GEDEON RICHTER PLC.

CONSOLIDATED ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Table of Contents

GEDEON RICHTER PLC.

CONSOLIDATED BUSINESS / MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Gedeon Richter Plc

Consolidated Business / Management Report

Table of Contents

I. Chief Executive Officer's Letter to the Shareholders

It is with great pride and satisfaction that I look back on another successful year in Gedeon Richter's long history. In 2024, we set numerous all-time highs, reaping the benefits of past investments while planting new seeds across all four lines of business to prepare for the challenges of the end of the decade and beyond 2030.

We delivered on our ambitious targets set a year ago, continued to grow the company across all businesses, and achieved record-high financial results. Consequently, our share price reached all-time high levels, and our market capitalization exceeded EUR 5 billion. We also increased our dividend payments, making 2024 a rewarding year for our shareholders. Most importantly, the double-digit revenue growth and visible volume growth in all four business units allowed us to expand the number of patients globally who have access to our medicines and treatments.

Our financial and operational results might suggest that 2024 was a year without major disruptions. However, nothing could be further from the truth. An ongoing war in our neighbourhood, now in its third year, has created significant operational challenges. Geopolitical uncertainties are abundant, Europe is struggling to restore economic growth, and Hungary is battling inflation. Global value chains face challenges, and some of our products were temporarily affected by these disturbances. We have demonstrated that our people and organization are well-equipped to overcome these challenges and continue improving the quality of life for our patients globally.

Continued Growth, Record Profitability

Pharmaceutical revenues grew by 13%, reaching HUF 845 billion in 2024, another all-time high for the company. EBIT increased by 38% to HUF 261 billion, while net income jumped by 51% to HUF 239 billion. Exchange rate movements provided moderate tailwinds in 2024, unlike the significant headwinds in 2023, and the special taxes were replaced by the more predictable Global Minimum Tax regime.

All four business units contributed significantly during the year, both operationally and in building the future. Each business recorded double-digit revenue growth. Vraylar® had another great year, with net sales growing 18% to USD 3.3 billion. Leading brands in Women's Healthcare (Drovelis®, Ryeqo®, Lenzetto®, and EVRA®) continued to perform exceptionally well, while the traditional portfolio also grew. In Biotechnology, both teriparatide sales and CDMO revenues sustained double-digit growth. General Medicines revenues grew by 11%, driven by volume/mix, with new launches strengthening the portfolio and a positive price impact.

Access to Health: An Outstanding Year Across All Segments

Success has various dimensions. For us, there is no genuine success without continuously expanding access to health for our patients and improving their quality of life. 2024 was outstanding in this respect. We achieved major operational milestones, such as becoming the largest oral contraceptive player in Europe (in cycles), increasing the number of patients helped through Vraylar® to around 1.7 million since its launch, successfully launching novel oral anticoagulants (NOAC) in several countries, and more than doubling our batch capacity in our biological manufacturing plant in Bovenau. We also concluded several crucial business development transactions, including a new discovery, co-development, and license agreement with AbbVie to advance novel targets for the potential treatment of neuropsychiatric conditions. We established a new original research hub in Belgium to build an internal pipeline of innovative solutions for women's healthcare conditions. We achieved major development milestones with three biosimilar product candidates and invested in our GenMed portfolio to improve its "freshness." These steps will allow us to further expand access to treatments and medicines for a growing number of patients globally in the coming years.

Sustainable and Scalable Growth

We remain mindful of our social responsibility and strive to live our purpose in a way that does not conflict with the environment and the communities around us. We continued to grow our business while reducing our environmental footprint, demonstrating the scalability of our operations. Group-level Scope 1-2-3 GHG emissions fell by 4% in 2024, water

consumption declined, and we tightly monitor and control the steroid content of wastewater, which remains several orders of magnitude below the safety threshold. Listening to our stakeholders, we are aligning our carbon footprint targets and calculation methodology with the widely recognized Science Based Targets initiative (SBTi). This annual report is integrated with our Sustainability Statement, prepared fully in line with the EU's CSRD, providing incremental data and information about our sustainability efforts and commitment.

Richter 2035 – Building the Company for the Next Decade

Our extended leadership team spent more than a year refreshing our corporate strategy. The timeline (2025-2035) was defined to embrace the date all Richter employees know by heart: the LoE of the multiple-blockbuster, Vraylar®. The strategy, approved by the Board of Directors and announced in March 2025, outlines our goals and actions until 2030-31, ensuring we enter the next decade with bright prospects for all stakeholders despite losing access to the royalty stream Vraylar® provides today. We will continue to explore new frontiers of medical innovation where we have competitive skills and can build on our thought leadership. This includes the relatively narrow field of neuroscience, leveraging our collaboration with AbbVie, and women's healthcare, where we are building an original research hub. We will also exploit the synergies of an integrated business model of affordable medicines, utilizing our strong General Medicines manufacturing, development, and regional commercialization platform, as well as our biotechnology assets, skills, and European sales network.

Empowering People: Our Most Valuable Asset

Richter's 11,000+ employees are the foundation of our success and remain at the heart of our mission. Their expertise, passion, and dedication fuel our scientific breakthroughs and operational excellence. We are immensely grateful to them and proud to have them. We will need their continued support to navigate the challenges of the next 10 years. Our company thrives on the diverse cultures, backgrounds, and generations represented by our people across all the countries we operate in. We are stepping up efforts to attract, develop, and retain talent, providing attractive career opportunities while investing in digitalization to ensure employees have access to cutting-edge technologies to drive productivity.

An Organization Constantly on the Move, Seeking More Efficiency

Our new organizational and governance structures have been in place for a couple of years now. We have been gradually filling these structures with real content while setting new benchmarks and expectations for how we want this organization to operate. This requires significant efforts and investments to make and keep it as efficient as possible. We have mostly completed and are already seeing the benefits of the asset rationalization program and the overhaul of our manufacturing operations. In 2024, we placed increased emphasis on our supply chain and logistics. Next in line will be some functional areas and administrative processes. Parallel to that, we will launch group-level commercial excellence initiatives aimed at making our sales and marketing efforts more impactful.

Outlook

The 2035 strategy clearly sets out the direction for all four of our business units. It is a strong expression of our ambitions, commitment, and enthusiasm that drive our actions and decisions to serve the best interests and deserve the trust of our patients, employees, communities, and shareholders. In 2025, we will continue to invest in strengthening our platforms and capabilities. I am confident that this will keep us on our targeted sustainable growth trajectory.

II. Corporate Review

1. Fact Sheet

Richter Group is active in two major business segments, primarily Pharmaceuticals comprising the research and development, manufacturing, sales and marketing of pharmaceutical products, and it is also engaged in the Wholesale and Retail of these products. In addition, there is a third group ('Other') of companies comprising those members of the Group that provide auxiliary services to the former segments.

Research, development, manufacturing and marketing of pharmaceutical products are the core activities of Richter and in this endeavour the Group is supported by a number of subsidiaries, joint ventures and associated companies. Manufacturing subsidiaries of the Group, which operate in traditional markets together with a broad network of trading affiliates that ensure a strong market presence, have together created the foundation for regional leadership and a global presence in the specialty area of Women's Healthcare.

1.1. Parent Company Data

Headquarters	1103 Budapest, Gyömrői út 19-21., Hungary
Mail address	1475 Budapest, Pf. 27., Hungary
Phone	+36 1 431 4000
Fax	+36 1 260 4891
E-mail	posta@richter.hu
Website	www.gedeonrichter.com
Established	1901
Main activity	Research, development, manufacturing and marketing of pharmaceutical products
VAT Number	10484878-2-44
EU VAT Number	HU10484878
Share capital	HUF 18,637,486,000
Number of shares issued	186,374,860
Auditor	Deloitte Auditing and Consulting Ltd.
Shares listed at	Budapest Stock Exchange ISIN: HU0000123096
Luxembourg Stock Exchange	ISIN: US3684672054
GDRs issued by	BNY Mellon
GDR / Ordinary share ratio	1:1

2. Member Companies of the Group and Branches of the Parent Company

2.1. Members of the Group

Richter Group companies are classified into the following six categories:

- Richter's headquarters in Hungary, parent company of the Group (including the Budapest, Dorog and Debrecen sites): undertaking research and development, production, sourcing, logistics and coordination of Group level sales.
- Pharmaceutical subsidiaries and joint venture companies: Richter Group has manufacturing facilities in Poland, Romania, Russia, India, and Germany. Drugs manufactured in these facilities are marketed globally.
- Trading subsidiaries and offices undertake and support trading and marketing duties in local markets on behalf of the parent company and other Group's companies.
- Wholesale and retail companies: active in wholesale and retail receiving marketing support from the parent company or the trading subsidiaries.
- Service companies: established to support R&D, manufacturing, logistics, administrative and other business processes.
- Other units: dormant companies and establishments not directly related to Richter Group's core business.

The members of the Richter Group and the changes related to them are disclosed in Note 15 and 31 of the Group's IFRS Consolidated Financial Statements.

2.2. Domestic Branches of the Parent Company

Hungary, 2510 Dorog, Esztergomi út 27.

Hungary, 4031 Debrecen, Richter Gedeon utca 20.

Hungary, 4031 Debrecen, Kígyóhagyma utca 8.

Hungary, 7673 Kővágószőlős, 505/2 hrsz.

Moldova, 2005 Chisinau, str. Alexandr Puskin 47/1, bloc „A", oficiul 1.

3. Financial Highlights

3.1. Consolidated Financial Highlights

	2024 HUFm	2023 HUFm	Change %	2024 EURm	2023 EURm
Total revenues	857,545	805,158	6.5	2,168.3	2,107.9
Profit from operations	261,157	189,364	37.9	660.3	495.7
Profit for the year[1]	239,524	160,651	49.1	605.6	420.6

	2024 HUF	2023 HUF	Change %	2024 EUR	2023 EUR
Earnings per share (EPS)[2]	1,307	860	52.0	3.31	2.25
Dividends per ordinary shares[3]	n.a.	423	n.a.	n.a.	1.10

	2024	2023	Change
Number of employees at the end of the period	11,757	11,603	-154

Notes:

(1) Includes minority interest.

(2) EPS calculations based on the total number of shares issued.

(3) At the time of the approval of the Annual Report, no dividend has been proposed and will be proposed by the Board of Directors at a later date.

3.2. Market Capitalisation (HUF, EUR)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
HUFbn	1,938	1,631	1,547	1,626	1,387	1,196	1,012	1,264	1,157	1,025
EURbn	4.7	4.3	3.9	4.4	3.8	3.6	3.1	4.1	3.7	3.3

3.3. Richter Share Price Information

	Date	HUF
Opening price	02.01.2024	8,900
Closing price	30.12.2024	10,400
Change (%)		16.9
Annual minimum value	April 2024	8,650
Annual maximum value	October 2024	11,230

4. Business Model and the Business Units of Richter

With its global business comprising five continents, Richter Group is unique among Central Eastern European pharma companies as its core activities of research and development, manufacturing and marketing of pharmaceutical products are supported by several subsidiaries, joint ventures and associated companies. The Group's manufacturing subsidiaries, which operate in our traditional markets, together with our establishment and continuous expansion of a specialized marketing network have created the foundation for a strong multinational Group. As a result of developments that started in the early 1990s, today several marketing and service companies support the presence and activity of the Richter Group and strengthen its market positions around the world.

4.1. Brief Review of Richter's Business Units

Richter's Management defined new strategic guidelines for the Company in 2010. While reaffirming the previously outlined strategic direction, new action plans have been determined in 2018 and consequently, six strategic pillars have been identified. These strategic pillars were reorganised into four Business Units, and new heads appointed with complete P&L responsibility. The reporting structure was also realigned to reflect these changes. The business units are as follows:

- Neuropsychiatry (CNS)
- Women's Healthcare (WHC)
- Biotechnology (BIO)
- General Medicines (GM)

A detailed presentation of each of the above business units can be found in Chapter V Strategic Review of this Management Report.

5. Corporate Governance

5.1. Corporate Governance

Subject to the company law regulations and requirements under Hungarian law, Gedeon Richter Plc. is primarily and obligatorily entitled to establish a responsible corporate governance system exclusively for Gedeon Richter Plc. that is, the parent company. The corporate governance of each company and subsidiary within the Richter Group (management, internal governance, division of powers and responsibilities, etc.) is developed in accordance with the characteristics and expectations of company law under the national legal system governing the given company or subsidiary. Both Gedeon Richter Plc. and the Richter Group follow and adhere to the general principles of responsible corporate governance, such as full compliance with the relevant legal environment, regulatory requirements and the requirements of ethical business conduct. Beyond these general principles, Gedeon Richter Plc. follows the Corporate Governance Recommendations of the Budapest Stock Exchange.

Corporate Governance systems and practices implemented by the Company are in accordance both with the Corporate Governance Recommendations set by the Budapest Stock Exchange, the directives of the capital market, the provisions of the Civil Code, the Company's Statutes and with Gedeon Richter Plc.'s characteristics arising from its line of industry and its structure. In addition, the Company reviews from time to time the principles applied on an ongoing basis, in order to appropriately control both the Company's and the Group's operation in compliance with continuously developing international practices. In this respect, the Company also considers ESG requirements, which exercise influence on the judgement of corporate governance systems by capital market participants. From the Company's corporate governance system, the matters relating to the sphere of corporate governance and to what extent the Company applies the Corporate Governance Recommendations set by the Budapest Stock Exchange, the Company provides information in the annually prepared Corporate Governance Report. The Corporate Governance Report is deliberated on and approved by the AGM as a separate agenda item, and it is published on the website of the Budapest Stock Exchange (www.bet.hu) as well as on the Company website (www.gedeonrichter.com).

In the course of 2024, Gedeon Richter Plc. did only minimally depart from the Corporate Governance Recommendations of the Budapest Stock Exchange regarding its characteristics arising from its industrial background and its structure.

Gedeon Richter's key principles of Corporate Governance are to create and maintain satisfactory dialogue with shareholders to enhance shareholder value, to differentiate the roles and responsibilities of the General Meeting, the Board of Directors, the Supervisory Board and the other specific committees operating in the Company, and to operate Richter and the Richter Group's business in compliance with legal and regulatory requirements and to maintain the highest ethical standards.

5.2. Corporate Governance – Systems and Practices

The Annual General Meeting ranks as the highest decision-making body of the Company and comprises all shareholders. The Annual General Meeting decides on the adoption of the annual financial statements and the appropriation of profit, the election or removal of members of the Board of Directors, Supervisory Board and Audit Board, the appointment of the auditor, amendments to the Statutes, changes in the Company's share capital and other issues in its competence. Except for cases where the presence of a larger number of shareholders is required to constitute a quorum, a quorum of the General Meeting exists if shareholders, personally or through their representatives, representing over half of the votes embodied by voting shares are present at the General Meeting and have duly evidenced their shareholder representative status. If the General Meeting has no quorum, the General Meeting is required to be reconvened. Except for cases where under given circumstances the presence of a larger number of shareholders is required to constitute a quorum, the reconvened General Meeting shall have a quorum for the purpose of considering items on the agenda of the original General Meeting if shareholders representing more than 20 percent of the votes are present. Those votes must be related

to the voting shares issued by the Company and the persons exercising voting rights must be present personally or via proxy at the reconvened General Meeting and their shareholding or representation right has to be duly evidenced.

The Board of Directors is the ultimate decision-making body of the Company except for the matters reserved for shareholders. Most of the Directors of the Board are Non-Executive Directors with the aim to express an opinion during the Board meetings that is independent of the Executive Management, and to give an impartial judgment on its decisions. The Board meets regularly, throughout the year. According to the Statutes, it has a formal schedule of matters reserved to it for decisions. The Board works to an agreed agenda in reviewing the key activities of the business and the Company's long-term strategy. The Chairman of the Board of Directors shall be elected from among the members of the Board of Directors by the members of the Board of Directors. Board members are elected and re-elected at the AGM for a maximum term of 5 years.

The Corporate Governance and Nomination Committee and the Remuneration Committee of the Board of Directors – both of which have existed since 2004 – prepare and submit proposals contributing to the Board's decision-making process on their related fields.

The Board of Directors with respect to the strengthening role of ESG requirements both on the national and international capital markets in the last few years, also set up an ESG Subcommittee in December 2021, which is operating with the name of ESG Committee from 2024.

Each committee consist of at least three members the majority of whom are non-executive Board directors.

The Corporate Governance and Nomination Committee makes proposals to the Board of Directors on the number and composition of the Board of Directors and the Supervisory Board in accordance with the needs as they arise, and makes proposals on the requirements of independence, qualification and professional experience of proposed candidates. Furthermore, the Committee prepares decisions of the Board of Directors on candidates for the Board of Directors and the Supervisory Board by recommending suitable candidates and by evaluating candidates proposed by the shareholders' representatives; monitors the implementation of the approved principles of corporate governance, prepares annual reports to the Board of Directors and proposes necessary changes and additions to them.

The Compensation Committee evaluates experiences related to the remuneration system of members of the Board of Directors and the Supervisory Board and makes proposals for their amendment taking into consideration the relevant effective legal regulations. The responsibility of the Compensation Committee also includes making proposals to the Board of Directors on the evaluation of the performance of the Chief Executive Officer and his performance and giving an opinion on the Company's Remuneration Policy and Remuneration Report before these documents are discussed by the Board of Directors.

The ESG Committee is responsible for monitoring the ESG requirements of the national and international capital markets, the changes in these requirements, and furthermore with respect to the Company's industrial and structural characteristics to initiate motions of the Board of Directors to assure that the Company complies with its ESG requirements. The task of the ESG Committee is also to prepare and review the sustainability report and the ESG report.

Overseeing the management of the Company is the responsibility of the Supervisory Board. It meets regularly during the year in accordance with legal requirements and at other times when necessary to consider details of the Company's operating activities. It submits proposals to the Board of Directors and discusses the Company's strategy, financial results, investment policy and systems of internal audit and control. The Supervisory Board is provided with regular and detailed information about the management of the Company. The Chairman of the Supervisory Board may attend meetings of the Board of Directors as an advisor. The members of the Supervisory Board are elected or re-elected from time to time at the AGM for a maximum term of 3 years.

The Audit Committee consists of three independent members of the Supervisory Board who are elected by the AGM. The Chairman of the Audit Board is appointed by the Supervisory Board. The Audit Board members shall have competence

relevant to the sector in which the Company is operating. At least one member of the Audit Board shall have a professional certificate in accounting or auditing.

The Audit Board is responsible for the supervision of the Company's internal accounting rules. Furthermore - besides the auditing of consolidated and individual annual reports -, observing the enforcement of the professional, conflict of interest and independency requirements applicable of the auditor and monitoring of other services provided by the auditor of the Company or the companies controlled by the Company belong in the scope of competences and tasks of the Audit Board.

The corporate governance systems and relevant practices are also disclosed in the GOV-1 section under General disclosures of the Group's Sustainability Statement.

6. Company's Boards

The Board of Directors of the Company has accepted in 2024 the Guideline on the independence and composition of the Board of Directors and Supervisory Board of the Richter Gedeon Plc. applicable as of 15 January 2025 (hereinafter: Guideline). The Guideline, as an internal regulation in addition to the relevant legislation and the Statute of the Company, establishes certain additional conditions for filling the mandates for the members of the board of directors and supervisory board, which conforms to a qualification that also considers international practice.

The composition and diversity of the Company's Boards are also disclosed in the GOV-1 section under General disclosures of the Group's Sustainability Statement.

Board of Directors*

Name	Position	State of independence	Current term of mandate
Prof. Dr. E. Szilveszter Vizi	chairman	non-executive, non-independent member[1]	25/04/2023-30/04/2027 (continuous since 2008)
Erik Bogsch	member (Lifetime honoured Chairman)	non-executive, non-independent member[2]	25/04/2023-30/04/2028 (continuous since 1992)
Dr. Nándor Pál Ács	member	non-executive, independent member	25/04/2024-30/04/2027 (continuous since 2021)
Gabriella Balogh	member	non-executive, independent member	25/04/2023-30/04/2026 (continuous since 2023)
Dr. Péter Cserháti	member	non-executive, independent member	25/04/2023-30/04/2027 (continuous since 2020)
István Hamecz	member, CFO	executive, non-independent member[3]	12/04/2022-30/04/2025 (continuous since 2022)
Lászlóné Németh	member	non-executive, independent member	25/04/2023-30/04/2026 (continuous since 2023)
Gábor Orbán	member, CEO	executive, non-independent member[4]	25/04/2023-30/04/2028 (continuous since 2017)
Dr. Anett Pandurics	member	non-executive, independent member	25/04/2024-30/04/2027 (continuous since 2018)
Dr. Ilona Hardy Dr. Pintérné	member	non-executive, independent member	25/04/2023-30/04/2027 (continuous since 2017)
Balázs Szepesi	member	non-executive, independent member	25/04/2023-30/04/2026 (continuous since 2023)
Bálint Szécsényi	member	non-executive, independent member	25/04/2024-30/04/2027 (continuous since 2018)
Number of Board members			12
Number and proportion of independent members within the Board			8 (66.7%)

Note:

* A more detailed CV of the members of the Board of Directors can be found on the Company's website.

[1] According to the Guideline, the mandate the upper limit of the specified duration; therefore, the member of the body increases the proportion of non-independent members in the given body.

[2] According to the Guideline, the mandate the upper limit of the specified duration; therefore, the member of the body increases the proportion of non-independent members in the given body.

[3] An operational member with an employment relationship in the Company, therefore the board member increases the proportion of non-independents within the certain body of the Company.

[4] An operational member with an employment relationship in the Company, therefore the board member increases the proportion of non-independents within the certain body of the Company.

Proportion of Men and Women in the Board of Directors*

	person	proportion (%)
Total number of Board members	12	
Female	4	≈ 33.3%
Male	8	≈ 66.7%
Number of non-executive members	10	
Female	4	≈ 40.0%
Male	6	≈ 60.0%

Note: * Proportion of Men and Women in the Company's Board of Directors as of 31st December 2024.

Supervisory Board*

Name	Position	State of independence**	Current term of mandate
Dr. Lívia Pavlik	chairman	non-executive, independent member	25/04/2024-30/04/2027 (continuous since 2021)
Prof. Dr. Jonathán Róbert Bedros	member	non-executive, non-independent member[5]	25/04/2024-30/04/2027 (continuous since 2012)
Dale André Martin	member	non-executive, independent member	25/04/2024-30/04/2027 (continuous since 2024)
Dr. Krisztina Gál	member, employee representative	executive, non-independent member[6]	25/04/2024-30/04/2027 (continuous since 2021)
Ferenc Sallai	member, employee representative	executive, non-independent member[7]	25/04/2024-30/04/2027 (continuous since 2023)
Number of Board members			5
Number and proportion of independent members within the Board			2 (66.7%)

Notes:

* A more detailed CV of the members of the Supervisory Board can be found on the Company's website.

** According to the Guideline, employees' delegates are not taken into account when determining independence.

Proportion of Men and Women in the Supervisory Board*

	person	proportion (%)
Total number of Board members	5	
Female	2	≈ 40.0%
Male	3	≈ 60.0%
Number of non-executive members	2	
Female	1	50.0%
Male	1	50.0%

Note: * Proportion of Men and Women in the Company's Supervisory Board as of 31st December 2024.

[5] According to the Guideline, the mandate the upper limit of the specified duration; therefore, the member of the body increases the proportion of non-independent members in the given body.

[6] An operational member with an employment relationship in the Company, therefore the member increases the proportion of non-independents within the certain body of the Company.

[7] An operational member with an employment relationship in the Company, therefore the member increases the proportion of non-independents within the certain body of the Company.

Executive management*

Name	Position
Gábor Orbán	CEO
Katalin Erdei	Human Resources and Technical Director
Dr István Greiner	R&D Director
István Hamecz	CFO
Tamás Szolyák	Commercial Director
Attila Szénási	Production and Logistics Director

Note: * A more detailed CV of the members of the Executive management can be found on the Company's website.

Changes to the Boards During 2024

Board of Directors

Mr. Erik Bogsch resigned from his position as Chairman of the Board of Directors of Gedeon Richter Plc. effective from March 1, 2024, while retaining his membership of the Board of Directors. In recognition of Mr. Erik Bogsch's commitment to the Company and his outstanding contribution to its achievements, the Board of Directors awarded him the title "Honorary Lifetime President of Gedeon Richter Plc. ".

At the meeting of the Company's Board of Directors on February 26, 2024, Board member **Prof. Dr. Szilveszter Vizi E.** was elected Chairman of the Board, as well as Board member **Dr. Pintérné Dr. Ilona Hardy** was elected as Deputy Chairman of the Board of Directors for a fixed period of time starting from March 1, 2024 until the AGM of the Company in 2027.

The AGM of the Company decided on April 25, 2024:

- On the re-election of **Dr. Anett Pandurics**, and of **Dr. Pál Nándor Ács** and **Mr. Bálint Szécsényi** as members of the Board of Directors for a period of three years until the 2027 AGM.

Supervisory Board

The mandate of **Dr. Attila Chikán**, Chairman of the Supervisory Board of the Company, and **Dr. Zoltán Matos**, Member of the Supervisory Board, expired on April 25, 2024, the date of the Company's AGM.

The AGM of the Company decided on April 25, 2024:

- On the re-election of **Dr. Lívia Pavlik** and **Dr. Róbert Bedros Jonathán** as members of the Supervisory Board for a three-year period until the 2027 AGM.
- On the election of **Dale André Martin** as members of the Supervisory Board for a three-year period until the 2027 AGM.
- On the re-election of employees' delegates **Dr. Krisztina Gál** and **Ferenc Sallai** as members of the Supervisory Board for a three-year period until the 2027 AGM.

From April 25, 2024, the Company's Supervisory Board will continue to operate as a five-member body, in compliance with the applicable legal and statutory provisions.

III. Investor Information

1. Investor Relations

The Company reports formally to shareholders four times a year, simultaneously with the announcement of its quarterly non-audited results, and issues audited Financial Statements whose relevant data are included in an Annual Report published, no later than the date of the Annual General Meeting. The AGM of the Company takes place in Budapest and formal notification is sent to shareholders at least 30 days in advance of the meeting. At the Meeting a business presentation is made to shareholders by the CEO and all Directors are available during the meeting to respond to questions.

Management, principally the CEO and investor relations staff, maintain a dialogue with institutional shareholders on Company performance and objectives through a programme of conferences, regular meetings, conference calls and investor roadshows.

The Company's bilingual, English and Hungarian website (www.gedeonrichter.com) includes an area which is intended to meet the specific stated needs of investors and analysts concerning information on Richter's business operations.

The Company's Investor Relations Department at its office in Budapest continues to act as a focal point for contact with institutional shareholders (Email: investor.relations@richter.hu).

2. Conferences, Roadshows, Analysts

Representatives of the Investor Relations Department of Gedeon Richter Plc. participated at 8 international conferences and 3 additional investor roadshows in 2024. Besides regular conference calls following publication of the quarterly reports of the Company 44 additional conference calls were organised on request during the year.

