailand, Vietnam, Pakistan, Philippines	ROW	
Rest of World	-		ROW*	
		Bahrain, Botswana, Egypt, Israel, Iran, Jordan, Kenya, Kuwait, Morocco, Nigeria, Oman, Qatar, Saudi Arabia, South Africa, Syria, Swaziland, Taiwan, Türkiye, United Arab Emirates, Yemen	ROW	

Note:

* region included only partly



Appendix 2

Further information related to Sales of Pharmaceutical segment

Pharma sales to Top 10 markets

	HUFm				EURm	
	2023	2022	Change		2023	2022
	3 months to March		%		3 months to March	
USA	45,800	31,612	14,188	44.9	117.9	86.2
Russia	33,122	19,477	13,645	70.1	85.2	53.1
Hungary	13,264	11,402	1,862	16.3	34.1	31.1
Poland	10,114	8,147	1,967	24.1	26.0	22.2
Germany	6,223	5,076	1,147	22.6	16.0	13.8
Spain	6,118	4,887	1,231	25.2	15.7	13.3
China	5,153	4,694	459	9.8	13.3	12.8
Romania	4,116	3,744	372	9.9	10.6	10.2
Italy	3,759	2,901	858	29.6	9.7	7.9
France	3,682	3,987	-305	-7.6	9.5	10.9
Total Top 10	131,351	95,927	35,424	36.9	338.0	261.5
Total Sales	177,759	135,308	42,451	31.4	457.4	368.9
Total Top 10 / Total Sales %					73.9	70.9

Pharma sales of Top 10 products

	HUFm				EURm	
	2023	2022	Change		2023	2022
	3 months to March		%		3 months to March	
Vraylar® / Reagila® / cariprazine Oral	43,559	29,234	14,325	49.0	112.1	79.7
contraceptives	36,664	25,151	11,513	45.8	94.3	68.6
Evra®	7,137	5,291	1,846	34.9	18.4	14.4
Mydeton / Mydocalm	6,326	4,422	1,904	43.1	16.3	12.1
Bemfola®	6,147	5,772	375	6.5	15.8	15.7
Panangin	5,310	3,723	1,587	42.6	13.7	10.2
Terrosa® / teriparatide	5,032	3,536	1,496	42.3	12.9	9.6
Cavinton	4,713	4,303	410	9.5	12.1	11.7
Verospiron	4,445	4,025	420	10.4	11.4	11.0
Groprinosin	3,619	3,098	521	16.8	9.3	8.4
Total Top 10	132,952	88,555	34,397	38.8	316.3	241.4
Total Sales	177,759	135,308	42,451	31.4	457.4	368.9
Total Top 10 / Total Sales %					69.2	65.4

Appendix 3

Selected average exchange rates

	Q1 2023	M12 2022	M9 2022	H1 2022	Q1 2022
EURHUF	388.61	393.68	387.39	378.27	366.80
USDHUF	362.12	375.62	365.83	347.21	327.95
RUBHUF	4.96	5.76	5.46	4.71	3.77
CNYHUF	52.53	55.23	54.60	52.37	50.46