Conferences and Investor Roadshows in 2024

Conferences		
Erste Conviction Equity Conference	London	23 January 2024
Management Breakfast with Hungarian Investors	Budapest	1 March 2024
Jefferies Pan European Mid-Cap Conference	London	21 March 2024
WOOD's EME Conference	New York	16-17 April 2024
mBank Healthcare Day	Warsaw	24 April 2024
Finest Erste CEElection Conference	Vienna	9 October 2024
Jefferies Healthcare Conference	London	19-21 November 2024
WOOD Winter Wonderland EMEA	Prague	4-5 December 2024
Investor Roadshows		
Continental Europe – virtual roadshow		5-7 March 2024
London		19-20 March 2024
Boston - New York - Chicago		11-13 September 2024
Stockholm		22 November 2024

Analysts Providing Regular Coverage about Richter in 2024

Berenberg Bank	Ms Victoria Lambert
Concorde Securities Ltd.	Mr Gábor Bukta
Equilor Investment Ltd.	Mr Ákos Czibere
Erste Group Bank AG	Ms Vladimíra Urbánková
Jefferies International Ltd.	Mr James Vane-Tempest
KBC Securities Hungarian Branch Office	Mr Norbert Cinkotai
PKO Bank Polski	Mr Dawid Górzneński
RBC Bank	Mr Alistair Campbell
Santander Plc.	Mr Tomasz Krukowszki
Wood & Company Financial Services, a.s.	Mr Bram Buring

3. Annual General Meeting

The Annual General Meeting is the highest decision-making body of the Company, comprising all shareholders. In 2025 the Annual General Meeting is expected to take place at **10.00 on 29 April 2025 at Budapest 1103, Gyömrői út 34.**

4. Cash Management

4.1. Cash Allocation

A significant amount of royalties received in respect of VRAYLAR® USA turnover made necessary the elaboration of a more finetuned cash allocation policy than in earlier years.

The Company divides the utilization of its free cash among three major areas:

- Mergers and Acquisitions (M&A)

Our inorganic investments target further expansion of the existing women's healthcare (WHC) and general medicines (GM) portfolio. For WHC any acquisition taken into consideration may target either the well served therapeutic areas by introducing more advanced treatments like in the case of contraception or it may facilitate products on less medicated areas like fertility, endometriosis, uterine fibroids, osteoporosis or postmenopausal Hormone Replacement Therapy (HRT). For GM the company is looking for OTC/ RX opportunities that will enable the Business Unit to reach its sales and profitability ambitions. The acquisition of biological products serving these areas cannot be excluded, as these can represent a good fit with Richter's biologics development and manufacturing capabilities.

On January 29, 2024, Richter announced that it will become a strategic investor in German Formycon AG, based on a long-term cooperation, after having raised share capital. The stake acquired is 9.08 percent of the company. The transaction will allow the parties to jointly exploit long-term strategic opportunities across the entire development, manufacturing and commercial value chain. To further strengthen the biotechnology business unit, a share purchase agreement was signed on 6 March 2024 for the joint ventures in Northern Germany with Helm AG - Richter-Helm Biologics GmbH & Co. KG and Richter-Helm BioTec GmbH & Co. KG - and closed the transaction on 31 May 2024, following approval by the German competition authority.

On June 11, 2024, the acquisition of certain Belgian subsidiaries (Estetra SRL, Neuralis SA) and certain assets of Belgian Mithra Pharmaceuticals SA was signed, and the transaction was closed due to the bankruptcy protection of the Mithra Group. With the transaction, Richter acquired Mithra's most important asset, its unique innovative platform based on estetrol (E4) as a natural oestrogen. In addition to the existing innovative product and development projects, the Women's Health Care (WHC) business unit has also gained an original research unit as a result of the transaction. Subsequently, on June 19, 2024, Richter acquired BCI Pharma, a company active in Belgium and France, further strengthening the early-stage research projects in the women's portfolio.

- Maintenance CAPEX

An annual amount of about HUF 30bn is dedicated ensuring a continuously high level of production as well as putting into operation any additional capacities which may become necessary.

- Shareholder remuneration

Dividend policy

The previous practice of a 25 percent dividend payout was replaced from 2018 by a range as approved by the Board of Directors which allows for a flexible adaptation by dividend payout ratio based on the amount of free cash remaining after deducting expenditure dedicated to M&A and maintenance CAPEX.

- Share buyback 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 the improving financial results and cash generation of the Company. The implementation of the share repurchase

programme 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 741.291 treasury shares at an average price of 9.327 HUF/share (average price excluding fees) in business year 2024.

The number of treasury shares and shares transferred to ESOT were 3,993,621 on 31 December 2024. Treasury shares include shares owned by the Parent Company.

4.2. Dividend

In accordance with the dividend policy practised by the Company, the Board of Directors recommends the payment of Gedeon Richter Plc's consolidated profit attributable to owners of the parent calculated according to International Financial Reporting Standards (IFRS) for 2024.

Dividends as approved by the shareholders at the Annual General Meeting on 25 April 2024 totalled HUF 78.834 m in respect of 2023. The portion payable in relation to ordinary shares with a face value of HUF 100 amounted to HUF 423 per share, 423 percent of the nominal share value.

Payout procedures as decided by the Board of Directors were published in an official announcement on 24 May 2024. The starting date for distributing dividend payments was 13 June 2024.

5. Information Regarding Richter Shares

5.1. Share Structure of the Company

There are no shares in issue that involve special control rights.

Gedeon Richter Plc. has no shares whose market trading is not permitted.

There is no restriction regarding the transfer of shares in issue representing the share capital.

The Company is not aware of any agreement between shareholders that would result in restricting shares issued or the transfer of voting rights.

Each share with a face value of HUF 100 entitles the holder to one vote; however, the Statutes restrict the exercise of shareholders' rights by stipulating that at the AGM no shareholder shall exercise voting rights, in their own right or as a proxy of another shareholder, alone or together with other related person(s) in excess of 25 percent of the voting rights represented by the shareholders attending in person or by proxy.

5.2. Shares in Issue

As of 1 January 2024, the number of ordinary shares comprising the Company's subscribed capital was 186,374,860. The number of shares did not change in the course of 2024.

5.3. Share Price Performance

The closing price of shares as of 29 December 2023 was HUF 8,750 compared to HUF 10,400 as of 30 December 2024. Average monthly share prices in 2024 varied between the minimum of HUF 9,216 per share in April and the maximum of HUF 10,996 per share in October.

5.4. Market Capitalisation

The Company’s market capitalisation linked to the performance of its share price on the Budapest Stock Exchange at the end of 2024 was HUF 1,938 bn reflecting an approximately 19 percent increase in HUF terms when compared to its value recorded on 29 December 2023. Market capitalisation on 30 December 2024 in Euro terms was EUR 4.7bn.

5.5. Treasury Shares

The number of shares held by the Parent company in Treasury increased during 2024.

Shares Held by the Company in Treasury

	Reason of purchase	Number	Nominal value (HUF)	% as of share capital
at 1 January		**3,190,418**	**319,041,800**	**1.712**
out of which owned by Parent Company		**3,190,418**	**319,041,800**	**1.712**
Share purchase		741,291	74,129,100	0.398
ESOT repurchased		194,613	19,461,300	0.104
Share purchase (OTC)	Bonus, Remuneration	1,615	161,500	0.001
Shares of the employees share bonus that have not vested	Programme approved by NTCA*	22,687	2,268,700	0,012
Total share purchased		**960,206**	**96,020,600**	**0.515**
Transferred as part of bonus program		17,126	1,712,600	0.009
ESOT shares transferred		249,064	24,906,400	0.134
Granted pursuant to employee share bonuses	Programme approved by NTCA*	356,817	35,681,700	0.191
Total utilization		**623,007**	**62,300,700**	**0.334**
at 31 December		**3,527,617**	**352,761,700**	**1.893**
out of which owned by Parent Company		3,527,617	352,761,700	1.893

Note:

* National Tax and Customs Administration of Hungary

The number of shares held by the Parent company in Treasury increased during 2024.

The total number of Company shares at Group level held in Treasury on 31 December 2024 was 3,527,617 out of which the Group's subsidiaries held a total of 0 ordinary Richter shares.

In accordance with a repurchase obligation related to employee share bonuses; the Company repurchased 22,687 shares from employees who resigned from the Company during 2024.

The Company purchased 741,291 treasury shares on the Budapest Stock Exchange during 2024.

In accordance with the foundation charter and the V. Incentive Policy of the Gedeon Richter Plc Employee's Share-Ownership Trust ('Richter ESOT') 194,613 treasury shares were received during the first quarter 2024 from the ESOT. To expand the V. Remuneration Policy and to comply with the VI. Remuneration Policy, 12,807 and 236,257 treasury shares were transferred to the ESOT.

Based on a decision of the Board of Directors, 3,150 shares held by the Company in treasury were granted in 2024 to employees participating in a bonus share programme and to other employees who rendered outstanding performance.

Based on a decision of the AGM, 13,976 shares held by the Company in treasury were granted in 2024 to the non-operational members of the Board of Directors.

In 2024 Richter purchased 1,615 treasury shares on the OTC market.

In line with a programme related to employee share bonuses, on December 2024 the Company granted a total of 356,817 shares in respect of 4,974 of its employees. The above shares in the value of HUF 3,148 m will be deposited at employees' individual securities accounts at UniCredit Bank Hungary Zrt. until 1 January 2027.

On 2 January 2025, following the expiry of the lock-up period the Company was able to remove all restrictions on 281,392 Richter ordinary shares granted to its employees on 20 December 2022, thereby enabling these shares to be traded.

5.6. Ownership Structure

The shareholder structure on 31 December 2024 is presented in detail in the following table:

Ownership	Ordinary shares Number	Voting rights %	Share capital %
Domestic ownership	**64,323,718**	**35.18**	**34.51**
State ownership total	**126**	**0.00**	**0.00**
out of which Municipality	126	0.00	0.00
Institutional investors	**56,366,732**	**30.83**	**30.24**
out of which Maecenas Universitatis Corvini Foundation	18,637,486	10.19	10.00
out of which Mathias Corvinus Collegium Foundation	18,637,486	10.19	10.00
out of which Foundation for National Health and Education of Medical Doctors	9,777,658	5.35	5.25
Retail investors	7,956,860	4.35	4.27
International ownership	**118,043,784**	**64.56**	**63.34**
Institutional investors	117,695,393	64.37	63.15
out of which FMR LLC	9,457,941	5.17	5.07
Retail investors	348,391	0.19	0.19
Treasury shares and shares transferred to ESOT*	**3,993,621**	**0.25**	**2.14**
Undisclosed ownership	**13,737**	**0.01**	**0.01**
Share capital	**186,374,860**	**100.00**	**100.00**

Note:

* Treasury shares with exception of those owned by ESOT do not have voting rights attached.

IV. Strategic Review

1. Strategic Targets

Richter's mid-term strategy continues to strongly support achieving the company's vision of becoming a "Leading European Midpharma Company" by the end of the decade. The organizational changes, the clearer bundling of activities around the four strategic business units as well as the last few years' organic and inorganic investments all served the purpose of achieving financial excellence, continued secular growth and stability. All these ingredients are necessary to build a successful business model that will allow for sustainable value creation even after the loss of exclusivity of VRAYLAR®, a blockbuster drug, which currently provides substantial and fast-growing royalty income for Richter.

Primary capital allocation decisions are taking place at group level, while the four Business Units have their own strategic targets with clear responsibility along a detailed set of performance indicators. The Business Units are in different stages of maturity and cash generation and face different challenges, hence require individual target setting, management and execution.

- The aim of the CNS Business Unit is, by utilizing our world class early phase R&D capability in the central nervous system domain, to build a strong pipeline of small molecule drug candidates in indications with high unmet medical need. We are working to further maximize the potential of cariprazine, while developing and partnering original R&D projects latest at end of Phase 2 for at least the US market that could provide the basis for revenue and earnings growth beyond 2030 (after patent expiry of the cariprazine capsule).
- The Women Healthcare (WHC) Business Unit globally looks after women's health 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 the WHC Business Unit aims to become the leading provider of pharmaceutical products in geographical Europe by the end of this decade, while achieving superior profitability.
- The Biotechnology (BIO) Business Unit, as the most recent addition to Richter's scale of pharma expertise is expected to establish and reinforce the Company's presence in the fastest growing segment of the industry. By developing, manufacturing and commercializing Biosimilars, Richter carries out high-entry barrier activities in order to offer innovative treatment options and broadening patient access to biological therapies in the fields of Rheumatology, other Auto-immune diseases and Osteoporosis (RIO) in Europe and Australia. In addition to bringing own biosimilar products to the markets BIO also services third parties by contract development and manufacturing activities (CDMO) carried out in both microbial and mammalian projects. Richter intends to strengthen its biosimilar portfolio over the coming years with the launch of further biosimilars and aims at achieving a self-sufficient state of operation by 2027-2028.
- General Medicines (GM) Business Unit is focusing on a narrower geographic region of Central Europe and Eastern Europe, which is responsible for more than 90 percent of this Business Unit's revenues. GM aims to preserve its local hero position in Hungary and to become a leading generic supplier across the Central and Eastern European markets. With a clear focus on central nervous system (generic) and cardiometabolic treatments (the latter comprising of cardiovascular blood and diabetes related therapeutic areas) this Business Unit also aims to create a leading OTC retail portfolio by both organic and inorganic means.

2. Neuropsychiatry (CNS)

2.1. Overview

Innovation and research of original drug molecules have been key elements in the Company's strategy since its foundation in 1901. Some centrally acting new chemical entities were discovered, developed, and marketed in the second half of the 20th century that served as the basis for later breakthrough achievements in the CNS field. Cariprazine, a multiple blockbuster being sold globally, was discovered by the Company in the early 2000s, and is the first drug in history having been successfully co-developed and co-financed by a Central European pharma company for the US market. The outstanding partnership with Forest (now AbbVie) throughout the development from Phase 1 to successful launch has proven to be an excellent partnering model for the Company that is intended to be replicated for ongoing and future developments.

2.2. Cariprazine

Cariprazine is an oral, once daily atypical antipsychotic approved for multiple indications in the US under the brand name VRAYLAR® including the adjunctive therapy to antidepressants for the treatment of major depressive disorder (MDD) in adults, treatment of depressive episodes associated with bipolar I disorder (bipolar depression) in adults, acute treatment of manic or mixed episodes associated with bipolar I disorder in adults and treatment of schizophrenia in adults. The drug is approved in a further 67 countries globally (in Europe, it is marketed under the brand name Reagila), mostly for treatment of schizophrenia in adults. In predominant negative symptoms of schizophrenia, the molecule showed superior efficacy in a pivotal head-to-head study in comparison to standard of care. This active comparator study was the basis for successful market access activities in Europe and beyond.

While the mechanism of action of cariprazine is unknown, its efficacy is thought to be mediated through a combination of partial agonist activity at central dopamine D_2 and serotonin 5-HT_1A receptors and antagonist activity at serotonin 5-HT_2A receptors. It may act as a partial agonist with high binding affinity at dopamine D_3, dopamine D_2, and serotonin 5-HT_1A receptors with demonstrated up to ~8-fold greater in vitro affinity for dopamine D3 vs D2 receptors. Cariprazine also acts as an antagonist at serotonin 5-HT_2B and 5-HT_2A receptors with high and moderate binding affinity respectively as well as binding to the histamine H1 receptors. Cariprazine shows lower binding affinity to the serotonin 5-HT_2C and α1A-adrenergic receptors and has no appreciable affinity for cholinergic muscarinic receptors.

Global update

USA, AbbVie: Richter's partner in North America has performed well with VRAYLAR® in 2024, boosted by the launch in adjunctive treatment for major depressive disorder in the US back in early 2023. AbbVie expects a peak revenue approaching USD 5bn. It is anticipated that the global (including USA) psychiatry market will grow significantly in value in the upcoming years that justifies the growing investment and increased M&A activity in the field.

In September 2024, AbbVie announced positive reimbursement for VRAYLAR® for the treatment of schizophrenia in Canada.

In the USA, AbbVie's recorded USD 3.267bn sales proceeds from VRAYLAR®, complemented by a few more million USD turnover achieved in Canada and Puerto Rico. These altogether resulted in a USD 622 million royalty income for the Company in respect of 2024.

In Western Europe sales of Recordati (Richter's commercial partner for this region) increased in 2024 by 12% when compared to the levels recorded in 2023. This is an outstanding achievement when considering earlier turnovers reported by REAGILA® following its approval for the schizophrenia indication in 2017 by EMA. By the end of 2023, REAGILA® was practically launched on all European markets where Richter was able to obtain a reimbursed status. In Central Europe and

in Eastern Europe (former CIS region), Richter performs sales and marketing activities for REAGILA® taking advantage of its own network, and it reported a robust growth in 2024, 24% compared to 2023, which is mainly coming from Poland, Üzbekistan and Russia.

In 2024, the Company as the marketing authorisation (MA) holder of REAGILA® got EMA approval for an orodispersible tablet as part of the life cycle management of cariprazine, followed by its first commercial launch in October 2024 in Hungary.

Following the regulatory approvals obtained in the United States (2015) and the European Union (2017), the Company started to actively license out cariprazine to those territories where it did not have an own sales network and the marketing of the drug promised commercial success. As a result, cariprazine is now available in 67 countries globally and is promoted by key pharmaceutical players in each territory.

The table below summarises the territories served by the Company's own distribution network and those countries where a contracted license partner does the registration and/or distribution of cariprazine.

Company	**Territory**
AbbVie	**United States, Canada**, Latin America (Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Venezuela, **Puerto Rico**), Japan, Taiwan
Adcock	**South Africa** (Lesotho, Botswana, Swaziland, Namibia, Zimbabwe)
Dexcel	**Israel**
Gedeon Richter	**Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Serbia, Montenegro, Kosovo, Albania, Vietnam, Russia, Azerbaijan, Belarus, Georgia, Kazakhstan, Moldavia, Ukraine, Uzbekistan**
Hikma	**Bahrain, Egypt, Jordan, Iraq, Saudi Arabia, Kuwait, Lebanon,** Libya, **Morocco,** Algeria, **Oman, Qatar,** Sudan, Syria, **United Arab Emirates**
Mitsubishi Tanabe	**Singapore, Thailand, Malaysia, Indonesia, Philippines,** Sri Lanka
Recordati	**Germany, Spain, Italy, UK, Ireland,** France, **Switzerland, Austria, Greece,** Turkey, **Portugal, Belgium, Denmark, Norway, Sweden, Finland, Luxembourg, Liechtenstein, Netherlands,** Iceland, **Tunisia,** Malta, **Cyprus**
Seqirus	**Australia**, New Zealand
WhanIn	South Korea

Note: Countries in bold print were marketed during 2024

In most countries, cariprazine is registered and marketed in the schizophrenia indication, with certain geographies, where sufficient clinical data was available to meet regulatory requirements, and distribution was also commercially feasible, multiple psychotic indications were requested and granted. The following table summarises the countries where cariprazine has been registered in multiple therapeutical indications.

Country	Registered indications
Belarus	Schizophrenia, Bipolar Mania, Bipolar Depression
Canada	Schizophrenia, Bipolar Mania, Bipolar Depression
Kazakhstan	Schizophrenia, Bipolar Mania, Bipolar Depression
Moldavia	Schizophrenia, Bipolar Mania, Bipolar Depression
Indonesia	Schizophrenia, Bipolar Mania, Bipolar Depression
Israel	Schizophrenia, Bipolar Mania, Bipolar Depression, aMDD*
Malaysia	Schizophrenia, Bipolar Mania, Bipolar Depression
Philippines	Schizophrenia, Bipolar Mania, Bipolar Depression
Russia	Schizophrenia, Bipolar Mania, Bipolar Depression
Singapore	Schizophrenia, Bipolar Mania, Bipolar Depression
Thailand	Schizophrenia, Bipolar Mania, Bipolar Depression
USA	Schizophrenia, Bipolar Mania, Bipolar Depression, aMDD*

Note: *adjunctive therapy to antidepressants for Major Depressive Disorder

The aim of the CNS Business Unit is to maximize the value of cariprazine be it by own means or with the support of external partners, in order to offer the treatment to as many patients suffering from various mood disorders as possible. A motivated cross functional team supports effective medico-marketing, market access and product management activities to achieve leading position among the oral atypical antipsychotics. Our aim is to be the partner of choice in psychiatry for patients, family caregivers and healthcare professionals. Currently cariprazine is the most valuable Richter asset contributing to the profitability of the Company.

The team is working diligently to invest into CNS research and pipeline projects in order to maintain long term profitability of the business unit by successfully introducing innovative treatments globally in the 2030s.

2.3. Original CNS research and development

Capitalizing on the expertise gained throughout the research, development and medico-marketing of the cariprazine our aim is to research and develop further CNS assets in a cost-efficient way. We aim to have a new molecule close to the market by the end of the 2020s and have a balanced pipeline continuously fed with new pipeline candidates primarily deriving from internal sources.

We believe that there is much unmet medical need within the CNS therapeutic field where we have outlined symptom clusters, such as negative, positive, and cognitive. There are a number of different indications related to the above-mentioned symptom clusters, which provide a wide range of potential biological targets to pursue. Our aim has been unchanged, that is to pursue differentiated development possibilities in these therapeutic areas via developing small molecule products. We strongly believe such development could be of interest to various companies with whom we could co-develop the candidates through clinical phases and could share development risks in exchange for shared profits to be obtained on the markets.

In March 2022 an agreement was inked with AbbVie for a new co-development and license agreement to research, develop and commercialize novel dopamine receptor modulators for the potential treatment of neuropsychiatric diseases. The most advanced development program, RGH-932 or ABBV-932, successfully completed Ph1 clinical phase and entered into Ph2 clinical testing in October, being bipolar depression its most advanced indication.

In October 2024, the Company announced a new collabouration with AbbVie for the discovery and development of novel targets for neuropsychiatric conditions. Under the terms of the agreement, the collabouration includes both preclinical and clinical R&D activities with shared financing by the parties. Richter received an upfront cash payment of $25 million, along with potential future development, regulatory and commercialization milestones. In addition, Richter may also receive sales-based royalties. AbbVie will have worldwide commercialization rights except for traditional markets of Richter, such as geographic Europe, Russia, other CIS countries and Vietnam. This early collabouration model eliminates the risk of partnering for Richter that is definitely needed prior to committing to Ph3 clinical phase and also allows our US partner to incorporate all the strategic element to the early development that is optimal for the US development plan.

By the end of 2024, the total number of CNS original R&D projects was 10, from which 7 projects were in preclinical phase and 3 projects were in clinical phase (one project in Phase 2 development and 2 projects in Phase 1). During 2024, one project was discontinued in its leading indication based on the Phase 2 study results and one project in Phase 1 was terminated due to commercial reasons.

We value the strengths offered by partnership type of co-operations and therefore the Company has increased its visibility at partnering congresses from 2023 in order to awake the interest of different companies from our existing partners. The Company has also started to systematically build ecosystems, among those who are focusing on CNS in order to have early access to any new opportunities or research solutions.

Despite the setback in recent years in clinical developments caused by the COVID-19 pandemic and the Russian-Ukrainian war (restricting the involvement of clinical sites), the Company has focused its efforts so as to speed up R&D to support its strategic goals. In parallel further steps have been sustained to strengthen a goal-oriented culture and a focus on innovation and novel solutions. One principle, however, remains unchanged: we do not make any compromises when the quality of science is in question.

The Business Unit model introduced at the beginning of the reported year the team is focused to coordinate its actions required to reach the Company's strategic aims in respect of neuropsychiatry, primarily meaning to successfully develop original CNS products in global partnerships that can reach the market in the 2030s.

In 2024 Richter filed 2 new patent applications, and it had 18 new scientific publications released within the CNS field.

3. Women's Healthcare (WHC)

3.1. Overview

Richter's Women's Healthcare business is one of the Company's most important specialized areas of focus. With a history rooted in the pioneering work of its founder, Mr. Gedeon Richter, a pharmacist, the Company has built extensive and long-term expertise in this field. Mr. Gedeon Richter began researching steroids at a time when they were a novel concept, and in 1902, he introduced the first Women's Healthcare product under the brand name *Tablette Ovarii*. Since then, the Company has consistently leveraged its pharmaceutical manufacturing capabilities to carry out the complex and time-intensive development processes required to produce high-quality gynaecological products.

The Women's Healthcare franchise has historically maintained a strong presence in Central and Eastern Europe, as well as the CIS region. In the mid-1990s, the Company expanded its footprint in the U.S. by entering a strategic partnership with Duramed Inc., focusing on Richter's core specialty of Women's Healthcare, particularly oral contraceptives. This collabouration was subsequently extended in both scope and duration with Barr Inc., following its acquisition of Duramed. Despite subsequent mergers and acquisitions, Richter's long-term partnerships have remained intact, allowing the U.S. operations to become a recognized supplier of Women's Healthcare Active Pharmaceutical Ingredients (APIs). Additionally, Richter supplies Foundation Consumer Healthcare (formerly Teva) with finished-form emergency contraceptive products, including *PLAN B* and *PLAN B ONE-STEP*.

A central element of the Company's strategy has been the continued expansion and development of its Women's Healthcare product portfolio. Over the past several decades, this strategy has been reinforced through numerous acquisitions, as well as research and development collabourations and licensing agreements.

Richter boasts one of the most comprehensive women's healthcare portfolios globally, addressing the medical needs of women across all continents. To facilitate the sales and distribution of its products, the Company maintains a robust and specialized sales network spanning Western Europe, Central Europe, Eastern Europe, and all CIS republics. Additionally, Richter's subsidiaries promote and distribute this specialized portfolio in key markets such as China, Australia, and most Latin American countries. In regions where the Company does not have a direct presence, women can access Richter's high-value product range through well-established local partners.

In August 2023, Richter and Mithra have signed a supply agreement for the active pharmaceutical ingredient (API) for the combined oral contraceptive DROVELIS® / ESTELLE® and their novel product candidate for the treatment of post-menopausal symptoms (DONESTA®). Richter started to manufacture and supply native oestrogen estetrol (E4) for the above two products.

In June 2024 Richter announced a successful acquisition of certain assets from Mithra Pharmaceuticals SA and from its subsidiary Mithra Recherche et Développement SA in Belgium. The transaction included the acquisition of 100% of the shares in Estetra SRL and Neuralis, as well as some assets and licenses of Mithra R&D. The enterprise value implied by the transaction was EUR 175m. Mithra's key asset is its own-developed lead platform, based on Estetrol (E4), a unique, native oestrogen. By the transaction Richter acquired exclusive rights of this molecule for multiple indications and several synthetic approaches as well as worldwide rights attached to the linked product/product candidates. The transfer included the related intellectual property rights, current contracts as well as the commitments related to ESTELLE® (already marketed) and DONESTA® The acquired assets represent a unique opportunity for Richter to further expand and deepen its presence in its core WHC business worldwide. The ownership of Estetrol opened the way to set foothold in the US, Japan and other geographies, where Richter has had subscale WHC presence.

BCI Pharma, a Belgium-based privately-owned biotech company, carrying out innovative research activity in a variety of women's health conditions was the second WHC related acquisition in June 2024. The enterprise value implied by the

transaction was EUR 12 million. BCI identifies new kinase inhibitors from its own kinase inhibitor library (small chemical molecules) and from its own database based on HTS (High-Throughput Screening).

The acquisition of BCI was a strategic fit adding R&D personal to Neuralis and Estetra reinforcing the establishment of own original Richter gynaecological research. As a result, Richter is covering the entire value chain in Women's Healthcare from original research to on-market sales and it is going to be present on all continents with its highly specialised WHC product franchise.

As first fruit of Mithra assets acquisition, in September 2024 Richter's partner, Fuji Pharma Co., has received marketing approval of Alyssa® combination tablets, developed in Japan for the scheduled indication of dysmenorrhea. The approval triggered a milestone payment of EUR 10mn to Estetra SRL, a 100% subsidiary of Richter, under the agreement whereby Fuji holds development and commercialization rights for Alyssa® in Japan and the ASEAN region. Alyssa® combination tablets is a dysmenorrhea treatment containing drospirenone and Estetrol (E4), a natural estrogen in-licensed by Fuji from Estetra SRL.

3.2. WHC Portfolio

3.2.1. Female Contraception

We offer a broad range of contraceptive options to assist women to shape their lives according to their wishes. When it comes to the choice of contraceptive methods, reliability, safety, ease of use and convenience all play a major role. Step by step we have built up a product portfolio, which contains several oral contraceptives, non-oral contraception products and emergency contraceptives, providing a broad range for the female population to choose those products which fit most with their personal needs.

DROVELIS® a Novel OC acquired from Mithra

To further diversify the range of contraceptives to women an agreement was signed with Mithra Pharmaceuticals in 2018 to commercialise a combined oral contraceptive, containing estetrol and drospirenone. The product is a novel oral contraceptive with native oestrogen acting selectively in tissues combined with additional benefits of drospirenone. The geographic scope of the agreement covered Europe, Russia and other CIS countries.

In February 2020 EMA commenced its evaluation of Richter's marketing authorisation application and following the closing of the reported year, in March 2021 CHMP issued a positive opinion which was endorsed by EMA in May 2021 granting MAA to the product. Subsequently the product was launched at the end of the second quarter 2021 being first available on the German, Austrian, Hungarian and later other European markets. In December 2020 Richter and Estetra S.A had extended the partnership and signed a licence and supply agreement for the commercialization to include key markets in Latin America.

In 2023 Richter extended the existing agreements with estetrol (API) supply for Mithra partners covering US and Japan markets.

In June 2024 Richter announced a successful acquisition of 100% of the shares in Estetra SRL from Mithra Pharmaceuticals SA acquiring exclusive rights of E4 molecule for multiple indications and several synthetic approaches as well as worldwide rights attached to the linked product/product candidates.

Total turnover achieved by this product in 2024 amounted to HUF 18,867m.

EVRA® Contraceptive Patch

In December 2020 as a further step to enhance our existing branded female healthcare franchise worldwide Richter signed an agreement with Janssen, a wholly owned subsidiary of Johnson & Johnson to purchase its Outside US EVRA® transdermal contraceptive patch assets. The purchase price paid for the assets amounted to USD 263.5m.

By adding a patch to our existing contraceptive delivery methods such as oral contraceptives, emergency contraceptives and intra-uterine device, enabled Richter to proudly offer the widest selection of family planning solutions to women.

EVRA® is approved as a once-a-week contraceptive for women. It is the first transdermal hormonal patch to be approved, as well as the first non-invasive form of birth control that, when used correctly, is 99 percent effective.

In 2024 we observed an average 7 percent growth over the markets. The biggest EVRA® markets include Mexico, Poland, UK, Italy and Germany. Several markets have overperformed the 2020 expectations for mid-term development.

Total turnover achieved by this product in 2024 amounted to HUF 33,276m.

LEVOSERT® contraceptive Intra-Uterine System (IUS)

Extending our Women's Healthcare franchise, a levonorgestrel releasing Intrauterine System (IUS), LEVOSERT® was launched in Central Europe and in 2017 further licensed-in from AbbVie for Western and Northern European countries. The agreement was extended in 2019 to also include Latin American markets.

Product registration for EU markets in respect of a novel, more comfortable version of the product allowing for one handed insertion (SHI) has been launched in 2022.

3.2.2. Uterine Fibroids and Endometriosis

Affecting over 25 percent of women of reproductive age, uterine fibroids are noncancerous tumours that develop in or on the muscular walls of the uterus and are among the most common reproductive tract tumours in women. In addition to an individual's genetic predisposition, oestrogens are well known to play an important role in the regulation of fibroid growth.

Although uterine fibroids are benign tumours, they can cause debilitating symptoms such as heavy menstrual bleeding (frequently resulting in anaemia and fatigue), pain (including painful periods, abdominal pain, painful intercourse, backache), increased abdominal girth and bloating, urinary frequency or retention, constipation, pregnancy loss, and, in some cases, infertility. These symptoms can also lead to loss of productivity at work, limitations in normal activities of daily living, and social embarrassment.

Affecting approximately 10 percent of women of reproductive age, endometriosis is a disease in which tissue similar to the uterine lining is found outside the uterine cavity, commonly in the lower abdomen or pelvis, on ovaries, the bladder, and the colon. This endometrial-like tissue outside the uterus results in chronic inflammation and can cause scarring and adhesions.

The symptoms associated with endometriosis include painful periods and chronic pelvic pain, painful ovulation, pain during or after sexual intercourse, heavy bleeding, fatigue, and infertility. Endometriosis can also impact general physical, mental, and social well-being.

For pain associated with endometriosis, initial treatment options include oral contraceptives and over-the-counter pain medications. In more severe cases GnRH agonists are used for short-term treatment.

RYEQO® (relugolix with add back combination)

In March 2020 Richter and Sumitomo Pharma (former Myovant Sciences), have entered into an exclusive licence agreement for Richter to commercialise relugolix combination tablet (relugolix, oestradiol and norethindrone acetate) for uterine fibroids and endometriosis in Europe, the Commonwealth of Independent States (CIS) including Russia, Latin America, Australia, and New Zealand.

Prior to the agreement Myovant submitted in March 2020 a Marketing Authorization Application to the EMA for a relugolix combination tablet for the treatment of women with moderate to severe symptoms associated with uterine fibroids.

In line with Richter's expectations the MAA was granted in July 2021 under the brand name RYEQO® with launches on the first EU markets, including Hungary and other countries, having commenced in the second half of the year.

Richter had the product launched on all European key markets by the end of 2022 except France. In 2023 all market access work related to uterine fibroids has been completed with most important European markets having received reimbursement except for France.

In November 2023 the product received the final EC approval for its endometriosis indication.

In 2024 company achieved close 150 percent growth over the markets. The biggest market growth included Germany, Spain, UK, Italy and Belgium. Several markets have overperformed the 2024 expectations.

Total turnover achieved by this product in 2024 amounted to HUF 16,947m.

3.2.3. Female Fertility

Up to 25 percent of all couples may experience problems in conceiving a child, a figure that appears to be rising partly due to the trend to delay pregnancy. The World Health Organization estimates that there are about 60 to 80 million cases of infertility around the world. Being a responsible player in the pharmaceutical universe we are aware of the importance of reproductiveness of the female population and we are committed to addressing women's needs from a pharma industry perspective.

BEMFOLA®

In addition to an already well-established portfolio a very promising product has been added in 2016, when Richter acquired Finox Holding, a privately held Swiss biotech company focused on the development and commercialisation of innovative and cost-effective products addressing female fertility. This acquisition allowed Richter to establish its presence in the female fertility therapeutic area – a major growth market.

BEMFOLA®, a recombinant-human Follicle Stimulating Hormone (r-hFSH) was developed by Finox as a biosimilar to GONAL-f®, an established reference product. BEMFOLA® was the first biosimilar r-hFSH launched in Europe.

Total turnover achieved by this product in 2024 amounted to HUF 17,891m.

CYCLOGEST®

The Fertility portfolio was further expanded in 2018 when Richter agreed with L.D. Collins & Co. Limited, a UK based company, to commercialize its progesterone containing assisted reproduction technology (ART) product, CYCLOGEST® in 27 EU member states. In 2019 the agreement was extended to Australia and New Zealand. Beside the regulation of ovulation and menstruation, progesterone is essential in establishing and maintaining early pregnancy. CYCLOGEST®

pessaries contain 400mg of progesterone, a naturally occurring progestogen. CYCLOGEST® prepares the lining of the uterus (endometrium) to be as receptive as possible to the embryo and therefore it is critical to support the luteal phase as part of ART.

The product is launched on most EU markets. Total sales recorded by this product in 2024 was HUF 7,400m. The product is under launch in Australia and New Zealand.

GANIRELIX GEDEON RICHTER

GANIRELIX Gedeon Richter is the latest addition to our growing portfolio in fertility, a GnRH antagonist that complements our product range used in assisted reproduction effectively. GANIRELIX Gedeon Richter is backed by clinical and real-world efficacy data with an established safety profile of over 20 years of experience with the molecule. The brand was designed to improve patient experience, delivered in pre-filled syringes with a fine 29-gauge needle, allowing for improved self-administration with less likelihood of pain and bleeding compared to alternatives. We offer two pack sizes, 1x and a unique 6x, providing healthcare professionals the ability to cater to individual patient needs. Further important unique selling proposition is that GANIRELIX Gedeon Richter is a latex free product.

Commercialisation of the brand started in Q3 2022 in Europe with the aim to cover all countries where BEMFOLA® is available. Sales of GANIRELIX Gedeon Richter reached HUF 2,619m in 2024.

GISKIT

Richter announced in July 2023 a Share Purchase Agreement to transfer 100 percent of the Giskit MD B.V. shares to Richter from Giskit Holding B.V.

Giskit MD B.V. was the owner of ExEm Foam® and GISKIT assets and patent rights globally, excluding the US, China and South Korea. Both Women's Health Care products are used in more patient-friendly ultrasound examinations, ExEm® Foam for the examination of the fallopian tubes and GISKIT for the examination of the uterine cavity.

The acquisition of this medical device is a perfect fit for the company's specialty strategy by expanding its in vitro fertilization portfolio.

Commercial take over started in the second quarter 2024 in Europe with the aim to cover all countries where BEMFOLA® is available. Total turnover achieved by this product in 2024 amounted to HUF 1,987m.

3.2.4. Hormone Replacement Therapy

Menopause is a natural phase in a woman's life that all women eventually experience. The decline in oestrogen production that defines this transitional period can lead to both short-term and long-term health consequences. It is well-established that menopause can negatively impact a woman's quality of life, with oestrogen loss being closely linked to an increased risk of osteoporosis and bone fractures. As global life expectancy continues to rise, more women are spending a greater portion of their lives in the post-menopausal phase. According to the World Health Organization (WHO), by 2030, over 1.2 billion women worldwide will be menopausal or post-menopausal. This demographic shift, coupled with the wide-ranging effects of menopause, underscores its significance as a global health and wellbeing issue. It also highlights the urgent need for more effective management strategies and equitable access to care. Our goal is to support women's health and quality of life over the long term.

A study conducted by the Women's Health Initiative (WHI) in 2001 led to a significant decline in the use of hormone replacement therapy (HRT), partly due to misinterpretation of the findings, resulting in widespread scepticism regarding hormone treatment. However, recent years have shown positive trends, with an increasing number of women seeking

solutions to improve their wellbeing and quality of life during menopause. One such solution is the supplementation of declining hormone levels. Richter's most recent licensing agreement reflects this emerging trend, positioning the company to enter the growing market for HRT.

LENZETTO®

Since establishing a partnership with Acrux, an Australian drug delivery company, in 2013, Richter has been commercializing the estradiol transdermal spray therapy for the treatment of menopausal symptoms outside the United States and Switzerland. In 2024, Richter reached an agreement with the license owner in Switzerland, preparing for commercialization in early 2025.

LENZETTO® is an innovative transdermal spray that delivers 17β estradiol for menopausal hormone therapy. The transdermal route of hormone administration has grown in popularity in recent years, and LENZETTO® has seen significant market share growth, contributing to the expanding menopause treatment market.

In 2024, LENZETTO® recorded a turnover of HUF 11,902m.

DONESTA®, a novel menopause product

In December 2022, Richter entered into a binding agreement with Mithra for the commercialization of DONESTA® in Europe, CIS countries, Latin America, Australia, and New Zealand. The agreement was finalized in February 2023.

DONESTA® is a next-generation, oral oestrogen-based hormone therapy (estetrol, E4) designed to treat a variety of menopausal symptoms. In early 2022, Mithra announced positive Phase III clinical trial results for DONESTA®, which demonstrated a reduction in vasomotor symptoms (VMS) compared to placebo, with all co-primary efficacy endpoints statistically met. Long-term safety studies have been completed, and a marketing authorization dossier is currently being prepared, with submission expected in mid-2025.

VAGIRUX® / REWELLFEM®

In 2017, Richter entered into an agreement with Helm AG, based in Germany, to develop a generic version of VAGIFEM®, owned by Novo Nordisk. VAGIFEM® is a unique vaginal tablet containing oestradiol, designed to treat symptoms of vaginal dryness associated with menopause, and includes a device for application. After successfully completing a complex development process, Richter now offers a product for local therapy of menopause-related vaginal dryness under the brand name VAGIRUX® / REWELLFEM®. Richter holds exclusive commercial rights in Europe, excluding Scandinavia and the UK, where the rights are semi-exclusive. The product has been launched in several countries since 2020. In 2024, VAGIRUX® / REWELLFEM® generated a turnover of HUF 4,083m.

These developments reflect Richter's ongoing commitment to advancing women's health and providing effective solutions for the management of menopause-related symptoms.

3.2.5. Other Women's Healthcare Products

PAPILOCARE®

PAPILOCARE® is a medical device aiming at the prevention and adjunctive treatment of alterations of the cervix caused by containing natural ingredients. The product complements Richter's wide ranging Women's healthcare portfolio in an area with limited therapeutic solutions available.

Under the terms of the license agreement concluded with Spain based ProCare Health, S. L. in 2018 Richter is entitled to commercialize the product in Central and Eastern Europe and Austria. These geographies were extended in 2020 to include Russia and Ukraine.

Turnover recorded by PAPILOCARE® in 2024 in Central Europe, Eastern Europe and Austria altogether amounted to HUF 1,622m.

4. Biotechnology (BIO)

4.1. Overview

Richter's Biotechnology Business Unit has generated just over EUR 136m worth of revenues in 2024, stemming from biosimilar sales and CDMO service revenues.

The business activities carried out by the Biotechnology Business Unit continue to cover two separate value and revenue streams:

- one relates to Richter's biosimilar portfolio, including commercial revenues generated from the Company's teriparatide biosimilar, and the management of the Company's biosimilar development pipeline and future commercial portfolio. Richter expects to launch four new biosimilar brands over the next two years.
- the second relates to biotechnology CDMO operations – Contract Development & Manufacturing services generated – which cover revenues mainly driven by Richter Biologics the microbial development and production-based entity based in Germany.

As a consequence of the fundamentally different know-how required to biological drug substance and drug product development and manufacturing, the Biotechnology Business Unit is fully vertically integrated and manages dedicated development and manufacturing entities within the business unit and these platforms are in essence not shared with the small molecule capability platforms of the company.

These capability platforms can be grouped into two separate development and manufacturing value chains and entities. Microbial cell-based expression biologics development and manufacturing capabilities are covered by Richter Biologics in Germany and mammalian cell-based expression biologics development and manufacturing at our Budapest and Debrecen sites respectively.

The primary role of the Biotechnology Business Unit is the commercialization of Biosimilars / Specialty products for the treatment of Rheumatology and other Auto-Immune diseases and Osteoporosis. The focus is primarily on in-house developed biosimilars which utilize the development and manufacturing capability platforms described above.

The Richter biosimilar development programmes tend to be global in nature, with the intention to register and commercialize in Europe and key LATAM countries via GR affiliates, building on Richter's global sales network and commercializing via partners in other important global markets like the US and Japan amongst others.

In addition to commercializing in-house developed biosimilars, product in-licensing is considered as well in order to strengthen Richter's commercial portfolio driving scale and competitiveness for GR's commercial affiliates.

Furthermore, the biotechnology capabilities described above support the other Business Units of the Company, in case biotechnology product development or manufacturing capabilities are required for the product portfolios of other business units, as is in the case of BEMFOLA® for example.

4.2. Biosimilars in general

A biosimilar medicine is a biological medicine that is developed to be highly similar to an already authorised biological medicine (the 'reference medicine'). The biosimilar medicines do not have any clinically relevant differences from the reference medicine in terms of quality, safety or efficacy.

By competing with original biologics across a growing range of therapy areas, biosimilars enable stakeholders – including payers, physicians and patients – to benefit from greater choice when it comes to treatment options, and hence increase patient access to effective therapeutic biologics.

The growing share of biologics within the global pharmaceutical market is reflected in Richter's efforts to further strengthen its biotechnology pillar. Focus remains on successfully developing, manufacturing and commercializing a portfolio of biosimilar products, with a main focus on the osteoporosis, rheumatology and auto-immune diseases fields.

The global biosimilar market size was close to USD 35bn in 2024, of which the European market is just under USD 10 bn. Strong US market growth is expected to drive global value significantly to reach USD 150 bn by 2033, growing at an expected CAGR of approximately 17 percent. near the end of 2024 there were over 100 biosimilar approvals in Europe and 64 in the US. With further patent expiries of biologic blockbuster products expected in coming years, these numbers are expected to grow significantly. Uncertainty remains over expected market pricing trends of biosimilars, particularly in the United States, translating to uncertain margin predictions for biosimilar assets.

Biosimilars will undoubtedly continue to allow for significant healthcare savings and as a result will both increase patient access to biologics treatments and allow for healthcare support of an ever-increasing number of new biological pharmaceutical products.

4.3. Biosimilar revenues and development pipeline

4.3.1. Targeted indication areas – Osteoporosis, Rheumatology, Auto-immune diseases

TERROSA®, teriparatide – commercial product

Teriparatide is identical to the biologically active fragment of the human parathyroid hormone, it replaces the natural hormone and stimulates bone formation. Teriparatide is used for the treatment of osteoporosis as it reduces the risk of bone fracture in various patient groups, providing a very effective osteoanabolic treatment option for patients. Osteoporosis is more common in women after the menopause, and it can also occur in both men and women as a side effect of glucocorticoid treatment.

Gedeon Richter launched its teriparatide biosimilar in 2019, the first biosimilar teriparatide available on the global market. The biosimilar teriparatide was developed by Richter-Helm BioTec GmbH & Co. KG, Richter's joint venture company, which owns the asset. The product was approved in adults for the same indications as Eli Lilly's FORSTEO®.

The product is commercialised across 6 continents. GR as a licensor of RHT commercialises via Richter affiliates in Europe, Australia and Latin America, under the brand TERROSA®. The product has also been licensed to and launched in Europe by STADA under the brand name MOVYMIA®. The product has also been commercialised via different partners in further multiple markets globally (under different brand names), including South Korea, Canada, Israel and other Asian and MENA countries. Furthermore, in cooperation with Mochida Pharmaceutical Co., Ltd. ("Mochida") the product was licensed out for commercialisation in Japan, where it was launched in late 2019, becoming the largest single country market in terms of volume for Richter's biosimilar teriparatide.

Sales of the product have grown further versus 2023, and in 2024 it has achieved global annual market sales of over EUR 130m through Richter and global partners altogether. Total sales proceeds from teriparatide as recorded by Richter amounted to nearly EUR 70m in 2024. The latter figure includes sales proceeds from all partners. In the case of TERROSA®, a new dosing pen was launched in many of the affiliates.

Biosimilar product candidates close to launch and in-licensing products to broaden commercial biosimilar portfolio.

Richter intends to strengthen its biosimilar portfolio over the coming years with the launch of two in-house developed further biosimilars in the osteoporosis and rheumatology fields respectively, upon patent expiry of the originator products. Two such products cover biosimilars of denosumab products (Amgen´s PROLIA® and XGEVA®) and the other is a tocilizumab biosimilar (ACTEMRA® from Roche). Furthermore, GR intends to expand its biosimilar portfolio through European in-licensing of a biosimilar Ustekinumab (STELARA® from Janssen) from Bio-Thera Solutions.

Product candidates under development – denosumab and tocilizumab biosimilars

Richter intends to further strengthen its biosimilar portfolio in the coming years and plans to launch two additional biosimilars in osteoporosis and rheumatology indications following the expiry of the originator products. One of these products could be the biosimilar denosumab (Amgen's PROLIA® and XGEVA® equivalents) and the other tocilizumab (Roche's ACTEMRA® biosimilar).

Denosumab biosimilar (RGB-14)

The biosimilar denosumab molecule (RGB-14) is the first monoclonal antibody to be submitted for registration to the European Medicines Agency in July 2024 and to the US Food and Drug Administration (FDA) in September 2024. In the US, the marketing authorisation holder will be Hikma Pharmaceuticals PLC, Richter's exclusive US commercial licensee of RGB-14. In both cases, two applications were submitted for the authorisation of the reference products denosumab biosimilar candidates Prolia® and Xgeva®.

Assuming successful marketing authorisations, the products are expected to be launched in late 2025 and early 2026 in various European countries and the United States.

Denosumab is indicated for treating osteoporosis in postmenopausal women, preventing skeletal-related complications in cancer that has spread to the bone, and treating unresectable giant cell tumour of the bone. Denosumab is a human monoclonal antibody. The product inhibits the activity of the RANK ligand, which reduces the formation and activity of osteoclasts, bone-degrading cells.

Richter submitted a comprehensive analytical and clinical data package, which comprises data from a Phase I pharmacokinetic/pharmacodynamic (PK/PD) similarity study in post-menopausal women with osteoporosis and a multicentre Phase III study. Phase III clinical trials have involved more than 600 patients in nearly 80 sites in ten countries on two continents. According to the data package, Richter's denosumab biosimilar matches the reference products in relation to PK, PD, efficacy, safety, and immunogenicity in the respective populations used in the studies. The data also contribute to the demonstration of similarity, which forms the basis for the biosimilar's use in all indications of the originator's products.

Denosumab is a good complement to TERROSA®, a successful teriparatide biosimilar product that has been used for several years in the treatment of osteoporosis.

Tocilizumab biosimilar (RGB-19)

In 2025, Phase I and Phase III clinical studies of the RGB-19 tocilizumab biosimilar candidate were successfully completed.

Tocilizumab is a biological product used in the treatment of rheumatoid arthritis. The product is also approved for the treatment of paediatric juvenile idiopathic arthritis, systemic juvenile idiopathic arthritis, giant cell arteritis and CAR-T cell-induced cytokine release syndrome. It is available in both subcutaneous and intravenous formulations.

The Phase I clinical study evaluated the equivalence of pharmacokinetics between RGB-19 and the reference biologic (RoActemra®) in healthy adult males. The Phase III clinical study was a multicentre efficacy and safety comparability study in patients with rheumatoid arthritis. Both studies met their endpoints demonstrating clinical similarity between RGB-19 and the reference biologic.

RGB-19 has been developed jointly by Richter and Mochida and both clinical studies were conducted in Japan. Based on the results of the studies Richter expects to file for marketing authorization applications for RGB-19 in major European markets in the first half of 2025, while Mochida expects to file for marketing authorization application for RGB-19 in Japan.

The biosimilar development of tocilizumab may have followed Richter's acquisition of the product from Taiwanese company Mycenax in April 2020. In October 2020, Richter signed a license agreement with Mochida Pharmaceutical Co. Ltd., under which Mochida acquired the rights to develop, manufacture and sell the product in Japan.

Ustekinumab biosimilar

In October 2024, Richter entered into an exclusive commercialisation and license agreement with Bio-Thera Solutions for the European rights to BAT2206, a biosimilar candidate of Stelara® (ustekinumab). Bio-Thera Solutions is a China-based pharmaceutical company developing innovative therapies and biosimilars, and will remain responsible for the development, manufacturing and supply of BAT2206 under the terms of the license agreement. Bio-Thera has filed BAT2206 for regulatory approval with EMA on 1 July 2024. Richter will have exclusive rights to commercialize the product in the European Union (EU), the United Kingdom, Switzerland and selected other countries.

Assuming successful marketing authorisation of the product, Richter plans to launch through its various European affiliates in very late 2025 and early 2026.

Other early-stage biosimilar developments

Richter is working on further biosimilar candidate in-house developments which are all in preclinical phase and status of developments is not in the public domain at this stage. Richter intends to commercialise further biosimilar products with reference biologics patent expiries beyond 2030.

4.3.2. Contract Development and Manufacturing (CDMO)

The Biotechnology Business Unit continues to strengthen its revenue stream resulting from Contract Development & Manufacturing (CDMO) services in 2024. This essentially comprises two sources of revenue. The majority of the revenue is generated from contract manufacturing and development based on the microbial fermentation by Richter Biologics in Germany. In addition, Richter also develops and manufactures biosimilar drug substance (DS) at its Debrecen plant for customers requiring contract manufacturing and development based on mammalian cell fermentation, and also undertakes finished product filling and primary packaging for a wide range of biologics.

Revenues covering CDMO services exceeded EUR 67m in 2024, which is close to half of the total Biotechnology Business Unit revenues.

In March 2024 Richter signed an agreement with HELM AG, a Germany-based stock corporation to buy 50% stake in Richter-Helm BioTec GmbH & Co. KG (“RHT”); and 30% stake in Richter-Helm BioLogics GmbH & Co. KG. (“RHB”) to become 100% owner of both companies. The successor to RHB is called Richter Biologics. Under the terms of the agreement Richter paid EUR 40.6m for HELM’s stake in RHB and EUR 71.8m for HELM’s stake in RHT. On top of the EUR 71.8m purchase payment, Richter will pay for RHT a further earnout scheme in respect of 2025-2029, subject to the performance of RHT – now a 100% Richter company - which remains the asset holder of GRs teriparatide biosimilar. The teriparatide biosimilar asset covers numerous license partners globally, including STADA, Daewon, Mochida and Richter itself. It is sold globally under mainly the TERROSA® brand and in case of Stada’s product, under the Movymia® name. The transaction consolidated Richter’s ownership and control of the Richter Biologics assets and will further support the Biotechnology Business Unit’s revenues and profitability. Certain harmonisation and integration activities of Richter Biologics into the Biotechnology Business Unit are ongoing and will consolidate in 2025.

Richter Biologics is a leading microbial CDMO company comprising of three development/manufacturing sites in northern Germany, with a very experienced organisation of more than 300 associates. In 2024, the main manufacturing site near Bovenau in Schleswig-Holstein, has completed a major, close to EUR 100mn capex investment to significantly expand its manufacturing capacity with new microbial drug substance manufacturing lines. This investment will enable further growth from 2025 onwards and strengthen its service offering to its pharmaceutical global client base.

In addition to the CDMO sales of Richter Biologics in 2024, the Debrecen site has also been important in meeting the needs of an increasing number of customers. In addition, the Debrecen site is the second production site for another biosimilar product, BEMFOLA®, in addition to teriparatide, thus strengthening the supply chain fit of this product of high importance for gynaecological fertility.

The Company's manufacturing site in Debrecen has versatile active substance (DS) and formulation (DP) plants. With the addition of biotech manufacturing activities, packaging and quality control (QC) capacity, the site can meet the needs of both Richter's own biologics manufacturing and the biologics manufacturing needs of external customers. In 2024, an additional filling and packaging line was commercially commissioned to further expand the finished product (DP) production capacity.

5. General Medicines (GM)

5.1. Overview

In the General Medicines business unit, alongside the implementation of its strategy, Gedeon Richter places emphasis on strengthening its regional position and ensuring the best possible service for its patients. Both objectives saw numerous achievements in 2024.

The revenue generated by the General Medicines business unit played a significant role in Gedeon Richter's balanced growth in 2024, accounting for 29.7 percent of the total revenue within the pharmaceuticals segment. Significant volume growth and price increases had a positive impact, further supported by the strengthening of the euro, while the weakening of the Russian rubble had an adverse effect. As a result of these factors, the business unit's revenue increased by 10.5% in 2024, reaching HUF 250,712m. Clean EBIT (HUF 39,970m) was bolstered in 2024 by manufacturing efficiency initiatives and product lifecycle management activities, which were initiated in recent years and continue to be implemented. Profitability demonstrated significant growth despite a deliberate increase in R&D and S&M expenses within the business unit.

To achieve new strategic objectives, the business unit is pursuing significant organizational and efficiency-enhancing programs in markets with the highest growth potential.

5.2. Portfolio Expansion & Product Lifecycle Management

The primary goal of the General Medicines business unit is to ensure broad access to therapies for patients. To achieve this, the business unit actively engages in both own development programs and licensing activities. In 2024, 12,993 million HUF, representing 5.2 percent of its revenue, was allocated to R&D purposes.

In line with practices of recent years, efforts to develop generic and fixed-dose combination products have continued, enabling the strengthening of therapeutic areas such as cardiometabolic and neuropsychiatric (CNS). Among these, diabetes, multiple sclerosis, and blood therapies remain key focus areas.

The own development pipeline currently includes 20 programs in various development phases, ensuring continuous market entries and portfolio renewal over the coming years. Products launched within the past five years accounted for 8.4 percent of the business unit's revenue in 2024, an improvement compared to the 6.7 percent recorded in 2023.

Development activities resulted in 106 marketing authorizations in 2024, covering 18 different active ingredients. Key approvals include apixaban, dimethyl fumarate, and vortioxetine in the European Union, as well as rivaroxaban, ticagrelor, dapagliflozin, vildagliptin, and sitagliptin in the Eastern European region.

A total of 11 successful bioequivalence studies were completed in 2024, with all related products entering the regulatory phase. These achievements further enhance immediate market entry following exclusivity periods in key therapeutic areas.

The product portfolio was further expanded in 2024 through licensing activities. Six new products were introduced, and contracts were signed for 15 additional products. Preparations are underway for the launch of 13 products, 12 of which are expected to reach the market in 2025. Discussions are ongoing with partners regarding additional potential licensing opportunities, as portfolio expansion through such means is viewed as an effective tool for achieving several strategic growth objectives.

Significant emphasis is placed on managing product lifecycles, optimizing packaging and technological processes, and ensuring cost-efficient production. During 2024, six programs were initiated, and 6 programs were also finalized achieving their defined goals, leading to significant cost savings. Alongside these efforts, a systemic portfolio rationalization initiative was also launched.

5.3. Marketing & Commerce

In 2024, the General Medicines business unit focused on improving efficiency and creating greater focus across product categories and geographical areas. Particular attention was given to the competitive performance of 2023 product launches in key countries. Within the cardiovascular generics portfolio, Telexer (dabigatran) achieved significant success, becoming the leading generic competitor in Hungary, Slovakia, and Estonia, while also gaining a substantial prescriber base in Poland.

The launch of Kardatuxan (rivaroxaban) in Poland, the United Kingdom, and Estonia made rivaroxaban therapy accessible to an increasing number of patients. In several European countries, the business unit entered the multiple sclerosis therapeutic area with Boxarid, achieving significant market positions in Slovakia. The geo-expansion strategy for Groprinosine (inosine pranobex), an antiviral product, continued with new launches in Eastern European and CIS regions. The product was also introduced in a new sachet format, alongside the support of its popular syrup format within the OTC respiratory therapeutic area.

The flagship product, Mydeton (tolperisone), achieved notable success in geographical expansion. Additionally, the introduction of Ekvamer (amlodipine+lisinopril+rosuvastatin) in Eastern European markets highlighted the business unit's focus on value-added products.

6. Overview of R&D

6.1. General Overview

Research and development have always played an important role in the Company's life, with top priorities of research of original drug molecules, new product launches and innovation in the Company's strategy since its foundation in 1901. Gedeon Richter Plc, with more than 1,200 employees in the field of research and development, remains the most significant pharmaceutical research base in the Central and Eastern European region. Pharmaceutical R&D at the Company embraces four strategic areas, notably recombinant biotechnological activities, research and development of new chemical entities (NCEs), late-stage women's healthcare (WHC) projects, and generic product developments. This year our activity was broadened to early stage WHC NCEs preclinical research as well, because of the BCI acquisition.

Our goal is to maintain or improve research and development cost efficiency, therefore all R&D decisions are preceded by detailed scientific, marketing, and financial analysis. Keeping the focus on our central nervous system portfolio and controlling the expenses, our goal is to create a clinical pipeline as strong as possible. In order to do this, we close projects which could result in products with low probability of reaching the market, and due to our limited resources, we look for partners at an early stage for projects which seem to be more successful. To adjust our original research activities to the valid strategic requirements, we continue to focus our activity on the development of drugs for psychiatric diseases. It is obvious, that we continuously utilise experiences gained during the market presence of cariprazine, the most successful product of R&D, into our research activities, thereby increasing the probability of the newly selected active pharmaceutical ingredients entering the market. There are many different indications for psychiatric diseases, providing a wide range of potential biological targets. Our aim has been unchanged, that is to meet the unmet medical and social need characterising these therapeutic areas via developing small molecule products.

In 2024 we continued to devote significant resources to fulfilling the tasks of the agreement signed with AbbVie in March 2022 which is considered as a milestone in terms of the Company and its NCE research and prepared ourselves for the next potential collaboration. In the year under review, in October, a new research collaboration was signed with AbbVie as an appreciation of our previous activity and trust in our early research scientific and technical capabilities. At the same time the clinical development of a jointly selected compound also successfully continued and entered phase II status in 2024. We have also taken successful steps forward in relation to the preclinical R&D part of the 2022 agreement, and the cooperation continues effectively approaching our common goals.

In 2024 several scientific achievements have been made in the preclinical phase of our NCE R&D process as well, and the results of our basic research have been published in highly esteemed peer reviewed international journals. We only include new potential drug targets to our joined and stand-alone research projects, which are characterised as great challenges to be tackled but at the same time representing significant innovative value, and as such these projects can meet the expectations of future potential multinational partners. In order to share the high risks characterising the pharmaceutical research projects and also further increase our scientific knowledge, we are continuously looking for collaboration opportunities or pursue R&D activity with both domestic and international professional partners.

At the end of 2024, in addition to cariprazine the Company had a research portfolio of 12 ongoing original research projects, of which one is in phase I status and another in phase II, with the remainder in earlier preclinical research and development.

During the year 2024 the Company further developed its previously established Ecosystem project, which purpose is to network the leading domestic research centres important for the Company from an R&D point of view. The Ecosystem was legally accepted by the partners in December 2024 and started to operate as network to generate and utilize useful ideas that may arise. The network contains several so-called nodes, which are at different levels of development, but all of them are connected to the important R&D focus areas of the Company. Thus, it intensifies its operation in the field of the neuroinflammation, translational issues and infertility, and we plan to create similar knowledge sharing in other areas as

well. With this activity, the Company made it possible for the necessary external knowledge material to be channelled into the R&D areas according to an "open innovation" operating principle.

In 2024, the Company made 2 new patent applications and continued to foster patent prosecutions and maintenances with a primary focus on cariprazine related patents, the latter of which provides exclusive rights in number of countries worldwide.

6.2. R&D activities serving the goals of certain business units

The following chapters of the report will describe the work dedicated to the different business units. It is important to emphasize that the R&D Directorate continues to bear the responsibility for all original (CNS BU), generic (GM BU) and women healthcare (WHC BU) small molecule R&D projects. The two affiliate development units (in Poland and Romania) are also under the direct professional management of the directorate, which serve with their resources of formulation development primarily the GM Business Unit's projects. Finished dosage form development of the women healthcare and original projects continues to take place in Budapest. Global Medical Division and the Analytical Department of Biological Samples, both part of the Research Directorate, continuously cooperated with all Business Units, including the Biotech Business Unit, and supported with certain activities the latter's work in the implementation of clinical trials.

One of the important goals of the **Neuropsychiatry (CNS)** business unit is to ensure the continuation of the success story of cariprazine, to which the R&D has contributed by further activities regarding clinical trials, medical affairs and execution of finished dosage form developments. The tasks of this Business Unit also include business support of research of new chemical entities, generation and optimal management of partnerships and implementation of business development tasks. The most important task of the R&D Directorate related to this is the research and development of new original CNS active molecules, creating and updating the necessary professional skills and tools, and the management of the projects. In the period under review, we signed a new research agreement with AbbVie, continue to work on several projects, therefore our clinical portfolio maintained on the same size. The newly installed capsule filling machine allowed us producing clinical trial materials faster and more flexibly, so human dosing in clinical trials started sooner during the year under review.

The development of **Women's Healthcare (WHC)** projects is still considered as a paramount objective for the Company, as this part of the portfolio is expected to be one of the key drivers of both top line and bottom-line growth in the medium term. In accordance with this aim Research and Development Directorate dedicated significant resources for the further development of the synthesis of active pharmaceutical ingredients and thereby reducing the overall level of their direct costs. It is considered similarly important that during finished dosage form manufacturing technology transfer of late stage licensed products we carried out significant development work, and thus the Company is now able to produce its new, very important gynaecological products on its own, which not only increases the security of supply, but also is a key for keeping costs under control. The Global Medical Division, as a part of the Research and Development Directorate provides the expert background for the activity of the Business Unit with continuous professional support in case of products under development and marketed as well. During the year in review company acquired valuable assets of Mithra and the BCI company. These actions have significant impact of WHC R&D. Having access to the small but valuable preclinical organisation of BCI new doors opened for preclinical research regarding diseases of woman, while assets from Mithra add significant human resource and capabilities for development of new product like Donesta. Creating the new WHC R&D hub system with unified resources of HQ and the acquired companies are ongoing and will be finalized during first half of next year.

In order to assist the progress of the **General Medicines (GM)** business unit, Research and Development Directorate provided support to active pharmaceutical ingredient and finished dosage form development, carried out bioequivalence studies, along with further strengthening the professional scientific integration of the Polish and Transylvanian development sites this year. In 2024 the Directorate increase the success rate of bioequivalence studies to 100% and made it possible to prepare for regulatory activities and launches of these products with reduced R&D costs. We are constantly

looking for further improvement of the organization's operation, thus laying the foundation for the growth ambitions of this business unit.

Please refer to Chapter III. 4.3 '**Biotechnology'** above for further information related to biosimilar R&D activities

V. Business Review

1. Economic Environment

As we step into 2025, the global economy reflects a year of cautious recovery and evolving challenges during 2024. According to the International Monetary Fund's 2024 World Economic Outlook, the global economy demonstrated resilience amid geopolitical tensions, inflationary pressures, and climate disruptions. The economy grew by 3.2% in 2024, matching the forecast made earlier in the year and showcasing a stabilization phase after years of uncertainty.

2024 marked significant progress in the global battle against inflation. After peaking in 2022, headline inflation continued its decline, averaging 5.8% for the year. Advanced economies, aided by robust monetary policy adjustments, moved closer to inflation targets. Central banks, including the Federal Reserve and the European Central Bank, pivoted toward neutral policy stances, offering relief to financial markets and encouraging growth. However, core inflation in services sectors remained persistently high, reflecting wage pressures and ongoing structural adjustments in labour markets.

Globally, the economic narrative in 2024 was shaped by a pronounced shift from goods to services consumption. Advanced economies experienced robust growth in their service sectors, fuelled by pent-up post-pandemic demand. Conversely, manufacturing continued to migrate to emerging markets, particularly in Asia, where nations like India and China capitalized on their competitive advantages.

Emerging Asia remained a standout region, supported by strong investments in semiconductors and artificial intelligence technologies. However, regions such as the Middle East and sub-Saharan Africa faced significant challenges, including disruptions in commodity markets and geopolitical instability, leading to downward growth revisions.

Despite these gains, 2024 was not without its share of risks. Geopolitical tensions persisted, with conflicts and protectionist policies straining global trade and investment. A notable slowdown in China's property sector created spillover effects, raising concerns over global financial stability. Furthermore, climate-related events disrupted supply chains and compounded economic challenges, particularly for developing economies already grappling with fiscal constraints.

The global policy environment in 2024 saw important shifts aimed at fostering stability and long-term growth:

Monetary Policy Easing: Major central banks began easing monetary policies as inflation pressures moderated, helping stabilize financial conditions and support economic growth.

Fiscal Consolidation: Governments made strides in rebuilding fiscal buffers. Advanced economies aimed to reduce fiscal deficits significantly by 2029, although challenges in debt servicing persisted in some regions.

Structural Reforms: Structural reforms gained renewed focus, with a clear emphasis on addressing productivity gaps, labour market mismatches, and the green transition. The IMF underscored the importance of public trust and effective communication to secure the social acceptability of these critical reforms.

2. Industry Environment

The global pharmaceutical industry in 2024 navigated a complex landscape shaped by technological innovation, economic pressures, and shifting regulatory frameworks. The global pharmaceutical market grew by an estimated 5.2% in 2024, reaching approximately $1.65 trillion in total value, according to IQVIA reports. This growth was underpinned by advancements in biologics, gene therapies, and digital health technologies, as well as a sustained focus on addressing unmet medical needs.

The role of technology in transforming drug development and patient care became increasingly evident. Artificial intelligence (AI) and machine learning (ML) accelerated drug discovery processes, reducing the time required for early-stage development by 30%, as highlighted in a 2024 McKinsey report. Several pharmaceutical companies reported leveraging AI to identify novel drug candidates for oncology and rare diseases, which have seen annual growth rates of 8% and 12%, respectively. Furthermore, digital health technologies, including remote monitoring tools and medication adherence platforms, were critical in managing chronic conditions, with adoption rates increasing by 20% over 2023, according to Deloitte.

Gene and cell therapies continued their rise, with over 50 new therapies entering clinical trials globally in 2024, based on data from the Alliance for Regenerative Medicine. Regulatory milestones were achieved as the FDA and EMA granted fast-track approvals for treatments targeting genetic disorders, such as sickle cell anaemia and certain forms of inherited blindness. These therapies contributed to a market valuation exceeding $20 billion, reflecting a compound annual growth rate of 24% over the past five years.

Economic challenges, however, cast a shadow over these advancements. Inflation, while moderating compared to its 2022 peak, persisted, with input costs for raw materials and logistics rising approximately 6% year-over-year, as reported by the IMF. Supply chain vulnerabilities, exacerbated by geopolitical tensions, particularly affected the sourcing of active pharmaceutical ingredients (APIs). In response, pharmaceutical companies increased domestic manufacturing investments, leading to a 15% rise in global API production facility expenditures.

The labour market posed another significant challenge. Workforce shortages, particularly in the Science, Technology, Engineering, and Mathematics (STEM) fields, intensified. According to a survey by BIO, 70% of pharmaceutical companies reported difficulties in filling critical R&D positions. This prompted a collective industry investment of $1.2 billion in STEM education partnerships and workforce training programs in 2024, a 10% increase from the previous year.

Policy changes further shaped the pharmaceutical industry's strategic direction. In the United States, preparations for the Inflation Reduction Act (IRA), set to take effect in 2026, began influencing drug pricing strategies. Under the act, price increases for Medicare-covered drugs will be limited to inflation rates, driving pharmaceutical firms to explore cost optimization measures. The European Union's proposed legislative reforms to enhance drug affordability and accessibility sparked widespread debate, while China's volume-based procurement policies resulted in price reductions of up to 50% for key medicines, according to data from the Chinese Ministry of Health.

Despite these pressures, the industry demonstrated resilience and adaptability. Sustainability investments surged, with companies adopting energy-efficient manufacturing processes to reduce emissions and align with global environmental goals, as detailed in a report by the World Health Organization. Additionally, the increasing focus on patient-centric care drove the development of personalized treatments, with precision medicine accounting for nearly 35% of new drug launches in 2024, as tracked by the Precision Medicine Institute.

The pharmaceutical industry's journey through 2024 highlighted its capacity to innovate and adapt in the face of uncertainty. With continued investments in technology, sustainability, and talent development, the industry is poised to address future challenges while advancing global health outcomes.

3. Executive summary

Gedeon Richter delivered excellent performance in 2024, achieving double-digit growth across key financial and operational metrics. Despite macroeconomic headwinds, the company effectively capitalized on market demand and operational efficiencies, driving strong revenue growth, expanding profitability, and significant free cash flow generation.

Financial Performance Highlights

- Total Revenues: HUF 857.5bn (EUR 2.17bn), reflecting a +6.5% YoY increase.
- Pharma Revenues: HUF 844.8bn (EUR 2.14bn), growing +13.0% YoY.
- CER (Constant Exchange Rate) Revenue Growth: +10%, at the low end of guidance, with a 3.1ppt FX tailwind.

Profitability & Margins

- Gross Profit: HUF 590.7bn (EUR 1.49bn), up 13.3% YoY, with an improved gross margin of 69.3% (vs. 68.8% in 2023).
- EBIT (Earnings Before Interest & Taxes): HUF 261.2bn (EUR 660mn), up +37.9% YoY, with a significant EBIT margin expansion.
- Clean EBIT: HUF 280.2bn (EUR 708mn), an +19% YoY increase, reflecting core business profitability excluding extraordinary items.

Net Profit & EPS Growth

- Net Profit: HUF 239.5bn (EUR 597.7mn), up +51% YoY, driven by higher operating profits and a strong financial position.
- Earnings Per Share (EPS): HUF 1,307 (EUR 3.27) per share, a +52% YoY increase, underlining enhanced shareholder value.

Cash Flow & Investments

- Free Cash Flow (FCF): HUF 244.1bn (EUR 598.2mn), marking an outstanding +52% YoY surge, driven by strong operational cash flow and reduced CAPEX.
- Capital Expenditures (CAPEX): HUF 52.9bn (EUR 134.2mn), down -32.6% YoY, reflecting optimized spending while maintaining strategic growth investments.
- Return on Equity (ROE): 18.4%, improving by 4.3 percentage points, indicating enhanced capital efficiency.

4. Selected consolidated business metrics

Selected consolidated business metrics	HUFm			EURm	
	2024	2023	Change	2024	2023
	12 months to December		%	12 months to December	
Revenues	857,545	805,158	6.5	2,168.3	2,107.9
Gross profit	590,738	521,324	13.3	1,493.7	1,364.8
Gross margin (%)	68.9	64.7			
EBIT	**261,157**	**189,364**	**37.9**	**660.3**	**495.7**
EBIT margin (%)	30.45	23.5			
Clean EBIT*	280,166	235,335	19.0	779.3	616.1
Clean EBIT margin (%)	32,67	29,2			
Net profit**	239,244	158,850	50.6	604,9	415.9
Free cash-flow	244,082	86,554	182.0	617.1	226.6
CAPEX	52,927	61,960	-14.6	133.82	247.8
EPS (HUF, EUR)	1,307	860	52.0	3.31	2.25
ROE (%)	23.4	14.1			
Cash conversion cycle (days)	313.9	265.6	18.2		

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

5. Turnover of Pharmaceutical Segment

	HUFm			EURm	
	2024	2023	Változás	2024	2023
	12 months to December		%	12 months to December	
EUROPE	**503,423**	**448,084**	**12.2**	**1272.9**	**1,173.1**
WEU	156,236	135,198	15.1	395.1	354.0
CEU	174,287	148,344	17.5	440.7	388.4
EEU	172,900	164,542	5.1	437.1	430.7
NORTHAM	**255,338**	**221,169**	**15.4**	**645.6**	**579.0**
LATAM	**30,730**	**26,864**	**14.4**	**77.7**	**70.4**
APAC	**48,615**	**43,067**	**12.9**	**122.9**	**112.7**
ROW	**6,706**	**8,262**	**-18.8**	**17.0**	**21.6**
Total	**844,812**	**747,446**	**13.0**	**2,136.1**	**1,956.8**

Approximate exchange rate gain at Pharma sales level in 2024: HUF +18.5bn

– **P&L items**

Exchange rate impact on main consolidated P&L items

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

HUFbn	**2024**
Sales *	+73.3
Gross profit	+52.5
Operating profit	+58.2

For selected average exchange rates prevailing in the reported period see page 56.

Note: * In order to become eligible for ESOT's 2-year performance obligations we disclose that the average revenue for the periods between 2023-2024 denominated in HUF (where foreign exchange revenues are calculated at 2022 average rates and where any intercompany effects are excluded) exceeded the consolidated revenues of 2022 by HUF 205,753m.

6. Turnover of Top 10 markets

Top10 markets	HUFm			EURm	
	2024	2023	Change	2024	2023
	12 months to December		%	12 months to December	
USA	250,649	216,824	15.6	633.8	567.6
Russia	119,318	116,893	2.1	301.7	306.0
Hungary	63,119	52,170	21.0	159.6	136.6
Poland	43,730	35,595	22.9	110.6	93.2
Germany	37,579	28,938	29.9	95.0	75.8
Spain	27,209	24,039	13.2	68.8	62.9
China	26,221	24,025	9.1	66.3	62.9
Romania	20,675	17,581	17.6	52.3	46.0
Italy	19,811	16,475	20.2	50.1	43.2
UK	18,209	14,952	21.8	46.0	39.1
Total Top 10	**626,520**	**547,492**	**14.4**	**1,582.7**	**1,433.3**
Total Sales	**844,812**	**747,446**	**13.0**	**2,136.1**	**1,956.8**
Total Top 10 / Total Sales %				**74.1**	**73.2**

7. Turnover of Top 10 products

Top10 products	HUFm			EURm	
	2024	2023	Change	2024	2023
	12 months to December		%	12 months to December	
Vraylar® / Reagila® / cariprazine	242,749	205,662	18.0	613.8	538.4
Evra®	33,276	30,145	10.4	84.1	78.9
Escapelle	29,415	29,538	-0.4	74.4	77.3
Mydeton / Mydocalm	27,607	27,155	1.7	69.8	71.1
Terrosa® / teriparatide	27,507	21,682	26.9	69.5	54.8
Cavinton	22,637	19,350	17.0	57.2	50.7
Verospiron	19,813	17,392	13.9	50.1	45.5
Drovelis®	18,868	11,948	57,9	47.7	31.3
Bemfola®	17,891	21,996	-18.7	45.2	57.6
Sibilla	17,027	14,628	16.4	43.1	38.3
Total Top 10	**456,790**	**399,496**	**14,3**	**1,154.9**	**1,043.9**
Total Sales	**844,812**	**747,446**	**13.0**	**2,136.1**	**1,956.8**
Total Top 10 / Total Sales %				**54.1**	**53.8**

8. Performance of Business Units

8.1. Neuropsychiatry (CNS) Business Unit

	HUFm			EURm	
	2024	**2023**	**Change**	**2024**	**2023**
	12 months to December		%	12 months to December	
Cariprazine	**242,749**	**205,662**	**18.0**	**613.8**	**538.4**
VRAYLAR® royalty (USA)	228,468	194,284	17.6	577.7	508.6
VRAYLAR® royalty (CA)	373	207	80.2	0.9	0.6
VRAYLAR® royalty (PR)	141	84	67.9	0.4	0.2
REAGILA®	13,767	11,087	24.2	34.8	29.0

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 percent of the product turnover originates in North America and is denominated in USD. VRAYLAR® royalty income due to Richter in 2024 amounted to HUF 228,982m (USD 621,9m).

Proceeds from REAGILA® amounted to HUF 13,767m (EUR 34.8m) during the reported year.

Global reach

Altogether by the end of 2024 cariprazine was available in 67 countries globally including the USA and Hungary, with reimbursement status in most countries.

Key events

On 24 October 2024 Richter and AbbVie signed a new discovery, co-development and license agreement to advance novel targets for the potential treatment of neuropsychiatric conditions. Richter received an upfront payment of USD 25mn, along with potential development, regulatory and commercialization milestones and sales-based royalties.

RGH-932/ABBV-932 entered Phase 2 clinical trials by achieving the first subject dosed in October 2024.

Notes on CNS profitability

AbbVie's sales performance of Vraylar® continued to grow by double digit compared to the previous year.

An increase of clean EBIT was partly restrained by considerably higher R&D expenses. In addition to the above, improving sales performance of Reagila® also contributed positively to higher profitability recorded by this business unit.

8.2. Women's Healthcare (WHC) Business Unit

Sales by products	HUFm			EURm	
	2024	2023	Change	2024	2023
	12 months to December		%	12 months to December	
WHC	**286,218**	**255,673**	**11.9**	**723.7**	**669.3**
OCs	143,518	137,112	4.7	362.9	359.0
out of which DROVELIS®	18,868	11,948	57.9	47.7	31.3
EVRA®	33,276	30,145	10.4	84.1	78.9
BEMFOLA®	17,891	21,996	-18.7	45.2	57.6
CYCLOGEST®	7,400	5,957	24.2	18.7	15.6
RYEQO®	16,948	6,571	157.9	42.9	17.2
LENZETTO®	11,902	7,486	59.0	30.1	19.6

Sales by geographies	HUFm			EURm	
	2024	2023	Change	2024	2023
	12 months to December		%	12 months to December	
EUROPE	**209,753**	**187,763**	**11.7**	**530.4**	**491.6**
WEU	**108,632**	**95,031**	**14.3**	**274.7**	**248.8**
Spain	19,764	17,217	14.8	50.0	45.1
Germany	18,917	16,620	13.8	47.8	43.5
Italy	16,251	13,172	23.4	41.1	34.5
UK	15,110	12,778	18.2	38.2	33.5
France	10,668	11,139	-4.2	27.0	29.2
CEU	**42,509**	**35,412**	**20.0**	**107.5**	**92.7**
Poland	15,364	12,378	24.1	38.8	32.4
EEU	**58,612**	**57,320**	**2.3**	**148.2**	**150.1**
Russia	48,098	46,597	3.2	121.6	122.0
NORTHAM	**16,217**	**14,795**	**9.6**	**41.0**	**38.7**
USA	12,820	11,775	8.9	32.4	30.8
LATAM	**26,812**	**23,007**	**16.5**	**67.8**	**60.2**
Mexico	10,000	8,644	15.7	25.3	22.6
APAC	**28,646**	**24,855**	**15.3**	**72.4**	**65.0**
China	23,350	19,582	19.2	59.0	51.3
ROW	**4,790**	**5,253**	**-8.8**	**12.1**	**13.8**
Total	**286,218**	**255,673**	**11.9**	**723.7**	**669.3**

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 Italy, Germany and Portugal. Acquiring Estetrol in June 2024 opens the way to set foothold in the US, Japan and other geographies, where Richter has had subscale WHC presence.

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:

	EUROPE			NORTHAM	LATAM	APAC	ROW
Product / Product group	WEU	CEU	EEU				
OCs			X				
DROVELIS®		X		X		X	
RYEQO®			X		X	X	
EXEM (GISKIT)	X	X					X
Other WHC products	X	X					

Turnover of key WHC products by geographies

BEMFOLA®

	HUFm			EURm	
	2024	**2023**	**Change**	**2024**	**2023**
	12 months to December		%	12 months to December	
EUROPE	**16,869**	**20,619**	**-18.2**	**42.7**	**54.0**
WEU	13,827	17,597	-21.4	35.0	46.1
CEU	2,975	2,953	0.7	7.5	7.7
EEU	67	69	-2.9	0.2	0.2
LATAM	**614**	**622**	**-1.3**	**1.5**	**1.6**
APAC	**408**	**755**	**-46.0**	**1.0**	**2.0**
Total	**17,891**	**21,996**	**-18.7**	**45.2**	**57.6**

BEMFOLA® sales declined by 18.2% in 2024 as continued to face headwinds due to the supply chain challenges in certain territories. However, apart from BEMFOLA®, the Fertility franchise is growing steadily, driven by the fast market penetration of CYCLOGEST® growing 24% in 2024.

EVRA®

	HUFm			EURm	
	2024	2023	Change	2024	2023
	12 months to December		%	12 months to December	
EUROPE	**15,882**	**13,474**	**17.9**	**40.2**	**35.3**
WEU	10,989	9,916	10.8	27.8	26.0
CEU	3,585	2,889	24.1	9.1	7.6
EEU	1,308	669	95.5	3.3	1.7
NORTHAM	**3,097**	**2,858**	**8.4**	**7.8**	**7.5**
LATAM	**12,208**	**11,379**	**7.3**	**30.9**	**29.8**
APAC	**0**	**35**	**-100.0**	**0.0**	**0.1**
ROW	**2,089**	**2,399**	**-12.9**	**5.2**	**6.2**
Total	**33,276**	**30,145**	**10.4**	**84.1**	**78.9**

The agreements concluded in 2021 with Janssen Pharmaceutica NV provided for post-closing transitional support to facilitate the transfer of the Outside US marketing authorizations. In the reported year EVRA® ranked 2nd on our Top10 products list. A significant increase in the turnover of this product reported in CEU and EEU regions was driven primarily by higher sales levels achieved in Russia and Poland. In addition turnover also grew in some Western European countries.

Acquisitions announced in 2024

On 11 June 2024 Richter announced that it acquired 100% of the shares in Estetra SRL and Neuralis SA, as well as some assets and licences of Mithra R&D. The enterprise value implied by the transaction was EUR 175m.

On 19 June 2024 Richter announced that it has acquired BCI Pharma, a Belgium-based privately-owned biotech company, carrying out innovative research activity in a variety of Women's Health conditions. BCI identifies novel kinase inhibitors from its proprietary library of kinase inhibitors (small chemical molecules) derived from HTS (High-Throughput Screening).

Notes on WHC profitability

A double digit growth in revenue characterised our WHC portfolio across the most important markets of Europe, APAC (China) and LATAM. Higher turnover achieved in the latter two regions was also supported by certain pre-shipments.

The increase of gross profit reported reflects primarily a volume growth combined with positive changes in the sales mix with expanding sales volumes of high margin oral contraceptives and innovative products (EVRA®, DROVELIS®, RYEQO®, LENZETTO® and CYCLOGEST®).

All WHC clean EBIT was wiped out by acquisition-related expenses in the fourth quarter of 2024, primarily affecting R&D (new WHC R&D hub in Liege - Mithra R&D + BCI) and to a smaller extent G&A.

8.3. Biotechnology (BIO) Business Unit

Turnover of teriparatide

Total sales proceeds from teriparatide amounted to HUF 27,507m (EUR 69.6m) in 2024.

Turnover of CDMO projects

Sales of the Biotechnology Business Unit products from CDMO projects in addition to turnover of teriparatide amounted to HUF 26,507m (EUR 69.6m), which increased by 11.3 percent in HUF terms (7.4 percent in EUR) when compared to 2023.

Events following the closure of the reported year

On 15 January 2025 Richter announced positive topline results from both Phase I and Phase III clinical studies for its proposed biosimilar tocilizumab under the development code RGB-19.

Key events

In 2024, Richter's Bio segment made significant advancements in biosimilar development and partnerships. Key events included:

Strategic Partnership with Bio-Thera: Richter signed an exclusive commercial and licensing agreement with Bio-Thera Solutions for BAT2206, a biosimilar to Stelara® (ustekinumab). This agreement grants Richter exclusive marketing rights in several countries, including the EU, the UK, and SwitzerlandA Acceptance of Denosumab Biosimilar**: Richter, in collaboration with Hikma Pharmaceuticals, received FDA acceptance for the biologics license application of RGB-14, a biosimilar to Prolia® and Xgeva®, aimed at treating osteoporosis and bone-related complications from cancer.

Stake: Richter completed the acquisition of HELM AG's stakes in two of its German joint ventures, Richter-Helm BioTec GmbH and Richter-Helm BioLogics GmbH, making them fully owned subsidiaries. This move strengthens Richter's position in biosimilar production.

Notes on profitability

Total revenue amounted to HUF 54,014m, with sales costs of HUF 33,357m, resulting in a gross profit of HUF 20,657m.

Sales and marketing expenses stood at HUF 6,764m, while administrative and other operating expenses reached HUF 4,631m. Research and development costs accounted for HUF 29,868m, reflecting continued investment in innovation.

Additional financial impacts included a claw-back expense of HUF 936m and a milestone income of HUF 3,710m.

As a result, Clean EBIT amounted to HUF -17,832 million.

8.4. General Medicines (GM) Business Unit

Sales by geographies	HUFm			EURm	
	2024	2023	Change	2024	2023
	12 months to December		%	12 months to December	
EUROPE	**237,074**	**211,970**	**11.8**	**599.4**	**554.9**
CEU	**121,964**	**103,531**	**17.8**	**308.4**	**271.0**
Hungary	53,413	44,132	21.0	135.1	115.5
Poland	26,433	21,848	21.0	66.8	57.2
Romania	15,904	13,915	14.3	40.2	36.4
EEU	**111,991**	**105,116**	**6.5**	**283.2**	**275.2**
Russia	69,514	68,496	1.5	175.8	179.3
Kazakhstan	8,430	8,401	0.3	21.3	22.0
Ukraine	7,498	7,189	4.3	19.0	18.8
Uzbekistan	11,167	7,374	51.4	28.2	19.3
ALL OTHER REGIONS*	**13,638**	**14,918**	**-8.6**	**34.5**	**39.1**
Total	**250,712**	**226,888**	**10.5**	**633.9**	**594.0**

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

Hungary

The market increased by 4.8% in value terms, from €969.8 million in 2023 to €1,015.9 million in 2024. Retail sales growth of Richter products reached 6.8%, increasing from €125.5 million in 2023 to €134.0 million in 2024. Richter's market share improved from 12.9% in 2023 to 13.2% in 2024.

Poland

The market increased by 9.4% in value terms, from €1,961.1 million in 2023 to €2,144.8 million in 2024. Retail sales growth of Richter products was 16.8%, rising from €66.9 million in 2023 to €78.1 million in 2024. Richter's market share improved from 3.4% in 2023 to 3.6% in 2024.

Romania

The market increased by 12.6% in value terms, from €1,160.7 million in 2023 to €1,307.3 million in 2024. Retail sales growth of Richter products was 8.9%, growing from €42.6 million in 2023 to €46.4 million in 2024. Richter's market share decreased from 3.7% in 2023 to 3.5% in 2024.

Russia

The market increased by 4.2% in value terms, from €4,322.2 million in 2023 to €4,502.7 million in 2024. Retail sales growth of Richter products was 0.7%, increasing slightly from €145.5 million in 2023 to €146.5 million in 2024. Richter's market share decreased from 3.4% in 2023 to 3.3% in 2024.

Kazakhstan

The market increased by 9.6% in value terms, from €182.7 million in 2023 to €200.4 million in 2024. Retail sales growth of Richter products was 3.3%, increasing from €17.8 million in 2023 to €18.4 million in 2024. Richter's market share decreased from 9.8% in 2023 to 9.2% in 2024.

Ukraine

The market increased by 8.1% in value terms, from €603.8 million in 2023 to €652.8 million in 2024. Retail sales growth of Richter products was 4.2%, rising from €20.1 million in 2023 to €20.9 million in 2024. Richter's market share decreased from 3.3% in 2023 to 3.2% in 2024.

Uzbekistan

The market increased by 8.4% in value terms, from €188.3 million in 2023 to €204.2 million in 2024. Retail sales growth of Richter products was 52.4%, surging from €17.5 million in 2023 to €26.7 million in 2024. Richter's market share improved from 9.3% in 2023 to 13.1% in 2024.

Notes on profitability

Total revenue reached HUF 250,712m, with sales costs amounting to HUF 120,595m, leading to a gross profit of HUF 130,117 million.

Sales and marketing expenses totalled HUF 53,357m, while administrative and other operating costs were HUF 21,882m. Research and development expenses stood at HUF 12,993 million, reflecting ongoing investment in innovation.

A claw-back charge of HUF 1,985m impacted financial results, while no milestone payments were recorded during the year.

Consequently, Clean EBIT amounted to HUF 39,970m, demonstrating a solid profitability performance.

Notes on cash flow

The company's cash flow performance in 2024 showed remarkable strength, particularly in its operating activities, where cash inflow more than doubled compared to the previous year. Operating cash flow surged from HUF 123,670M in 2023 to HUF 279,369M in 2024, reflecting a 126% increase. This impressive growth was primarily driven by a significant rise in profit before tax, which increased by 64%, reaching HUF 281,077M. Additional factors supporting cash generation included lower interest payments, a reduction in negative working capital movements, and higher share-based compensation expenses. However, tax payments more than doubled, rising from HUF 9,744M to HUF 23,565M, reflecting the company's higher profitability. While trade receivables and payables movements had a less negative impact on cash flow, inventory build-up resulted in additional cash outflows.

On the investing side, the company significantly increased its cash outflows, reflecting a clear strategic push for expansion. Net cash used in investing activities rose sharply from HUF -20,003M in 2023 to HUF -126,473M in 2024. Although capital expenditures were slightly lower compared to the previous year, the company engaged in major acquisitions, with HUF 75,372M spent on subsidiary purchases. Additional cash outflows were related to the purchase of group assets and a decline in proceeds from financial asset sales, further contributing to the substantial increase in investment outflows.

Financing activities showed a slight improvement in net cash outflows compared to 2023. The company aggressively managed its debt, repaying HUF 225,795M in borrowings, a stark contrast to the HUF 35,753M repayment in 2023. However, this deleveraging was counterbalanced by new borrowings totalling HUF 218,959M, demonstrating the company's ability to get favourable external financing to support its strategic investments. Dividend payments increased to HUF 79,079M, reflecting the company's commitment to shareholder returns, while treasury share purchases declined significantly. These actions indicate a balanced approach, ensuring that while debt is being managed, financial flexibility is maintained.

Overall, the company's cash position improved considerably, with cash and cash equivalents rising from HUF 79,533M in 2023 to HUF 135,627M in 2024, a 71% increase. This strong liquidity position was primarily driven by robust operating cash flows, which successfully covered the higher investing and financing outflows. The company has the ability generating cash while simultaneously funding its expansion efforts and maintaining shareholder payouts. Looking ahead, maintaining efficiency in working capital and optimizing investment returns will be key focus for the management.

Selected period end exchange rates

	31.12.2024	30.09.2024	30.06.2024	31.03.2024	31.12.2023
EURHUF	410.09	397.56	395.15	395.83	382.78
USDHUF	393.60	354.81	369.40	367.33	346.44
RUBHUF	3.66	3.80	4.29	3.98	3.86
EURRUB	112.05	104.62	92.11	99.45	99.17
EURUSD	1.04	1.12	1.07	1.08	1.10

Selected average exchange rates

	M12 2024	M9 2024	H1 2024	Q1 2024	M12 2023
EURHUF	395.49	391.34	390.00	388.58	381.98
USDHUF	365.54	360.22	360.80	358.04	353.36
RUBHUF	3.96	4.00	3.94	3.94	4.34
CNYHUF	50.44	49.97	49.98	49.76	49.60

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 analyses 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 2024, 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 six-quarter period (Q4 2024 – Q1 2026) under hedge accounting.	USDHUF currency pair in the amount of USD 319.250m
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 1.84m

Change in value of hedging derivative instruments

Carrying value (HUF million)	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Change in Q4 2024 (HUFm)	Notes
Hedging derivative instruments designated in hedge accounting programs (FVOCI)	9,966.2	1,039.0	-430.0	3,393.3	-7,984.8	- 11,378.1	Primarily hedges related to USD Vraylar royalty and energy
Hedging derivative instruments not designated in hedge accounting programs (FVTPL)	-183.5	-309.9	-450.4	-377.5	-212.0	+ 165.5	Primarily hedges related to USD and EUR denominated financial assets
Interest rate swaps (FVTPL)	3,581.0	3,895.8	4,134.3	2,584.9	2,559.9	- 25.0	Primarily hedges related to interest rates of securities assets
Total	**13,363.7**	**4,624.9**	**3,253.9**	**5,600.7**	**- 5,636.9**	**- 11,237.6**	

9. Litigation Proceedings

Rivaroxaban/Kardatuxan

In April 2024 Bayer AG through its affiliate companies has requested preliminary injunction and initiated court proceedings claiming infringement in Bulgaria, Czech Republic, Estonia, Poland, Latvia, Hungary, Romania, and Slovakia, on the basis of its indication patent EP 1845961 against the Company due to entering certain markets with its generic product KARDATUXAN 10mg, 15mg and 20mg containing Rivaroxaban as active pharmaceutical ingredient. As a result of those proceedings in certain countries the Company was banned from the market, while in other countries the court granted limited injunction, while in some countries the court refused Bayer AG's request in its entirety. Proceedings are ongoing and no final decision has been made so far.

ExEm Foam

In the Netherlands, our subsidiary, GisKit MD B.V. is enforcing its patent EP2488211 protecting medical device products GIS-Kit and ExEm Foam against Italian companies Medical Swan Italia SAS di Paolo Valenti & C. and Medical Device SRL. On 13 March 2024 the Dutch Court confirmed patent infringement partially and awarded certain contractual penalties to GisKit MD B.V.. Now GisKit MD B.V. is seeking establishment of infringement to the fullest extent, and additional penalties from the Court of Appeal of The Hague. The appeal proceedings are ongoing.

Drovelis

In Italy, Industriale Chimica SRL [IT] (a member of the Chemo group) requested provisional measures on the basis of two estetrol process patents (IT201900017414 and IT201900021879) for the trading of Drovelis in Italy. The Turin court did not order an injunction, but ordered an evidentiary hearing led by an independent court-appointed expert. The next court hearing is scheduled for May 2025.

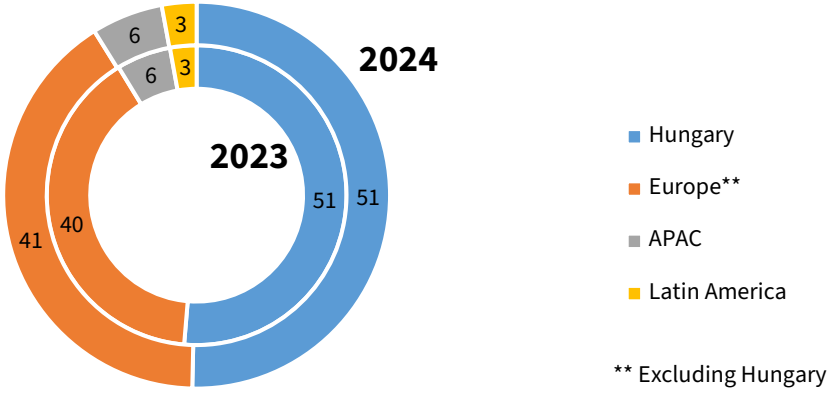
VI. Human Resources

1. Employees

Human resources play a crucial role in the achievement of the strategic objectives set by the Company. The skills and intellectual contribution of our colleagues are essential to the delivery of our business strategy. The Company has 6,073 employees working in Hungary, which represents a decrease by 14 persons compared to last year.

We highly value the individual talents, expertise and skills of our more than 11,700 employees working globally, who contribute to the Group's success in more than 50 countries around the world. Our aim is to align the skills and talents of our employees with the Company's long-term strategy, and to support Richter in building an efficient and competent organisation that meets its business objectives.

Employee Structure by Region in 2023-2024* (%)

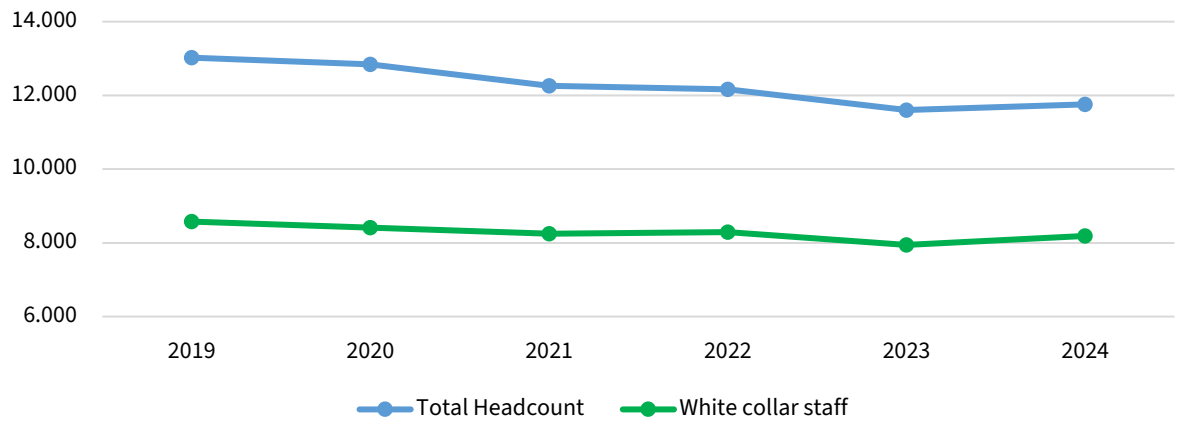


Note:
* As of 31 December 2023 and 31 December 2024.

1.1 Headcount data

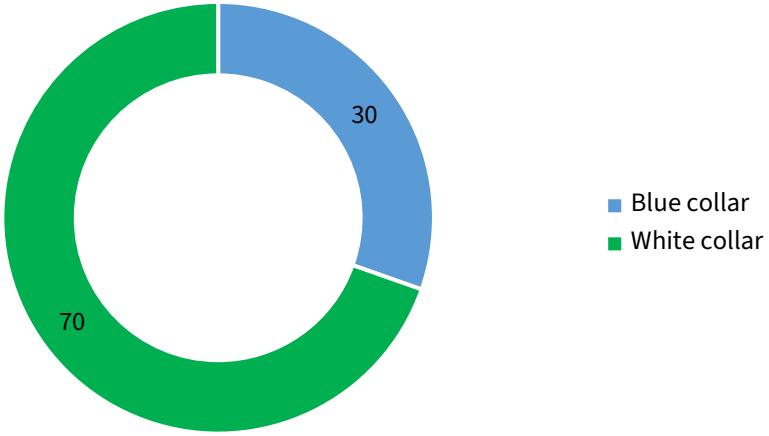
The total number of employees of the Richter Group was 11,757 at the end of 2024, which represents an increase of 154 persons compared to 2023, the main reason for which is staff increase in regions Europe, APAC and Latin-America.

Closing Headcount of Staff (Person)

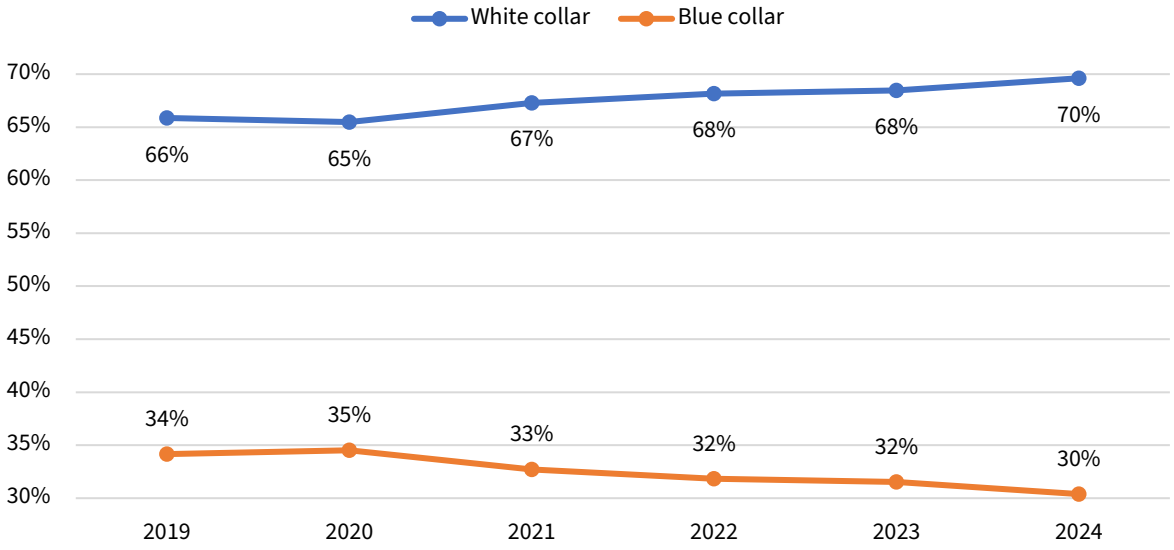


70 percent of the Richter Group's total workforce is made up of white-collar workers.

Proportion of Blue and White collar Staff in 2024 (%)



Evolution of the proportion of Blue and White collar Staff (%)



1.2 Recruitment and selection

In 2024, 598 new employees joined to Richter Gedeon Nyrt., but we also continued to support internal career paths and talent. We launched our middle management succession program with 14 participants, and with the exception of the production and technical areas, we also introduced the succession planning process.

We continued our active cooperation with Hungarian universities, as a result of which 65 students were able to complete their mandatory professional internship with us. We have cooperation agreements with the most important domestic universities, and we have also started joint work with the French PSL university in order to be able to accept students in our research area.

In addition to the high number of recruitments, we are constantly improving the efficiency and sustainability of our selection. To this end, we conducted a recruitment audit in 2024 with the help of an external consultant, so that the principles of equal treatment could be represented at the highest possible level in our processes, and all our recruiting colleagues also participated in the Hidden Prejudices training.

2. Remuneration System

Commitment to performance and performance centricity constitute the basis of the Company's remuneration principles and practices. Base salary, bonus, as well as share benefits and other forms of benefits contribute to high performance and the achievement of business objectives through the retention of key employees.

In order to provide for the transparency of job roles and to enable employees to build their career path in a more predictable and conscious manner, the RG (Richter Grade) system was introduced in 2020.

The resulting job grades reflect the ascending level of knowledge, problem solving, and responsibility, all of which can be summarised as the complexity of jobs and on the basis of their impact on the company's profitability. We have divided the grades into expert and managerial classes, with certain grades running in parallel – presenting not only managerial but also technical expert career paths.

Certain elements of our remuneration system (e.g., basic wage, bonus) depend on the RG grade of the job.

2.1. Remuneration Policy

Our Remuneration Policy sets out the remuneration guidelines for the Company's Board of Directors, Supervisory Board, CEO and Deputy CEO under Act LXVII of 2019, and aims to encourage the performance of the Company's top executives in order to achieve the goals set by the Company and to promote the Company's profitable operation.

The Remuneration Policy is consistent with effective and efficient risk management. It provides no incentive to take risks in excess of the Company's risk appetite limits, is aligned with the Company's business strategy, long-term interests and sustainability, and promotes the achievement and attainment of all the above. The Company's Remuneration Policy is designed to encourage future improvements in the Company's innovation-driven economic performance.

The enhancement of the Company's economic performance will be facilitated by the establishment of a remuneration system that provides a transparent and predictable benefit scheme for individuals covered by the Remuneration Policy, in line with the Company's business strategy.

The Company has a fundamental interest in fair, performance-based and consistent remuneration, aligning remuneration with business objectives, the sustainability of the Company and the interests and values of its employees, in order to provide appropriate motivation and incentives to enhance the commitment and performance of the individuals covered by the Remuneration Policy.

Our Remuneration policy and the Remuneration report based on it can be found on our website at the following link:

https://www.gedeonrichter.com/en/sustainability/governance

Remuneration of members of the Board of Directors

Members of the Board of Directors receive a fixed monthly honorarium (fee) in this capacity of theirs. The members of the subcommittees established by the Board of Directors (Corporate Governance and Nomination Committee, Remuneration Committee and ESG Committee) are entitled to receive, in addition to the fixed monthly honorarium, an equal amount of remuneration (meeting fee) per subcommittee meeting attended, capped at an annual level.

The members of the Board of Directors receive a variable number of Richter ordinary shares, depending on the financial performance of the Company, in addition to the fixed monthly honorarium and the meeting fee. The annual share benefit has two components, with a maximum of 1,500 shares per member. Fifty percent of the benefit is dependent on the annual growth in the sales revenue from Pharmaceutical segment expressed in euros and fifty percent on the annual growth in operating profit from Pharmaceutical manufacturing before special items (Pharmaceuticals OPBSI), again expressed in

euros. In the case of both remuneration components, the maximum benefit of 750 shares per capita is granted if the annual growth rate is equal to or above 5 percent. Each 1 percentage point below the 5 percent growth target in the respective component reduces the number of shares to which members are entitled by 150 shares (thus, if the Company does not achieve at least 1 percent annual growth in either performance target, no share benefit is granted).

The share benefit is a long-term incentive for members of the Board of Directors as variable remuneration. Its purpose is to encourage and maintain board members' commitment to long-term share price growth and dividend payments in line with the shareholders' interests. For this purpose, the shares granted are subject to a two-year holding obligation (prohibition of disinvestment). This also secures the interest of members of the Board of Directors in the increase in the price of Richter shares within the two-year holding period.

A further element of the share benefit is a cash benefit paid to Board members, the amount of which equals the gross sum of the tax(es) and contribution(s) payable by the Board member(s) in connection with the acquisition of the shares under the applicable legislation.

The members of the Board of Directors perform their duties under an agency agreement. The term of office of a member of the Board of Directors as the Company's executive officer shall be for a fixed term as laid down in the General Meeting resolution appointing the Board member concerned. The remuneration of the members of the Board of Directors, fixed by a General Meeting resolution, shall be public.

Remuneration of members of the Supervisory Board

Members of the Supervisory Board receive a fixed monthly honorarium (fee) in this capacity of theirs. The Chairperson of the Supervisory Board is entitled to additional remuneration (meeting fee) in addition to the fixed monthly honorarium, at the same rate for each meeting of the Board of Directors attended.

The Company has a three-member Audit Committee, whose members receive additional remuneration (meeting fee) equal to the amount of the Audit Committee meetings they attend.

The members of the Supervisory Board perform their duties under an agency agreement. The term of office of a member of the Supervisory Board with the Company shall be for a fixed term as laid down in the General Meeting resolution appointing the member concerned. The remuneration of the members of the Supervisory Board, fixed by a General Meeting resolution, shall be public.

2.2. Characteristics of our remuneration system in 2024

We typically implement annual wage increases once a year at Richter Group companies, the level of which depends on inflation trends, the characteristics of the geographic labour market and the operating results of the company concerned.

The basic wage increase implemented at the parent company with effect from March 1, 2024 resulted in an overall wage increase of 10.3 percent, which is a higher increase compared to the data of the benchmark database of national income level surveys (on average: 9.9%, pharmaceutical sector: 10%).

In 2024, a new element was added to the parent company's wage agreement, so to the scope of our benefits. In case of overachieving the operating profit, the Company would like to further recognize the dedicated work and expertise of our employees in the form of an extra bonus or extra extraordinary reward. 1% operating profit overperformance means a 1% increase calculated on the total 2024 annual bonus or extraordinary reward amount, per 1%, up to a maximum increase of 10%.

Our year 2024 was outstanding in many ways: we set out with ambitious goals, significant progress was made in terms of the future of our businesses, we managed to double our pharmaceutical production sales compared to 8 years ago, and our share price rose to a record level. All of this is the result of the dedicated work of our colleagues and our joint efforts,

which creates a solid foundation for the continuous development of our company. To recognize and celebrate this, we gave all our eligible employees a bonus of 31 shares at the end of 2024. With this, we wanted not only to recognize their work, but also to offer them the opportunity to be a greater part of Richter's further growth and success, and to enjoy the fruits of our joint achievements.

We kept our annual Cafeteria budget on the same level, and, in addition to the above, we continued to provide the schooling support in the net amount of HUF 50,000 per child during the year.

2.3. Richter's domestic benefits package

Our Employee Share Plan is a very significant remuneration element and a means of long-term incentivisation: In recognition of their efforts and commitment, our employees have the possibility to receive Richter shares free of charge under the Employee Share Benefit Programme. Depending on the length of employment, our colleagues had the opportunity to receive a minimum of HUF 200,000 and a maximum of HUF 900,000 worth of Richter ordinary shares in 2024.

Also in 2024, an agreement was reached between the Trade Union and the employer on the year-end Extraordinary Reward.

As in previous years, we continued to operate the Cafeteria scheme, which is also available to our part-time employees, unchanged.

We also offer a wide range of fringe benefits beyond the Cafeteria scheme:

- Our company ascribes particular importance to financial self-care, as well as to supporting the preventive health care of employees. In order to encourage financial self-care, we offer a voluntary pension contribution supplement for our colleagues, in addition to the Cafeteria.
- We provide comprehensive life and accident insurance coverage for our employees as early as from the first day of their employment onward.
- Despite changes in tax legislation, we continue to provide our employees with schooling support for children eligible for family allowances.
- Banking agreements: we have agreements with the largest banks to offer discounts to employees with employee accounts.
- Our employees have access to interest-free loans for the construction, purchase and renovation of housing.
- Childcare allowance/benefit (GYES/GYED): These can be applied for in relation to childcare, after resuming active employment, through the Richter Well-being Foundation.
- Our Company recognises employees with more than 10 years of service with a Gedeon - Richter Commemorative Card and a financial reward.
- In order to safeguard the health of our employees, Richter provides in-house general practitioner and specialist medical care, as well as private health care services free of charge and for a reduced fee for its employees through a health insurance partner. As part of our health programme, our employees can participate in a series of specific complex screenings every two years. The programme aims to promote preventive health care, health awareness and early detection of diseases. We also offer an in-house pharmacy service, where our colleagues can pick up preordered prescription and over-the-counter medicines on the spot.
- Our welfare and recreational benefits are also varied:
    - We provide a wide range of sporting opportunities for our colleagues, both at our own sports facilities and through our contracted partners.

- Our company resorts in five locations around the country are waiting for our employees who wish to relax.
- We operate company nursery schools in Budapest and Dorog.

The goal of the Balance program, launched in 2021, is to jointly, with our own means, contribute to making Richter an outstanding workplace and where we can all do something for our own physical and mental health. Within the framework of our popular physical and mental health support program, in 2024 we also addressed the entire employee community with complex, diverse, meaningful well-being activities and new, experiential initiatives, paying particular attention to reaching all three sites (Budapest, Debrecen, Dorog).

The focal theme of the year 2024 was a long and healthy life, during which we tried to get to know and master the factors that can help us to live a quality life as long as possible. During the activities, we also gained practical knowledge that can be easily incorporated into everyday life.

During the whole year, nearly 4,500 of our colleagues participated in some of our activities, and more than 7,300 clicks were received on the intranet opening page of the Balance program.

Based on intranet clicks, our three most popular programs were:

- Mental day, which was held for the third time, with nearly 1,500 interested people, on the occasion of World Mental Health Day, and our colleagues could meet professionals such as psychologist Noémi Orvos-Tóth or Olympian Gergő Kiss.
- Lung screening, in which more than 500 colleagues participated.
- A drawing competition, for which some elements of the works submitted were reflected in Richer's first conversation-stimulating board game, TáRsalGó, which we gave to all employees as part of the Christmas package.

This year's attendance data for our programs that have been running with great success for years:

- Our scheduled swimming trainings motivated nearly 100 of our colleagues during the year, many of whom took the challenge as complete beginners and learned a new sport.
- 150 colleagues performed more than 3,500 yoga exercises at our scheduled yoga classes at 3 locations.
- During our thematic weekends - the yoga camps and the rowing weekend - nearly 300 of our colleagues devoted themselves to active relaxation.
- With our thematic workshops, groups and activities (e.g. plant-based nutrition, sleep hygiene, Advent tuning) we reached appr. 900 colleagues in person or online. Our webinars (e.g. On the Spot - Blue Zones discussion) are held with an average of 1,000 participants.
- In the dining room approx. 1,200 servings of healthy food recommended by the Balance program were consumed during the year

In 2024, we held the first company-wide Richter Christmas Gala. At the event, we welcomed our colleagues with a number of interactive programs, games, catering, and a unique show program.

Recognition

In 2024, Gedeon Richter Plc received several awards. In the "Most Attractive Workplace" competition of the PwC Awards, it won first place in the pharmaceutical industry category.

At the HRKOMM Award - the oldest and largest domestic HR communication solutions competition, where campaigns and communication activities related to employer activities realized in Hungary are rewarded - the company was enriched with several awards:

The jury awarded the recipe book created together with colleagues with a gold medal in the "Form for content - Printed material" category.

The communication and process of the move to the Richter Center, as well as the official housewarming ceremony for employees, were awarded silver in the "internal communication to existing employees" category and finalist recognition in the "event" category.

Based on the total scores after the awards, the HR Excellence main award in the company category also went to Richter Gedeon Nyrt., which is a special honor in the domestic professional world.

Corporate culture and development

Richter Gedeon Nyrt owes its business and research successes to the self-sacrificing work of its committed and highly qualified employees. The company makes conscious efforts to continuously improve this work culture. In 2024, Richter remeasured the conscious development of its culture that began in 2021 with the help of the Human Synergistics tool and created its diversity strategy, the primary focal topics of which are the cooperation of generations, the position of female managers, Richter's increasingly international nature, and white- and blue-collar workers.

In addition to the development of surveys and strategies, the conscious training of both employees and Richter's managers continued: 920 colleagues participated in our employee development programs, and nearly 400 managers participated in leadership development. Organizational development tailored to the given organization took place 69 times in our organizational units. We processed more than 4,000 applications for professional training and conferences.

With the help of our training facilities in Budapest and Dorog, we played a significant role in the training of Hungarian chemical technicians. We train nearly 80 young chemical technicians annually in our vocational training center, and in Dorog we employ the vast majority of the graduates in our factories after their studies.

VII. Risk Management and Internal Control of the Company

1. Risk Management

1.1. Common Risks

Richter is committed to long-term value creation for all its stakeholders, including its customers, investors, employees, and to society at large. To succeed in this endeavour Richter operates a risk management system which abides by the highest international standards and best industry practices. Richter views Risk Management as one of the tools for effective Corporate Governance. Management attempts to identify, to understand and to evaluate in due time emerging risks and to initiate such successful corporate responses that ensure both a stable and sustainable operation of the Company and the implementation of its corporate strategy.

Elements of the comprehensive risk management model at the Company are as follows:

- The Board of Directors is responsible for the supervision and management of risk management activity;
- Managers are responsible for the management of strategic risks;
- The Russian-Ukrainian war is a major risk for the Company. Related challenges, short-term and long-term risks have been continuously managed by the Company's management and the relevant functions since the outbreak of the war;
- Leaders of corporate functional units are responsible for the management of operational risks within their scope of activity, while several areas (Quality Management, Regulatory Affairs, IT, HR, Legal, PR, etc.) manages various cross-functional risks;
- The Company continuously develops its enterprise risk management system and operates a separate risk management unit. This risk management area brings together and coordinates the management of strategic, operational and financial risks. It develops the risk management framework (regulation, responsibilities, processes, training, reports, etc.) The main elements of the risk management activity are the assessment of strategic risks, the risk and control self-assessment of all main processes and activities, management of business continuity risks, limit system related to financial risks, analyses, monitoring, management of liquidity, currency, interest, partner and credit risks;
- In order to support business continuity, the Company operates an integrated business continuity system, which it continuously develops. In this context, the crisis management plan is under development.
- Compliance risks are mitigated in a centralized way;
- The adequacy of internal risk management procedures is monitored by the Audit Department in accordance with an approved annual plan and reports on the efficiency of the internal controls in place are delivered at least once a year to the Supervisory Board and the Audit Committee;
- The internal audit, risk, compliance, IT security functions, as internal lines of defence cooperate in order to reduce the risk exposures of the Company.
- The PR and government relations area manages the reputational risks with special focus, the procedure for handling potential crisis communication situations is laid down in the Company's crisis communication regulations.

The most important risks of the Company regarding the Russian-Ukrainian war are presented separately.

Most important risk factors of Richter Group are shown on the next pages of the Report.

Strategic Risks

Risks	Description of risks	Major risk management actions taken	Changes
Risks related to achieving the strategic goals of the WHC (Women's Healthcare) Business Unit	Several parallel expensive and risky specialty product development projects; It will be more difficult to get new projects,; number of projects in later stages is low. Early stages are in the target - cheaper but riskier; Insolvency of development partner; Strengthening competitors (EU, Far East); Medical devices related risks (knowledge, dependency); The risk of lost business is increasing; Hormone manufacturing business continuity risk is higher in Richter terms; Operating the newly acquired research hub is also a risk - operation, cooperation, integration.	Complex agreements for the development and licensing of gynaecological products, development cooperation with partners. Filtering of partners, strong contractual protection; Corporate acquisition (2024) – R&D was missing from the WHC value chain, knowledge enhancement, opportunity for new synergies; Innovation – portfolio-based development; Competitors - better communication, better products; Lost business in focus – logistics transformation, systems development, new demand planning, better inventory data.	Unchanged risk level*
Risks related to achieving the strategic goals of the CNS (Neuropsychiatry) Business Unit	Risk of exposure to the development and sales partners (how high is priority of the project at the partner; whether it will continue the previous strategic direction); Risk of loss rate and payback,; EU price support reform poses risks for CNS; Cariprazine's outstanding contribution to Richter's results is a concentration risk. Revenue depends on Abbvie's sales, US drug pricing environment, adverse side effects, introduction of new competing drugs; sales price (possibility of impact due to Inflation Reduction Act, other revenue reduction risks in the US market (e.g. domestic politics));	Operation of R&D stage gate process; Buying external projects to start the best projects - it serves as a comparison to complete the early stages; Market analysis; Further strengthening of cooperation with the US partner regarding the molecule following Cariprazine. Close contact, strengthening of trust; Geographical expansion of sales (EU); Strong quality control, ensuring continuity of production.	Unchanged risk level*

Risks	Description of risks	Major risk management actions taken	Changes
Risks related to achieving the strategic goals of the BIO (Biotechnology) Business Unit	A delay in the product launch after the expiry of a patent license; Risk of lacking development/commercial partners (decreased); Risk of being able to maximize the commercial potential (decreased); Price erosion accelerates (more market participants), price drop in more mature EU market, increasing competition (entering the market of larger companies). Risk of return increases; High development costs of BIO R&D – risk of return; The risk of supply chain issues (stabilized); Strategically important risk is the ability to enter the US market (partners, permits (FDA), adaptation to unique market conditions); Risk of developing a sufficiently broad product portfolio; Capability risks: highly qualified specialists, Debrecen workforce, device knowledge, sterile experience, subsidiary distribution, compliance readiness; Risk of lost business; Risk of alignment with the Company's commercial strengths; The risk of achieving clinical trials that meet high regulatory requirements for registration(decreased).	Development of the medical and regulatory field, strict monitoring of clinical trials and CROs (Contract Research Organization; Continuous search for suitable development/commercial partner, existing partners; Contract manufacturing - increasing capacity utilization; Stronger communication of the RIO portfolio (rheumatology, immunology, osteoporosis); Strengthening of Richter brand; Proven operations of business units; New products entering the market; 2024 acquisition results strengthen the business.	Unchanged risk level*
Risks related to achieving the strategic goals of the GM (General	Governmental price-cutting, interventions, fierce competition on main, price sensitive markets, price erosion and short product cycles; Price reducing activity of social securities;	Development of well selected generic products first market introductions on the main geographies, strong project management;	Unchanged risk level*

Risks	Description of risks	Major risk management actions taken	Changes
Medicines) Business Unit	Products falling out from current product portfolio (e.g., termination of support of the authority, import restriction, restriction through register, detection of pollutants); High income sensitivity of a delay in market entry; Few numbers of expiring patents, new opportunities; High vulnerability due to inflation and Russian-Ukrainian war; In the case of CIS countries, harmonization of. This increases the risk. Growth potential, but weak network; Western Europe – growth target, but different environment from Eastern Europe, different challenges.	Improvement of coverage ratios (cheaper production due to the price reduction of active ingredients (new supplier, new synthesis, technological development); Diversification in terms of registers and countries; Life Cycle Management framework; Monitoring of markets/products, appropriate and quick utilization of opportunities; Particular attention in the PV (pharmacovigilance) system, active regulatory dialogue with the authorities, sustaining development projects; Participation in the work of professional organizations.	
The risk of the original research and development projects	High costs and long failure rate; A global disruption of the existing balance in the trinity of prices, developments and patents could threaten the return on Richter's patents, projects or even its entire R&D activity; Risk of finding a properly cooperating partner, mainly from the USA, for the new projects, without which the projects cannot pay off; The development is for the US market, but Richter's sales network is in Europe, where the price environment is unfavourable; Reduction of drug prices (especially in Europe) increases the risk of return; High uncertainty of turnover forecast; The ability/willingness of the partner to complete the project.	Regular overview of the projects based on strict evaluation criteria; Operation of a Preclinical Scientific Advisory Board to make 'go-no go' decisions; expansion of this for WHC; Regular financial evaluation of projects; New acquisition – strengthening of gynaecological research, support of WHC pillar; Strengthening of AbbVie cooperation, new contract – sharing of development and financial risks; Improved opportunity for project sales; Reduced lead times in R&D;	Unchanged risk level*

Risks	Description of risks	Major risk management actions taken	Changes
		Monitoring of international trends, establishment of information collection and analysis function; Expanding network system: Richter network (ecosystem model).	
Risk of Russian-Ukrainian war	Risk of production and sales in Russia: A disruption or shutdown of manufacturing in Russia would have an immediate and significant impact on a significant portion of the portfolio, leaving many patients without medicine; Sanction pressure has increased significantly, affecting multiple areas of activity, and the range of affected countries has broadened (e.g., India, China, CIS countries). Enforcement has also strengthened; Supply of API: currently appropriate, most of the API arrives from the parent company; Procurement of auxiliary material, packaging material and sterile clothing: the situation is currently manageable, there some quality risk; Delivery: with difficulties, but it works. Risks: narrowing of routes, increase of costs, and disruptions to transportation; Equipment, instruments, parts: Strengthening sanctional impact, voluntary restrictions on manufacturers, no special permit can be requested for individual products. The probability of failure and the risk of spare parts supply increase; Legislation, regulation: The risk of passing/applying unfavourable (operation, costs). Russian laws and regulations for the Company due to the war situation increased;	The pharmaceutical industry is relatively protected from sanctions; Alternative procurement sources in Russian production (Russia, China, Turkey, India, etc.) obtaining special permits; Development of a system for sanction monitoring compliance and coordination of sanctions compliance; Continuation of previous operations, containment of new developments; Continuous crisis management in risk areas; Preliminary preparation for risks, preparation of alternative solutions, risk monitoring, collecting information.	Increasing risk level*

Risks	Description of risks	Major risk management actions taken	Changes
	Strengthening local production: only Russian-made active ingredients can be used in tenders; ignoring industrial property rights rules if there is local production; increasing expectations for double product validation; Cash flow, finance: With difficulties, but it works, withdrawal of banks. RUB hedging difficulties, risk of exchange rate possibility, faltering Chinese and Indian direction (purchases), tax matters, increasing exchange rate risk, inflation; HR: Risk of a labour shortage (army, boom in military industry, emigration) increased - for now the number of employees is stable, salary level has increased strongly); IT operation: The risk of continuous operation is manageable but significant, with increasing sanctioning effect; The pharmaceutical market has expanded for now, but the deteriorating Russian economic situation may reduce Russian demand; Sales in Ukraine: the risk of permanent relapse is high; Risk of restrictions due to Russian production; Unfavourable perception of Hungarian companies.		
Risk related to ESG	The regulatory environment affecting ESG is tightening, investor expectations increase, resulting increase in expenses and tasks; It a risk whether the level of investor expectations meets Richter's reasonable investments; the reputational risk of not comply with expectations is high; Risk of being able to comply with it at the subsidiary level; Risk of data generation ability;	Monitoring related changes, complying with new regulations; Establishing even stricter, forward-looking internal regulations and practices than the external prescriptions; Carbon footprint calculation, planned fit for Fit for 55 (supplemented with subsidiaries);	Unchanged risk level*

Risks	Description of risks	Major risk management actions taken	Changes
	Due to the specificity of the pharmaceutical industry, there may be such expectations which the Company will not be able to comply with; The Company might also be affected by the WHC portfolio and the used chemicals materials. The importance of water resource purity is increasing. Necessary technological changes may cause cost increases; Carbon footprint reduction: Increased production increases energy consumption. Richter must also comply on a global level. The possibilities for increasing energy efficiency are limited, and its potential cost is a risk. The desired goal cannot be achieved only from energy, other changes must also be made (e.g. packaging). Failure to comply with these may worsen investor judgement, may result reputational loss, and fines; Achieving climate-neutral status is currently a risk; Packaging - cost increase, shelf life, supply chain risk (cannot always be met); Compliance challenges of female quota expectations, internal incentive system.	Energy reduction concept; PPA project (greening); ESG report, strengthening of internal focus, incorporation of ESG aspects into long-term planning; ESG strategy, DEI (Diversity, Equity, Inclusion) strategy, diversity program (gender, generations); Focus areas: generation gap, cooperation between locations, employment of people with disabilities, gender pay ratio; Introduction of women's quota, emphasis on salary transparency; Joining the Science Base Target Initiative (also an investor requirement).	
If the Company would give not the right and timely answers on the quick global development of digitalization, it could be faced with income losses, competitive disadvantages	AI , machine learning have great potential in the pharmaceutical industry, and will be a tool for increasing efficiency in all areas (e.g. R&D; translation of registers If Richter does not keep up with the development, it may suffer a competitive disadvantage; The role of connecting databases, involving new data sources (e.g., Internet habits), data usage options increases, data management is accelerated (e.g., scanning, searching, linking); In connection with digitization therapeutic procedures, access to prescriptions, clinical evidence, recommendation system (medical visit vs. state selection (selection is becoming more stringent)) may change;	Developing the use of AI, considering the associated risks, in different areas of activity; IT developments are robust; Digital strategy, platform strategy, data strategy, automation strategy, modern infrastructure development strategy is available; Automation projects; Gradual, prioritized replacement of outdated, unsupported infrastructure components and software;	Unchanged risk level*

Risks	Description of risks	Major risk management actions taken	Changes
	Risk of lack of digital competence; An increase in IT and data security risks along with development (e.g., use AI systems); Due to the extremely strong regulation (GxP) of the pharmaceutical industry.	Software registry program, license review, infrastructure monitoring; Data science developments; Eliminating manual labour, strengthening paperlessness; Data governance; Due to the size of Richter, it is a strategy of fast tracking and not experimenting at the forefront; Operation of Program committee; Project portfolio – prioritization of projects, efficient operation of development capacity.	
The risks of the phased implementation of the current strategy	The continuous availability of an adequate number of quality human resources is a risk; Risk of knowledge-attracting ability (domestic and international) decreased; Adequately bringing the strategy to the level of employees is an additional risk; The significant restructuring and rapid development of the Company's operations may lead to operational difficulties, errors, and interruptions; The risk of the success of significant IT developments, processes, governance system development; The speed proper speed of increased support and involvement of; subsidiaries, creation of common solutions and global standards;	Corporate culture and attitude change ; Increasing the ability to attract labour; Talent and career management; Regular monitoring of the strategy schedule, ensuring its adequacy, validating investor aspects; Design methodology, development of result evaluations; Control functions focus on achieving strategic goals; Change management program; Development of strategic area;	Decreasing risk level*

Risks	Description of risks	Major risk management actions taken	Changes
	Risks of internal change, execution capabilities (e.g., speed of decision-making, simplification of processes, acceleration of operations, progress of real estate strategic programs determine the possibilities); BIO, WHC, Orig. research: ambitions are clear, but the way how to get there is risky.	Improving operational performance and facilitating decisions; Development of organizational structure, regulatory system; Strengthening global operations.	
Continuous increase in market entry barriers in operating areas defined by Richter's strategy	The barriers to entry are constantly rising in the areas where the Company is trying to compete. Fulfilling expectations requires more and more expenses, work, and more complex operations, makes it difficult to achieve goals in the given strategic areas, and may even make the achievement of certain goals impossible.	Improvement of efficiency, termination of production of potentially unprofitable products; Interest representation; Continuous monitoring and adaptation of strategy to changes; The entry barriers protect Richter, but at the same time it has investable capital, if wants to enter somewhere.	Unchanged risk level*

Operational and Compliance Risks

Risks	Description of risks	Major risk management actions taken	Changes
Procurement related risks	Global supply chain problems – active ingredients, intermediates, packaging materials, tools, machinery, equipment, and components required for production can be obtained more expensively, with poor quality, are not available at all or are not available on time, which can cause lost business, worsen the quality of customer service, jeopardize the safety of continuous production, increase costs, and induce additional procurement of reserves (materials and equipment); Geopolitical risks (USA-China, EU-China, Middle East conflicts, etc.) increase the vulnerability of supply chains. Parallel with the increase of complexity the	Earlier/long-term pre-issued orders, issuing longer-term forecasts, more accurate planning; optimized inventory; Alternative suppliers; Monitoring of geopolitical situation, geographical diversification during the development of purchasing activities (where possible);	Increasing risk level*

	vulnerability of a supply systems is increasing; Due to a planning mistake, inadequate order of materials, procurement does not adapt to real needs, which can result in lost business; Stricter registration requirements lead to price increases for active ingredients; Loss of supplier due to registration process may take a long time to replace; In the case of a single supplier (no other manufacturer), the risk is higher (packaging material, contract manufacturing). When purchasing a license, there is no information about the production technology - it is difficult to track and control changes; Excessive quality specifications also endanger supply; Sudden supply chain difficulties due to sanctions and regulatory risks (currently manageable); Dorog incinerator provides 50% of the Hungarian capacity. In case of failure there are only few options (to deliver hazardous waste abroad is not an option, due to EU regulation); Significant dependence on Far Eastern suppliers.	Continuously adequate warehouse capacities, considering supply risk; Strengthening the regular examination of direct suppliers, supply chain, reducing supplier risks; Supplier harmonization is necessary. The order of combined volumes would provide security of supply; Supplier risk assessment list, supplier qualification; Stronger advocacy towards partners, regular re-competition, stronger control of internal customers; Continuous support of procurement system, information flow; Development of production planning processes, refinement of forecasts; Maintaining own active ingredient production capacity; Launch of supply chain risk project, strong management focus.	
Cyber risk	Risk of damaging information or communication systems; Richter's rapid digitalization continues to increase risk; The number of cyber-attacks is increasing strongly on a global level.	Operation and development of the IT security area; Education, improving risk awareness (main focus); Incident monitoring and management; external and internal vulnerability assessment; Strengthening support for subsidiaries.	Unchanged risk level*

Difficulties in accessing and retaining qualified staff in the Central European and Eastern European subsidiary companies of the Group may make operations more difficult, more expensive, can result lost business.	The highest risk is the labour supply. The labour market has become unpredictable; There is a high demand for a workforce that can keep up with rapid technological changes, but the pressure has decreased; BIO – requires specialized knowledge – lacking in Hungary, device knowledge is limited; IT - generally difficult to recruit, improved this year; R&D - highly qualified specialist (internal training only or foreigners); Skilled workforce in the chemical industry is difficult to find; Global operational knowledge is still a shortage, but it is improving; Debrecen currently has manageable workforce supply, but expansion would be difficult; Dorog - recruitment is difficult; EU's absorption power for skilled workforce has decreased; Constantly decreasing loyalty in the labour market increases the risk; HO risk - market demands (many HO) vs. Richter needs; Richter's prestige grew in Western Europe (VRAYLAR®, market presence, external communication); Romania, Poland - similar risks, attracting physical workers is difficult; Inadequate development of digital knowledge is a risk; Retirement wave in the coming years; Adapting to permanent changes poses risks at both the organizational and individual level;	Appropriate adjustment of wage levels and the use of structures that help long-term commitment to the company (loyalty program); Contracting with international head-hunters; University training collaborations, presence at universities; Increasing flexibility, adapting to labour market needs, commitment improving solutions; HO – Reduce the frequency of sick leave; Teleworking for foreigners; Employer branding development; New recruitment techniques, new channels; Fluctuation monitoring, search for individual solutions in the affected areas; Creation of more flexible, personalized compensation systems, workforce replacement planning, competency planning; Education, development programs; Physical and mental health support (Balance program); Thoughtful, prepared, properly managed changes; Reduction of labour demand - Robotization, IT developments, paperless processes, transformation of processes, increase in efficiency.	Decreasing risk level*

	If the fluctuation is high and the workforce is not well-trained, it can cause scrapping, supply shortages, and may have to pay penalties in tender business; The Hungarian market is narrow for highly qualified professionals, there is no adequate infrastructure for university education, internal training is necessary - mainly affects sterile pharmaceutical production.		
Occurrence of environmental, occupational safety, explosion and fire incidents may cause damage to human health, loss of production, material and environmental damage, and loss of reputation	Exposure at work, accident at work, loss of workforce, compensation (human resources) Material damage (equipment), environmental impact limit values exceeded, authority measure, penalty, loss of reputation; Authority expectations of fire and explosion risks are getting stronger, regulations are getting stricter, but they are becoming less and less clear. The cost implications of compliance are increasing. Richter's technologies are increasingly moving in this direction. ATEX question (explosion-proof environment) also appears where it did not before.; Possible non-compliance with REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations may jeopardize manufacturing activities; For now, there is no global operation on this field (it would be an opportunity to reduce costs and increase security).	Application of Occupational Health and Safety Management System (MEBIR) and Environmental Management System (EMS), continuous risk analysis, management and action, integration of the two systems; Appropriately designed fire protection systems, Environmental burden reduction of the Budapest location (allocation project). Insurance taken out; Further development of work culture; Maintaining and increasing the average age of the equipment fleet; Developments in the EHS (Environment, Health, Safety) area towards global operation;	Unchanged risk level*
Risk of legal, authority changes, compliance and litigation	Regulation: EU efforts to implement comprehensive pharmaceutical regulation. This will affect Richter as well; The tightening of the regulatory environment may increase costs and compliance risks; Compliance: Employee behaviour that violates the ethical and advertising rules of pharmaceutical promotion (the risk is higher primarily abroad);	Regulation: Continuous monitoring of changes in EU legislation timely preparations; Participation in the development of regulations; Medicines for Europe – participation in the activity, internal consultation forum and provision of information;	Unchanged risk level*

	Incorrect interpretation and compliance with rules may result in official penalties and loss of reputation; Violation of NIS2 may result in high penalties; Due to global operations, Richter must also comply with local laws, and full knowledge and monitoring of local laws in each partner country is a significant challenge; Following changing regulations may cause delays in manufacturing and licensing processes; Contracts, litigation: Risk of litigation, which may even result in significant financial and reputational losses (e.g., class action lawsuits); License agreements, (especially the older ones are affected), key procurement contracts, a bad contract from a legal point of view, may result in high business losses; M&A – Handling acquired litigation matters – suddenly many cases at the same time, little experience in handling them.	Strengthening global internal regulatory tools; Compliance: Maintaining expert groups to follow regulatory changes; Strengthening central legal approval for outputs (e.g. marketing); Developing global operations; Data assets and information security assessments; Contracts, litigation: Maintaining continuous monitoring (internal forum system); Law-abiding behaviour, establishing appropriate legal representation in relation to the given country, education, regulation; M&A: Purchase price retention, settlements, foreign lawyer relationships, investment banking support during the acquisition, internal regulations, insurance.	
The risk of non-compliance with, in some cases extremely high quality and chemical safety requirements for the development and manufacture of medicinal products	Non-compliance with GMP, GLP, GCP), GDP, IT GXP and PV, MDR, inadequate side-effect monitoring may harm the patient and lead to regulatory action, penalties, in the case of a serious violation, even product recalls (product suspension in extreme cases), liability claim payment and reputation losses; Risk of losses caused by new side-effects, contamination, manufacturing fault, counterfeiting; Compliance risk of authorization / restriction introduced by EU chemical safety regulation (REACH);	GMP compliance equipment; Production based on the permitted register; Application of quality assurance systems, SOP controlled operation (continuous monitoring of SOPs); Development of own API in the case of key products; Applying a supplier rating system seeking to register alternative suppliers;	Unchanged risk level

	Changes in the current regulations in force on the markets of the Company may increase the production expenses, may require new raw materials needs, registration, and new investigations; Stricter regulation of injection manufacturing (EU), – compliance, risk of cost increase; With the development of testing methods, more and more contaminants may be revealed, which may mean cost increase and reputation loss; There have been several changes in device regulations – full compliance is in progress, but the risk of compliance still exists; Supplier quality problems make it difficult to achieve the right quality. This may result in lost business (increased due to cost reductions); Packaging materials - expected compliance with new EU requirements), risk of price increase; Inspection by foreign pharmaceutical authorities - risk of compliance with expectations; In the case of quality problems, the lack of release or delay may result in lost business.	Product liability insurance, general liability insurance, compensation; Continuous monitoring of the use of chemicals restricted under REACH; Immediate handling of deviations, including preventive and corrective actions; Examination and qualification of own systems (internal audit); Emphasis is always placed on the use of the strictest standards, as well as considering other non-prescribed issues; Development of quality management processes, shortening lead times; Inspection preparations.	
Risk of ensuring high availability of pharmaceutical manufacturer and supply system equipment	Risk of production loss due to damage to buildings, machinery, equipment, people (fire, explosion); Production loss due to failures, inspection risk due to obsolescence; Risk of supply system outages; Technical risks of active ingredient production allocation; Availability risk of hormone production is higher since there is only one production facility.	Production safety measures, insurance on property and on downtime as recommended by the Risk Survey; Adequate level of capacity maintenance, maintenance, and troubleshooting; Enhancing the technical quality, automated supervision, and operational safety of systems; Detailed and prepared allocation plan;	Unchanged risk level*

		Development of an integrated BCM, Crisis Management system.	
Product recall risk	It may happen that a product must be recalled. (It is more typical to recall only items.) This may result in loss of sales revenue, loss of market and loss of reputation. The reasons can be product defect, manufacturing defect, product replacement, authority action, defect in the purchased raw material, something new is revealed about the product (e.g. a serious, previously unknown side effect).	Strict compliance with standards, controls and legal regulations, external and internal rules, emphasis is taken on prevention; Operated control systems, established work processes; Monitoring of domestic and international regulatory environment, authority practice; Suppliers – approval by authority.	Unchanged risk level*
Energy supply related risks	A power failure may even cause Richter to stop operation. An increase in energy prices may cause a decrease in profit and the loss of some products: Difficulties in Europe's energy supply, the globally growing demand for energy, the scarcity and moderate flexibility of energy are still present; Supplying the population has an advantage over industrial companies in the event of overconsumption and / or lack of capacity; The chances of concluding long-term contracts are small, and price volatility has increased; Energy price increases also occur from the supplier side.	Contracts with energy providers, fixing and covering energy; Energy strategy; Employee attitude formation; Enhancing energy security in critical areas; Energy management system according to ISO 5001; Significant energy savings year after year (approx. 10%); Existing diesel generators; Own solar panels, Power Purchase Agreement project.	Unchanged risk level*
Risks related to transport, storage, production and sales planning	Transport: The risks (price, delivery time, uncertainties) decreased on average compared to before, but increased towards Russia and Ukraine; Storage: There is a risk of lack of storage capacity, but it is manageable. The increase in inventory required due to the increased procurement time, the acceleration of production, and the slowdown in sales and delivery may increase the pressure on storage;	Transport: Planning of alternative options (other ground route, air transport), continuous monitoring of the current situation; Improving production and sales planning, software support, optimizing transportation, storing inventory close to the customer;	Decreasing risk level*

	Production and sales planning: If the expected market demands and the amount are not properly assessed and the timing of production is wrong, it is not possible to plan it properly, then this leads to lost business or excessive storage needs and also can lead to an unnecessary increase in the time of production-sales cycle and production and storage costs;	Continuous balancing of supply and demand; demand planning, development of inventory reports; Central management of complete inventory management.	
Risks related to trade	Europe - the growing role of pharmacy chains poses a growing risk to the sales model of the Company; The strengthening of the online market can cause price erosion (China); USA – Richter does not have a commercial network here. Presence is important in the long term, entering the market is risky from a cost perspective; AI – lagging in the use of AI can be a competitive disadvantage, but the use of AI it can also be a risk from a data protection perspective; Incorrect market forecasting can result in lost business, unnecessary inventory; Newly launched product: price pressure, the effect of price support is an important risk factor; the risk of economic introduction increases; The reduction of the prices of subsidized and non-subsidized drugs (price erosion) in the Central and Eastern European region, CIS countries and China may cause a decrease in coverage, claw-back taxes will reduce business results (they are not expected to increase, but they cannot be planned), Richter may be forced out of tender deals, production may become unprofitable; The narrowing of the range of subsidized products is a European trend – it works against new products, innovation, and profitability; For licensed products (not manufactured by the Company), the selling price may quickly drop below the purchase price, where production is no longer worthwhile. This results in an exposure to the price increases by the manufacturer;	Preparing to enter the market; Reducing costs; Current operational developments and transformation; Reducing exposure by introducing new products and focusing promotion on less threatened product groups; Gradual price increases for free-priced products; Discontinuation of loss-making products; Price increases are available for several regulated products in some countries, so prices can be increased in other countries as well; Closer monitoring and control of claw-back payments, measurement of product profitability, selective withdrawal from sales of certain products.	Unchanged risk level*

	The change in the pharmaceutical price subsidy system also affects biosimilars, where price erosion is also strong.		
Risk of inadequate insurance coverage	The risk of inadequately insured and priced risks arising from Richter's activities (e.g. property, liability) may cause financial disadvantage and liquidity problems, and in the event of a major loss event, may even jeopardize continued operations; If the Company is unable to properly identify and measure the risks for which insurance is required to achieve its strategic goals, underinsurance (including non-insurance) or over-insurance may arise. Inadequate data, information flow, lack of analytical capacity, poor processes, record-keeping systems and regulations may increase the risk; Properly concluded insurance may involve the risk of overpricing or possible insolvency of the insurance partner; Some foreign markets are particularly exposed to certain risks (e.g. USA - product liability).	Globally operating insurance area, development of global operations and coordination; Strengthening risk analysis; Monitoring international best practice, information exchange, insurance and consulting cooperation; Insurance strategy; Development of established processes and information flow.	Decreasing risk level*
Risk of quality problems/absence of data regarding decision-making and operation	The deficiencies in the management of data quality/data governance/master data can result in improper decisions, business loss, production and reporting problems, wrong decisions non-compliance with authorities, and loss of reputation; Various, non-uniformly used designations may hinder the processing of the data and may result in incorrect conclusions; Inefficient use of data assets may reduce the competitiveness; Important information might be obtained with difficulties and in a non-automated way. This makes it difficult to prepare appropriate reports, and may cause an increase in costs if data demand increases.	The activity of a unit created to support data-based decision-making and make corporate data assets available for implementing data-driven operations; Data governance framework operation; BI portal (data portal); Continuous development of Data WareHouse and Data Lake; Data Science area operation; Data Glossery; Supporting IT developments.	Decreasing risk level

Financial Risks

Risk area	Description of risks	Major risk management actions taken	Changes
Currency risk	The Company is highly exposed to RUB and USD and other currencies on the revenue side and has foreign currency financial instruments and other assets. Exchange rate fluctuations may distort all income measured in HUF and EUR and may cause unneeded balance sheet and income statement movements/financial losses; Risk of conversion from RUB due to the war; In the case of RUB, hedging with derivative transactions is not possible, risk mitigation is made by other methods (e.g., discounting natural hedging); The risk of transactions increased.	Natural hedge to some extent by cost items occurring in the same currency, reduction of open positions by conversion; Application of limits; Rolling hedging of planned USD revenues, hedging of investments in USD and EUR in order to ensure the stability and predictability of the financial result; Continuous adaptation to current opportunities related to RUB items; Development of foreign exchange allocation model run, and currency risk coverage happened; The continuous hedging of the currency exposures of energy purchases and the energy costs; Measurement, monitoring development.	Unchanged risk level*
Credit risk	On certain markets of the Richter Group (Risk is higher in CIS countries) and some subsidiaries face increased customer credit risk, credit losses are low, cyber fraud attempts are ongoing; In connection with the Russian-Ukrainian war, the risk has increased in these two countries (no losses occurred); Recession expectations increase the risk as well; Significant negative changes in the state of investment partners may cause losses (non-payment, loss of value). Loss was only due to transaction restrictions;	Extended MEHIB trade credit insurance for CIS markets and for the Rest of the World region of the Richter Group; Bank guarantees (only with appropriately qualified banks, within set limits); Limits set up for buyer; Prepayment request; Operation of the CAS credit management system; Ukraine - prepayment;	Increasing risk level*

Risk area	Description of risks	Major risk management actions taken	Changes
		Russia - bank guarantees, MEHIB monthly currency revaluation, twice a year impairment calculation, own bankruptcy risk database, based on market bankruptcy risk data; Continuous monitoring, monthly reports; Development of customer credit management activities: processes, responsibilities, controls, automation, collection.	
Interest rate, partner and liquidity risk	Interest rate risk: Changes in market interest rates affect the value and yield of invested interest-bearing securities (interest + foreign exchange gains / losses); Rising interest rates (+ increasing lead times, fragmentation of supply chains) increases the cost of working capital. The majority of securities, with the exception of short-term government securities, are valued at fair market value, so there is no hidden interest rate risk.; Partner risk: Significant adverse changes in the position of partners (typically banks) may result in losses; Liquidity risk: The Company is unable or able only at the cost of material financial losses to meet its payment obligations.	Interest rate risk: limits (duration), continuous monitoring, investment decisions, interest rate swaps; Partner risk: partner limits, involvement of new partners, partner selection, diversified portfolio and assets, contracting based on ISDA; Liquidity risk: treasury activity, CF planning, liquidity limits, payment planning, repo transactions, borrowing; (credit line expanded); Centralized control of free cash of subsidiaries; Strict compliance, development, and annual review of financial, investment regulations, reports; Investment Committee – weekly; Development of a registration and monitoring system.	Unchanged risk level*
Taxation related risks	Parent Company: risk of certification of eligibility for tax benefits on basis of R&D and royalty; Group: improper certification of transfer pricing. Inappropriate reports may result in regulatory penalty; Risk of inadequate tax optimization (overpayment / underpayment);	Operation of a tax department: Group transfer price: Masterfile based on established rates, local transfer pricing documentation.	Decreasing risk level*

Risk area	Description of risks	Major risk management actions taken	Changes
	Risk of non-compliance with tax regulations; The tax environment has become more stable; USA, Russia - double taxation treaty - possible termination; Risk related to royalty income.		
Inflation risk	A significant number of the products have fixed prices, which reduces the possibility of passing on cost increases.; Margins may shrink, some products may even become unprofitable; Retaining/acquiring workforce vs. increase in expenses - there is a significant risk in its optimal management; Energy price increases have been hedged, but re-hedging is still a risk, energy price increase at suppliers; Unpredictable changes in costs may make planning and operation difficult; Reversal of a declining inflation trajectory is a risk.	The effect of inflation occurs more slowly due to the long production cycles, which improves the room for acting; Increase of sales prices; Early procurement; Proper planning and conscious scheduling of procurement.	Increasing risk level*
Risk of inorganic growth	Due to the significant amount of inflowing CF, the pressure in the direction of making acquisitions has increased. A significant and successful acquisition reduces the tax liability, the risk of additional extra taxes, the pressure to pay dividends/buy back shares; It is a risk how successfully the Company can integrate the acquired company or stake, whether it can produce results from the expected synergies, whether there are any unforeseen potential losses in the purchased package that it is not protected against. A poorly managed	Corporate acquisition activity with the involvement of external partners. Operation of the M&A unit.; regulation, processes, risk assessment, integration activities; Appropriate dividend and share buyback policy.	Unchanged risk level*

Risk area	Description of risks	Major risk management actions taken	Changes
	acquisition or license purchase may result in a significant and lasting loss.		

Note:

* By improving our risk management activity, we have been able to offset the increase in risk exposure and probability of risk, and we have managed to reduce or eliminate many risks. In addition, new risks have arisen. We have also marked as new risks those risks which - although they may have been known for a long time - have been added to the table.

VIII. Sustainability Statement

General disclosures

Basis for preparation

[BP-1] General basis for preparation of the sustainability statement

The Consolidated Sustainability Statement of the Richter Group has been prepared in accordance with the European Sustainability Reporting Standards (hereinafter "ESRS") as endorsed by the European Union (EU). The Consolidated Sustainability Statement complies with the Hungarian Accounting Law, which refers to ESRS as endorsed by the EU.

Information in the Sustainability Statement covers the Richter Group and all its subsidiaries and has been prepared on the same consolidated basis as the Group's 2024 Financial Statements. As many of Richter's EU subsidiaries will likely surpass reporting thresholds individually in the coming years, we continue to pay close attention to the evolving regulatory landscape and possible reporting exemptions in EU member states. The content of the Statement covers the period from 1 January 2024 to 31 December 2024.

No information corresponding to intellectual property, know-how or the results of innovation has been omitted from the sustainability statement. All relevant impending developments and matters in the course of negotiation have been disclosed in accordance with the applicable national legislation and ESRS requirements. Richter remains committed to full transparency.

The Sustainability Statement covers Richter's upstream and downstream value chain. For more detailed information on our value chain approach, please see SBM-1, under General disclosures.

[BP-2] Disclosures in relation to specific circumstances

Time horizons

The time horizons defined in ESRS 1 2.4, that is short horizon = up to one-year, medium horizon = one to five years and long horizon = five+ years, up to 10 years were applied in preparation.

Value chain data

The high-level overview of Richter's value chain and its main actors were considered during the IRO assessment as the company does not have a Value Chain Mapping or Due Diligence process yet. However, the development of a Due Diligence process is already in progress, while the methodology and the implementation of a Value Chain Map is to be developed as a next step in order to have a clear understanding of Richter's complex value chain with hundreds of business actors in different countries and business units.

Value chain data for our carbon footprint calculation was estimated using indirect sources. The applicable Science Based Target initiative (SBTi) methodology for Scope 3 greenhouse gas (GHG) emission calculations were used. The accuracy of the estimations is moderate. There are no planned actions to improve on these at the moment, as the applied methodologies are fully SBTi-compliant – which is our main objective for our carbon footprint calculation. The list of estimations used for Scope 3 are provided below. No further metrics or monetary amounts are subject to a high level of measurement uncertainty.

Category	Description	Data source	Methodology
Scope 3-1	Purchased packaging materials for goods	Product fee declarations, supplier information	Direct data from supplier reports and tax submissions
Scope 3-1	Packaging materials for product sales (domestic and export)	Sales traffic, warehouse reports	Combination of export/import traffic reports and warehouse inventory data
Scope 3-2	Industrial machinery, equipment, and components	Number of units purchased	Estimated weight using typical machinery specifications
Scope 3-7	Employee commuting	Employee questionnaire	Extrapolation based on incomplete survey responses
Scope 3-8	Rented building areas	Warehouse pallet ratios, direct office data	Pallet-based estimates for warehouses; direct office data

Previous reporting period

Changes in preparation and presentation of sustainability information compared to the previous reporting period:

- Starting from this year, the Richter Group's annual sustainability report has adapted and is structured in accordance with the requirements of ESRS. Previously, the company reported on its sustainability performance in its annual, GRI-guided sustainability report.
- A double materiality assessment (DMA) was conducted in accordance with the requirements of ESRS to identify material impacts, risks and opportunities across the Richter Group's own operations, upstream and downstream value chain.
- Greenhouse gas emissions were recalculated in 2024, as we aim to make a commitment in 2025 to have Science Based Target initiative (SBTi) validated carbon reduction targets. In previous years we used the Bilan Carbone methodology for our calculations. With the change, a new baseline year was set for our reduction targets (2021 instead of 1990). Furthermore, the SBTi-aligned carbon strategy will cover Scope 1-2-3 emissions (previous strategy was based on Scope 1-2). This topic is explained in more detail in section E1-3.

Prior-period errors

There are no reportable prior period errors, as this is Richter's first year of ESRS application.

Disclosures stemming from other legislation or other sustainability reporting standards

Disclosures in this report are only based on the European Sustainability Reporting Standards (ESRS) and the Taxonomy Regulation (Article 8 of Regulation 2020/852).

Incorporation by reference

The list of ESRS data points integrated with references can be found in Table 2 in the Appendix.

Use of phase-in provisions in accordance with Appendix C of ESRS 1

Richter utilized the option of a phased implementation. The list of sustainability subtopics on which adequate quality information was not available for the first reporting period can be found in Table 2 in the Appendix. The explanation of the points where Richter opts for phased implementation can also be found in Table 2 in the Appendix.

Updating disclosures about events after the end of the reporting period

Richter received no new material sustainability data after the reporting period but before the Management report was approved for assurance.

Disclaimers regarding the potential limitations of first year reporting

In preparing this sustainability statement, the Richter Group acknowledges certain inherent limitations due to the initial reporting under the Corporate Sustainability Reporting Directive (CSRD). Consequently, comparisons over time may be constrained as frameworks for sustainability reporting are continuously evolving. The data collection processes and methodologies for certain sustainability metrics are still being refined by the regulating bodies to ensure accuracy, consistency, and compliance with industry standards. As such, some data points may be subject to estimation and may not capture all aspects of performance accurately. Any future changes in structure or operations may impact the reported sustainability metrics. The sustainability impacts reported herein are influenced by external factors such as regulatory changes, market conditions, and technological advancements, which may affect the outcomes of our sustainability initiatives.

Moreover, section 134/J (1) of the Hungarian Accounting Act mandates that the Company must prepare its consolidated business report in the electronic reporting format (XHTML) specified by Commission Delegated Regulation (EU) 2019/815 (ESEF Regulation). Per the regulation, it would be required to tag the sustainability disclosures defined by the ESEF taxonomy in the consolidated sustainability report using the XBRL markup language, including the disclosures required under Article 8 of Regulation (EU) 2020/852. However, as the ESEF taxonomy for sustainability reports has not yet been adopted, we were unable to complete the XBRL tagging.

Governance

[GOV-1] The role of the administrative, management and supervisory bodies

Richter has a two-tier board comprising of a Board of Directors and a Supervisory Board. While we summarise the main datapoints below, detailed information on the board can be found in the following references:

- Diversity and composition are also shown in the “Company’s Boards” section (Corporate Review chapter) of the Management report
- Roles and responsibilities: Report on corporate governance available on our corporate website at https://www.gedeonrichter.com/en/sustainability/governance
- Identity, expertise and skills: detailed CVs of all members can be found on the corporate website at https://www.gedeonrichter.com/en/sustainability/governance/governance-bodies

Main datapoints

Board of Directors

- Number of executive members: 2
- Number of non-executive members: 10
- Representation of employee and other workers: 0
- Gender diversity: women 33.33%, men 66.66%
- Percentage of independent board members is 66.66%.

Supervisory Board

- Number of executive members: 0
- Number of non-executive members: 3
- Representation of employee and other workers: 2
- Gender diversity: women 40%, men 60%
- Percentage of independent board members is 66.66%.

The “Corporate Governance” section (Corporate Review chapter) of the Management Report and Richter’s Corporate Governance report (available publicly on our corporate website) provide in-depth information on Richter’s well-structured

governing bodies, their respective responsibilities and tasks, and the systems and practices that are in place. It explains the management's role in the governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities (IROs) as well as the bodies' responsibilities and reporting lines for IROs. Individual responsibilities are not defined as per IROs. Dedicated controls are ensured by the Internal Audit and Strategy and Corporate Programs Unit, which report directly to the CEO.

ESG Governance

In view of the strengthening of ESG requirements in the domestic and international capital markets over the last few years, the Board of Directors established an ESG Committee in December 2021. The ESG Committee consists of three independent members of the Board of Directors. The ESG Committee is responsible for monitoring the ESG requirements of the national and international capital markets and the changes thereof. Furthermore, with respect to the company's industrial and structural characteristics, it can initiate motions to the Board of Directors to ensure that the company complies with its ESG requirements. It is also the task of the ESG Committee is to review the sustainability report and the ESG report and prepare them for Board approval. While currently not receiving external training on sustainability matters, the ESG Committee has access to Richter's experts in the field.

Richter's IRO findings are approved by the ESG Committee, and their progress is evaluated and demonstrated in annual reports. IROs associated with specific areas, along with their corresponding objectives and actions (e.g., carbon footprint reduction strategy, diversity targets, procurement-related goals), are tracked by the respective specialised departments. Goals and monitoring processes related to specific thematic areas are detailed in the relevant topic-specific disclosures.

[GOV-2] Information provided to, and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The ESG-related coordination tasks are led by the Head of Investor Relations and ESG, who reports to the CEO. The ESG team manages day-to-day sustainability topics together with the Environment, Health & Safety, Human Resources, Legal, Quality Management, Procurement, and Finance functions, amongst others.

The ESG Committee receives quarterly updates from the Head of Investor Relations and ESG. During the meetings, they discuss current ESG-related matters. Additionally, the preparation for CSRD reporting was overseen by a sub-committee, with senior management receiving monthly status updates on the process and emerging issues. Therefore, administrative, management and supervisory bodies are well-informed to consider impacts, risks and opportunities as well as potential trade-offs when overseeing corporate strategy, decisions on major transactions, and the risk management process.

During the reporting period, members of the ESG Committee were informed about the impacts, risks, and opportunities identified, based on the results of the double materiality assessment. The ESG Committee approved the identified material topics, impacts, risks, and opportunities on 27th of August 2024. The material topics and their associated impacts, risks, and opportunities are elaborated in detail in the IRO-1 section.

The following topics related to material impacts, risks and opportunities were addressed by the administrative, management and supervisory bodies, or their relevant committees during the reporting period:

- Performance against strategic objectives in 2023 and during 2024
- Risk management in 2023
- Decisions on strategic acquisitions
- Challenges in Quality Assurance and Quality Control
- Changes in Supply chain management
- Employee Share Programme
- Priorities in Investor Relations and ESG, shareholder return
- Decision on the auditor of the Sustainability Statement
- Capital expenditure projects

[GOV-3] Integration of sustainability-related performance in incentive schemes

The Richter Group includes sustainability-related performance in the incentive schemes for the CEO. The decision on the remuneration of the CEO (including, in addition to the determination of the base salary, the other benefits to which the CEO is entitled in case of the fulfilment of the annual bonus and Employee Participation Program terms) is taken annually by the Board of Directors, taking into account the proposal of the Remuneration Committee of the Board of Directors. The current percentage of variable remuneration dependent on sustainability-related targets and (or) impacts is 15%. Detailed information for the reporting year is available in our Remuneration policy and Remuneration report which can be found on our website at https://www.gedeonrichter.com/en/sustainability/governance

[GOV-4] Statement on due diligence

The table below outlines how the Richter Group implements the core elements of due diligence for people and the environment, along with their corresponding presentation within this Sustainability Statement. Additionally, Richter has due diligence processes that take environmental aspects into account (ISO 14001, ISO 45001).

Core elements of due diligence	Sections in the Sustainability Statement	Page
Embedding due diligence in governance, strategy, and business model	GOV-1	91
	GOV-2	92
	IRO-1	98
Engaging with affected stakeholders in all key steps of the due diligence	SBM-2	96
	S1	118
	S2	118
	S4	133
	G1	145
Identifying and assessing negative impacts	IRO-1	98
	S4	133
	G1	145
Taking actions to address those adverse impacts	GOV-5	93
	S4	133
	G1	145
Tracking the effectiveness of these efforts and communicating	GOV-2	92
	GOV-5	93
	S4	133

[GOV-5] Risk management and internal controls over sustainability reporting

Richter regularly assesses risk and controls over its sustainability reporting process. Given the strategic importance of preparation for the first year CSRD reporting, the Internal Audit Department was tasked with monitoring CSRD-related processes throughout 2024. They gathered information through regular interviews and provided feedback to those responsible for CSRD reporting as needed. At the end of the year, they prepared an internal document for the CEO outlining their findings and recommendations for the next reporting periods.

According to their findings, Richter's sustainability reporting is subject to the risk of material misstatement due to human error or incomplete data. Additional risks include inaccuracies in data inputs and manual errors during the process of aggregating data from various systems into the corporate disclosure management system. Richter has implemented controls based on an assessment of these risks, including review mechanisms for both quantitative and qualitative data within the sustainability statements. During the reporting process, Richter implemented the following key preventive and risk-reducing measures:

- Appointment of an external advisor to ensure regulatory compliance, who supports the internal reporting team and experts
- Expert consultations and internal workshops on the interpretation of ESRS data points to ensure that during the data collection process experts have the necessary information to meet ESRS disclosure requirements
- Designation of internal data owners and approvers for the sustainability report validation process, in line with the appropriate subject matter areas
- Approval of the sustainability report by the governing bodies

Furthermore, Richter will disclose in its report for 2025 how and which control processes and risk assessment steps related to the 2024 report were systematically integrated into Richter's internal procedures.

Moreover, risks are discussed with Richter's external auditors, who provide limited assurance over the sustainability statement. This assurance process is risk-based, with the external auditors offering feedback on their risk assessments. They also provide input to the Board of Directors as part of the Board's review and approval of the annual report.

The external auditors perform testing on Richter's sustainability reporting as part of the limited assurance provided over the sustainability statement in the annual report. Details of the assurance activities conducted by the auditors are outlined in their assurance statement. Please see the auditor's limited assurance statement for more information.

Strategy

[SBM-1] Strategy, business model and value chain

Description of business model

Richter Group is active in two major business segments, primarily Pharmaceuticals comprising the research and development, manufacturing, sales, and marketing of pharmaceutical products, and it is also engaged in the Wholesale and Retail of these products. In addition, there is a third group of companies comprising those members of the Group that provide auxiliary services to the former segments.

Research, development, manufacturing and marketing of pharmaceutical products are the core activities of Richter and in this endeavour the Group is supported by a number of subsidiaries, joint ventures and associated companies. Manufacturing subsidiaries and a broad network of trading affiliates that ensure a strong market presence have together created the foundation for regional (CEE) leadership and a global presence in the specialty area of Women's Healthcare. Richter does not provide products and services that are banned in certain markets. Our core activities and significant markets:

Research and Development	Product manufacturing	Sales and Marketing
The Richter Group is one of the largest research and development centres in Central and Eastern Europe, with 1,200 professionals. Our aim is to provide the public with state-of-the-art products. We work tirelessly to ensure that the results of our research contribute to improving the quality of human life.	Our goal is to make sustainability a priority at every stage of the manufacturing and development process, through the use of innovative technologies and cost-effective manufacturing processes. Richter has production capacities in Poland, Romania, Germany, Russia and India in addition to its Hungarian sites.	Richter's products are distributed to six continents around the world, thanks to the company's extensive distribution network with a direct presence in 50 countries, as well as partnership agreements. The Group's most important markets in terms of turnover are the European countries, the CIS region and the US.

Richter's business strategy and sustainability

Richter's mid-term strategy continues to strongly support the company's vision of becoming a "Leading European Midpharma Company" by the end of the decade. The organizational changes, the clearer bundling of activities around the four strategic business units as well as the last few years' organic and inorganic investments all served the purpose of achieving financial excellence, continuous growth and stability. For further information on our business strategy, see our corporate website at https://www.gedeonrichter.com/en/about/strategy.

We believe that the Richter Group is making a fundamental contribution to sustainability matters through its core business of manufacturing and marketing pharmaceuticals that cure diseases and improve quality of life. In line with our corporate mission "Health is our mission", we aim to continue to position ourselves in the global pharmaceutical market and to help patients around the world to recover with innovative medicine.

A significant and growing share of the company's sales comes from a product that helps treat mental illness. Richter's original antipsychotic, cariprazine, which improves the quality of life for people with schizophrenia and bipolar disorder, is now available in 67 countries. Another significant part of Richter's turnover comes from the sale of women's healthcare products. The company also conducts educational campaigns among women. In addition, the company is able to increase access to treatment through its affordable generic and biosimilar products.

For detailed explanation for the Interaction of the IROs with Richter's strategy, please refer to SBM-3

Financial highlights

Total revenue for FY 2024 is 857,545 million HUF. For more information on Richter's revenue and its distribution by business segment, see the Consolidated Financial Statements (4. Segment Information section). Richter does not engage in activities related to the exploration, storage, or transportation of fossil fuels, is not involved in the trade of disputed weapons, and is not engaged in activities related to tobacco cultivation. Richter is involved in the manufacturing of pharmaceutical products and APIs, its activities do not fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006.

For data on number of employees by geographical areas, please see section S1-6.

Value chain

At Richter, a comprehensive value chain mapping is not yet in place to provide a detailed overview. Instead, a high-level value chain approach was adopted, focusing on the company's three main business activities, and considering the most relevant value chain activities and actors for its operations. This high-level perspective was also utilised during the IRO assessment. However, the development of the company's due diligence process is already underway, and the methodology and implementation of a comprehensive value chain map are planned as the next step. These efforts aim to provide a clearer understanding of the company's complex value chain, which spans multiple business actors across various countries and business units.

High-level value chain map

Upstream	Own operations	Downstream
Direct procurement (purchase of materials and services related to the core activity) by suppliers – All countries where Richter operates	R & D – Hungary	Distribution by wholesalers – All countries where Richter operates
Indirect procurement by suppliers – All countries where Richter operates	Manufacturing – Hungary, Poland, Romania, Germany, Russia, India	End-use of medicines by patients
	Sales & marketing – All countries where Richter operates (EU, CIS region, UK, US, Latin America, China, Vietnam, Australia)	Disposal of medicines by customers

We show a high-level overview of the value chain in the table above, highlighting the value chain activities most relevant to Richter's business operation. Disclosure of detailed information about Richter's value chain mapping is subject of phase-in for the first three years of reporting obligation. Sector specific ESRS are not yet available to disclose at the time of reporting. Therefore, issues related to these cannot be shown.

[SBM-2] Interests and views of stakeholders

We believe that by involving our stakeholders we can operate as a responsible company. We consider stakeholders to be those groups that are directly or indirectly affected by the Richter Group or who have an impact on our company. These are the groups most affected by our activities and operations.

The Richter Group provides opportunities for dialogue between the company and its stakeholders through a number of communication channels. Based on the classification of stakeholders, we use a variety of engagement formats, such as financial reports, publications, meetings, and presentations. Two-way communication provides an opportunity to understand the needs and expectations of stakeholder groups.

In 2024, during the DMA process, we categorized the internal and external stakeholders of Richter to identify key stakeholder groups based on their interest and influence. Based on a set threshold, stakeholders were divided into two main groups: primary stakeholders (shown in the table below), who are highly influential with strong interest, and secondary stakeholders, who have less influence and lower interest. This prioritization allowed Richter to focus its efforts on the most important stakeholders.

Primary stakeholders	Secondary stakeholders
ESG Committee	Industry organisations
Operative Management / ESG representatives of operational departments	Healthcare professionals and organisations
Sustainability Team	Patients, patient organisations
Customers	NGOs
Investors (institutional, private)	Academia
Wider Employees*	Competitors
Suppliers	Local Communities
	Media
	(Nature as a silent stakeholder)

** "Wider employees" is defined as Richter staff, minus operational management. It does not include value chain workers.*

In terms of representation, we differentiated between two different groups of stakeholders:

- Internal stakeholder involvement was facilitated through smaller expert groups (e.g. Operational Management) and representatives of broader employee groups, depending on the specific sustainability topics.
- External stakeholder involvement was managed through company representatives engaging with said stakeholder groups.

The primary forms of communication were by email, telephone and face-to-face/virtual consultations.

Internal stakeholders were also involved in the validation process of the DMA results. Validation was conducted through dedicated workshops. The perspectives of key stakeholders (provided both directly and indirectly through representatives) and Richter's primary IRO assessment showed no significant discrepancies, as those agreed with the directions identified during double materiality analysis. For further information about the DMA validation process, please see section IRO-1.

The results of the stakeholder assessment (as part of the DMA) were presented to the Executive Management, as well as the ESG Committee. For further information about the involvement of our administrative, management and supervisory bodies in sustainability matters, please see sections GOV-1 and GOV-2, under General disclosures. The results of the stakeholder engagement have not been incorporated into Richter's corporate strategy until the approval of this Sustainability Statement. See the detailed result of the stakeholder assessment (as part of our DMA) in section SBM-3.

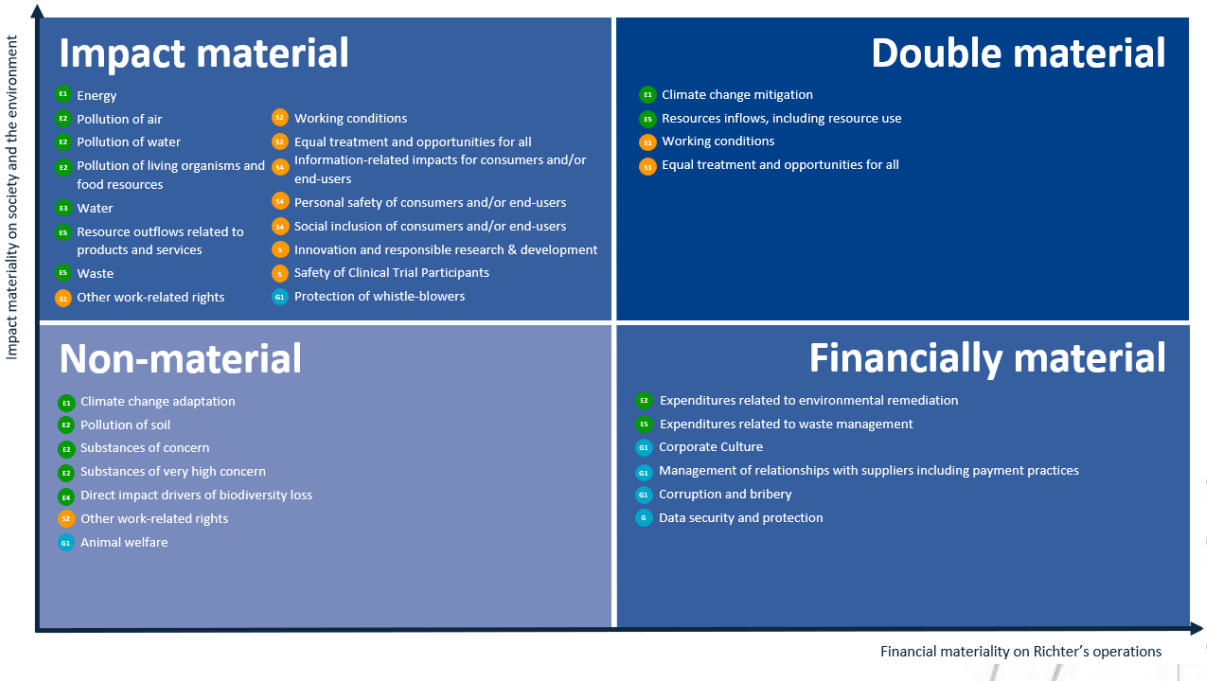
[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

We assessed Richter's material sustainability-related impacts, risks, and opportunities in line with the ESRS concepts and the requirements of double materiality. For detailed information about this process, please see section IRO-1, under General disclosures. The impacts, risk and opportunities identified in the materiality assessment are summarised in the table at the end of this section and reflected in our existing and planned practices and operations. As this is the company's first CSRD-aligned report, disclosure of changes to material impacts, risks and opportunities compared to previous reporting period is not applicable.

Due to limited data and resources, we cannot report on the current financial effects of Richter's material risks and opportunities on our financial position, financial performance and cash flows and the material risks and opportunities for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. For the same reasons, we have chosen to opt for a phased-in implementation of the disclosure of anticipated financial effects of material risks and opportunities on financial position, financial performance, and cash flows over short-, medium- and long-term.

Since Richter did not conduct a resilience analysis regarding climate risks in the reporting year (which requires the assessment of exposures and the resilience of business operations), the strategic responses necessary for this were not formulated during the reporting year. As a result, we are currently unable to fulfil this point. However, we plan to carry out the required analyses in the future and publish the results in accordance with the relevant expectations.

The list of identified IROs and their information, as well as their interaction with Richter's strategy is shown in Table 1 in the Appendix. Here, we show a summary of the results of our double materiality assessment on a sub-topic level.



Impact, risk, and opportunity management – Disclosures on the materiality assessment process

[IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities

Based on the ESRSs, the concept of DMA provided a methodological analysis, and criteria set for determining whether a sustainability topic/issue was material for the reporting entity. Richter's DMA for its first CSRD report was carried out with the same scope of consolidation as its consolidated financial statements, in line with the general requirements of ESRS 1 and EFRAG's Implementation Guidance for Materiality Assessment.

Based on this evaluation, the company determined the core ESG topics and related information that had to be included in its sustainability report to present their relevance, related risks, opportunities, and impacts, KPIs, and strategic targets. The ESRS states that a sustainability matter is "material" when it meets the criteria defined for impact materiality or financial materiality, or both. Thus, under this concept, a sustainability matter was considered relevant if it was material from either an impact or financial perspective, or from both perspectives simultaneously.

The assessment was conducted based on a comprehensive overview, considering Richter's impacts, risks, and opportunities (IROs) throughout the entire value chain, from research and development to sales and marketing activities.

Richter's DMA process

1. **Identification of scope and stakeholders**

Detailed overview on Richter's activities and business relationships, common understanding on the key affected stakeholders. Based on the results of stakeholder mapping, the primary internal and external stakeholders were involved in the double materiality assessment process.

2. **Identification of possible sustainability matters (long-list)**

The long list of Richter's potentially relevant sustainability matters was identified in the following process:

1. Considering the ESRS list of ESG topics / sub-topics / sub-subtopics (ESRS 1 AR 16)

2. Completing the ESRS list with sector specific topics (which are presented as entity specific topics in the long list as no approved sector specific standard was provided by EFRAG yet), based on the materiality assessment published in Richter's Sustainability Report 2023, SASB's recommendation on the Biotechnology & Pharmaceuticals industry and a benchmark analysis of selected industry peers.

3. The summarized results of the inputs were integrated into a structured, comprehensive long list. This list also included the relevance of Richter's operational sectors, the sources of potential sustainability issues, and their definitions.

4. The long list was validated by Richter's Sustainability team in order to ensure the completeness and relevance of the sustainability topics.

Time horizons were defined according to the recommendation of ESRS 1 Chapter 6.4 – Definition of short-, medium- and long-term for reporting purposes (The relevant time horizon per ESRS 1.77 – 80). No changes in the ESRS definitions were applied.

3. **Categorization of ESG topics (short list) and identification of related IROs**

The long list of potential sustainability matters served as the basis for identifying Richter's most relevant topics. The Sustainability team qualitatively assessed and validated these matters, resulting in a short list. Internal ESG representatives from operational departments were selected for each ESG dimension (Environment, Social, Governance). Interviews with

the Sustainability team and ESG representatives provided comprehensive insights into Richter's operations, impacts, risks, and opportunities.

Interviews, internal documents, and external scientific sources were used to identify potentially material IROs linked to the sustainability matters in the short list. Impacts (positive and negative), risks, and opportunities were derived from these matters.

Environmental IROs were categorized by actor relevance across the value chain (low, medium, high), while Social and Governance IROs focused mainly on Richter's activities.

4. Materiality assessment of IROs (financial and impact analysis)

Setting up an objective scoring criteria with appropriate thresholds of materiality and definitions for the IRO assessment was based on the requirements of ESRS 1, the EFRAG's Implementation Guidance (IG1) and Working paper ([Draft] ESRG 1 Double materiality conceptual guidelines for standard-setting and previously established parameters.

In identifying impacts, risks and opportunities in the entity's value chain, a focus was put on areas where impacts, risks and opportunities are deemed likely to arise, based on the nature of the activities, business relationships, geographies or other factors concerned. In general, impacts were identified first, and potential financial effects were investigated next. All aspects (positive/negative impact, financial risk/opportunity) of uncovered IROs were assessed to arrive at a final list for consideration. After an initial opinion offered by internal experts, the financial relevance was validated by the finance team involved.

Impact assessment and threshold

Impact materiality was assessed as the actual or potential significant sustainability impacts of Richter's activities on the environment and/or people over the short, medium, or long term, influencing stakeholders throughout the company's own operations and the value chain.

Regarding the quantitative assessment, negative impacts were assessed by the scope, scale, and irremediable character on a 0-5 scale, which covered the severity of the impact. Positive impacts were addressed by the scope and scale aspects on a 0-5 scale.

In case of potential impacts, likelihood was also taken into consideration. The value of materiality was derived from these aspects (scope, scale, irremediable character, and likelihood).

The materiality threshold for impacts was set to 70%.

Risk and opportunity assessment and threshold

Financial materiality was defined as the risks or opportunities that could influence or were likely to influence Richter's financial value over the short, medium, or long term, particularly in terms of access to key resources or necessary relationships.

The risks and opportunities were quantitatively assessed to determine whether they have financial implications on the continuation of use of resources, reliance on relationships, or other impacts on cash flow. The potential magnitude of a risk or opportunity was derived from the magnitude and the likelihood of the occurrence. Likelihood in case of the Governance dimension is based on potential occurrence.

Likelihood was assessed both as percentage (relating to the likelihood defined in words as parameters) and magnitude on a 0-4 scale. The materiality threshold for risks and opportunities was set to 53%.

5. Consolidation and validation

A targeted approach engaged key stakeholders familiar with ESG topics and Richter's business. Pre-assessment results were presented by ESG dimensions in workshops with primary stakeholders. Assessment documents were shared for feedback, with stakeholders providing additional insights and written validation of the IRO evaluations. The assessment documents were also sent to subsidiaries in scope of the consolidated materiality assessment, and they also provided feedback and validation for the DMA.

The qualitative and quantitative results, along with methodology of the DMA were presented to Richter's Executive Management, who also validated the DMA results. Finally, the process and results were presented to Richter's ESG Committee, who gave final approval for the DMA. The results of the double materiality assessment and the identified key sustainability topics provide a starting point for the Executive Management and Richter's Risk management team to align the company's operational and risk management activities with ESG risks. For 2024, our focus was primarily on building the basic structures and developing data collection systems. Richter is committed to integrating the processes for managing ESG risks and opportunities into its overall risk management. The company does not prioritise sustainability-related risks relative to other types of risks, priority depends on the actual risk's assessment.

The DMA covered the whole operations of the Richter Group. The inputs used included analysis of the company's ESG regulatory landscape, analysis of peers and existing sector-specific benchmarks, other publications on general sustainability trends and scientific articles. Stakeholder dialogue, engagement with internal experts and an external advisor provided the backbone for the analysis. The date of last process modification for the DMA was 6 June 2024. The nearest date of future revision of materiality assessment is expected in 2026. As this was the first time we prepared a double materiality analysis, no comparison can be made with previous years.

[IRO-2] Disclosure requirements in ESRS covered by the undertaking's sustainability statement

We conducted the materiality assessment based on the principle of double materiality, which considers both the financial impact of ESG factors on the company and the environmental and social impacts of the company's activities. For a detailed description of our double materiality assessment process, please see section IRO-1, under General disclosures.

ESRS disclosure index

A list of the Disclosure Requirements complied with in preparing the sustainability statement, following the outcome of the materiality assessment and including the page numbers and/or paragraphs where the related disclosures are located in the sustainability statement, is shown in Table 2 in the Appendix. Disclosure requirements that are subject to a phase-in period are also indicated in this table.

Datapoints from other EU legislation:

A table of all the datapoints that derive from other EU legislation, indicating where they can be found in the sustainability statement and including those that the undertaking has assessed as not material, is shown in Table 3 in the Appendix.

Environmental information

[E1] Climate change

Richter's mission is to help patients around the world heal with high added-value products. In addition to making a significant positive social impact, we minimise our negative impact on the environment as much as possible. Richter is committed to minimising the environmental impact of wastewater, air pollutants, and waste from pharmaceutical manufacturing processes. Recognising our responsibility, we strive to reduce these beyond the legal requirements.

Climate change management is a priority area for sustainability. A significant part of the Company's carbon footprint comes from the use of energy associated with the energy-intensive production of pharmaceuticals. Therefore, key elements of our environmental strategy include increasing the share of electricity (electrification), reducing the role of steam in non-technological use, reducing the use of fossil fuels, and improving building energy efficiency.

The Richter Group joined the European Union's "Fit for 55%!" programme in 2021, which aims to reduce the EU's carbon footprint by 55% by 2030 compared to 1990 levels. In 2024, we started the preparation for aligning the Group's carbon footprint methodology and targets with SBTi. Therefore, the recalculation of carbon footprint was carried out according to the SBTi requirements and new baseline was set (2021).

The topics mentioned above are discussed in detail in the subsections of the E1 section.

[GOV-3] Integration of sustainability-related performance in incentive schemes

Relevant information is explained in detail in the General disclosures section, under GOV-3.

[E1-1] Transition plan for climate change mitigation

There is no transition plan in place for the reporting year. However, the Group's carbon reduction strategy is currently under development, in line with the Science Based Target initiative (SBTi) methodology. Submission of our revised carbon footprint calculation and targets to SBTi is planned for H2 of 2025. The approved strategy is expected to be released by SBTi in 2026.

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

Richter's material impacts, risks, and opportunities (IRO) that were identified during the group level double materiality (DMA) process are all listed in the General disclosures section, under SBM-3. Detailed description of our DMA process is shown in the General disclosures section, under IRO-1.

There is no climate resilience study available for the reporting year.

[IRO-1] Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Richter's material impacts, risks, and opportunities (IRO) that were identified during the group level double materiality (DMA) process are all listed in the General disclosures section, under SBM-3. Detailed description of our DMA process is shown in the General disclosures section, under IRO-1.

Further IRO identifications are carried out by the EHS Department in accordance with ISO 14001 (Environmental Management System) for the Hungarian and Romanian sites.

[E1-2] Policies related to climate change mitigation and adaptation

Integrated Management System

The Richter Group's global Environment, Health and Safety (EHS) policy for the whole Richter Group, which will cover climate change topics as well, is under development at the present, with an expected release in 2025. Currently, the relevant Integrated Management Systems policy is available for Richter's Hungarian sites (Richter Gedeon Plc.) and GR Romania. The Policy was issued by the CEO and is in line with the ISO 45001 (Management system related to health and safety at work) and ISO 14001 (Environmental Management System) standards. The document is publicly available on the corporate website. It contains:

- commitment to the identification and reduction of environmental risks by our activities, and to supporting achievement of ESG and climate related goals.
- environmental related goals, such as decreasing our environmental demand by development of production processes; reducing the amount of generated waste in production; identifying and reducing direct and indirect GHG emissions.

Energy policy

In line with internal regulations, the Policy was issued by the CEO, and it contains the following principles that must be followed for Richter's global operations.

- The Company's operations must be in line with the energy strategy objectives of the European Union and Hungary.
- Relevant legislation on energy efficiency, energy utilization and energy use must be complied with, and the relevant requirements must be met.
- Internal energy processes must be monitored and evaluated continuously to identify and reduce losses.
- The technical quality of energy systems must be improved, particularly by using renewable energy sources, thereby reducing the environmental impact of operations.
- The design and development of facilities, equipment, systems and processes must always promote energy efficiency.

[E1-3] Actions and resources in relation to climate change policies

Carbon strategy

The Richter Group joined the European Union's "Fit for 55%!" programme in 2021, which aims to reduce the EU's carbon footprint by 55% by 2030 compared to 1990 levels. In 2024, we started the preparation for aligning the Group's carbon footprint methodology with Science Based Targets initiative (SBTi).

The development of Richter's carbon strategy started as a carbon accounting pilot project for our Hungarian sites (Budapest, Debrecen, Dorog) in 2020. In 2021, we extended the calculation to cover all manufacturing sites in the Group (GR Poland, GR Romania, GR RUS, Richter Biologics in Germany and Richter Themis in India). Since that time, we performed the calculation yearly for these 8 sites and published the data in our sustainability report. For the calculations between 2020-2023, we were using the Bilan Carbone calculation method, which complies with the GHG Protocol to calculate our carbon footprint. Our Sustainability Reports from previous years contain data based on this methodology.

In 2024, we started preparations to set target according to the SBTi and align our carbon footprint calculation and targets to this methodology. This recalculation, covering the period from 2021 to 2024, was completed in 2024. We are publishing the new, recalculated data in this report.

A new baseline year was set for our carbon footprint reduction targets to comply with the adopted SBTi methodology. The new base year is 2021 (instead of 1990). Furthermore, the SBTi-aligned carbon strategy will cover scope 1-2-3 emissions

(previous strategy was focused on scope 1-2). Target reduction areas include energy efficiency, renewable energy use (scope 1-2) as well as indirect emissions from materials, equipment and services for manufacturing processes, or the delivery of raw materials and products (scope 3). Resources (CapEx, OpEx) for the actions related to the carbon strategy have not yet been defined, as the strategy is still under development.

We conducted preliminary assessments in accordance with the requirements of the SBTi. The analysis revealed that the carbon footprint of non-manufacturing subsidiaries accounts for less than 5% of total group level emissions. Based on this finding, and in line with the SBTi methodology, these emissions are considered negligible and were excluded. Consequently, the new carbon footprint reduction strategy will be based on the data from our manufacturing sites.

The SBTi-aligned carbon strategy for the period 2025-2035 is currently under development. Submission of our revised targets for 2025-2035 to SBTi is planned in 2025 H2 (-4,2%/year for Scope 1&2, and -2,5%/year for Scope 3) based on reviewed carbon footprint calculation. The SBTi-approved strategy is expected to be released in 2026.

Energy strategy

Richter's climate mitigation actions are heavily based on our Energy strategy. Currently, the strategy's actions mainly focus on our Hungarian sites. However, the scope is being extended to other manufacturing sites in 2025. Resources (CapEx, OpEx) for the actions related to the energy strategy are not disclosed for this reporting year.

In 2024, the following actions were carried out:

- Installation of solar panels at sites in Budapest, Dorog, Debrecen and GR Romania.
- Reduction of steam consumption due to isolation of line network and heating stations.
- Reduction of steam consumption due to reduce number of buildings heated by steam.
- Reduction of air changing rate at manufacturing areas where possible.
- Optimization of waste heat recovery (condensate, air compressors, etc.).
- Building energy modernization (thermal insulation, replacement of doors and windows, lighting replacement, modernization of heat supply).
- Modernization of ventilation systems, replacement of air handling equipment (more efficient electric motors and fans).
- Development of a measurement system (energy measurements per building, separate measurement of technology and building engineering).
- Purchase of electricity with guarantee of origin (33,000 MWh).

[E1-4] Targets related to climate change mitigation and adaptation

As explained in detail in section E1-3, Richter's SBTI aligned carbon reduction strategy for the period 2025-2035 is currently under development. Therefore, these targets cannot be disclosed in the report and there are no published policies with the determined targets. The Richter Group's global Environment, Health and Safety (EHS) policy for the whole Richter Group, which will cover climate change topics as well, is under development at the present, with and expected release in 2025.

Our previous carbon reduction goal was to comply with the European Union's "Fit for 55%!" programme in 2021, which aims to reduce the EU's carbon footprint by 55% by 2030 compared to 1990 levels. Changes between Richter's previous and upcoming carbon strategy is explained in E1-3. Submission of our revised targets for 2035 (base year: 2021, most recent year: 2024) to SBTi is planned in 2025 H2 (-63% for Scope 1&2, and -37,5% for Scope 3 until 2035) based on reviewed carbon footprint calculation. The SBTi-approved strategy is expected to be released in early 2026.

GHG emission reduction targets*

	Milestones and target years				
	2021 (base year)	**2023**	**2024**	**2030***	**2035***
GHG emissions (market-based) [tCO_2e]	341,275	336,516	324,127	241,738	171,296
GHG Scope 1 [tCO_2e]	60,315	53,104	45,632	35,827,	22,316
GHG Scope 2 location-based [tCO_2e]	132,150	114,723	123,524	NA	NA
GHG Scope 2 market-based [tCO_2e]	104,396	103,252	91,724	62,011	38,627
GHG Scope 3 [tCO_2e]	176,564	180,160	186,771	143,900	110,353
Energy efficiency and consumption reduction**	NA	8,355	27,355	66,873	103,768

** According to SBTi alignment we are stating targets for market-based emission (preliminary data, not approved by SBTi).*
*** Scope 1 & Scope 2 market-based altogether vs 2021 base year.*

GHG emissions reduction targets – intensity value per unit of production or economic output (denominator)*

	2024
Intensity value of total GHG emissions reduction	0.020
Percentage of target related to total GHG emissions	65%
Intensity value of Scope 1 GHG emissions reduction	0.017
Percentage of target related to Scope 1 GHG emissions	95%
Intensity value of Scope 2 location-based GHG emissions reduction	0.010
Percentage of target related to Scope 2 location-based GHG emissions	NA
Intensity value of Scope 2 market-based GHG emissions reduction	0.015
Percentage of target related to Scope 2 market-based GHG emissions	95%
Intensity value of Scope 3 GHG emissions reduction	NA
Percentage of target related to Scope 3 GHG emissions	67%

** According to SBTi alignment, we state targets for market-based emission (preliminary data).*

As explained in E1-3, the detailed emission reduction strategy is currently a work in progress. Detailed GHG emissions reduction targets by decarbonisation levers (such as energy efficiency and consumption reduction and use of renewable energy) will be provided in our next report, following SBTi approval.

[E1-5] Energy consumption and mix

The total energy consumption decreased by 3%, the fossil energy consumption by 13% at Group level, moreover the renewable ratio increased more than 10 times due to purchasing energy with GO and own renewable energy production (at sites in Hungary and Romania).

Energy consumption and mix (in thousands MWh) *

	2023	2024
Total energy consumption	**464.9**	**442.3**
Total fossil energy consumption	**461.9**	**404.0**
Fuel consumption from coal and coal products	32.9	44.0
Fuel consumption from crude oil and petroleum products	23.9	19.5
Fuel consumption from natural gas	148.2	105.8
Fuel consumption from other fossil sources	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	257.0	234.7
Share of fossil sources in total energy consumption	**-**	**91%**
Consumption from nuclear sources	-	29.7
Share of consumption from nuclear sources in total energy consumption	-	7%
Total renewable energy consumption	**3.0**	**38.3**
Fuel consumption from renewable sources	-	0.0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	-	33.0
Consumption of self-generated non-fuel renewable energy	3.0	5.3
Share of renewable sources in total energy consumption	-	8.7%
Non-renewable energy production	-	-
Renewable energy production	-	-
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	-	0.516

** Data is shown for the Richter Group's manufacturing sites (Hungarian sites, GR Poland, GR Romania, GR RUS, Richter Biologics and Richter Themis).*

Net revenue and energy intensity

	2024
Net revenue used to calculate energy intensity (MHUF)	857,545
Energy intensity (total energy consumption per net revenue, MWh/MHUF)	0.516
Net revenue from activities in high climate impact sectors (MHUF)	857,545
Net revenue from activities other than in high climate impact sectors (MHUF)	0
Total net revenue (in financial statements, MHUF)	857,545

[E1-6] Gross Scopes 1, 2, 3 and total GHG

In 2024, there was a 5% decrease in our Group level GHG emissions, compared to the base year (2021). Our Scope 1 emission were reduced by 25% and market-based Scope 2 emissions by 9%, while our Scope 3 emissions increased by 4% (compared to 2021). The reason behind the Scope 3 emissions' increase is that new buildings were constructed at our Budapest site (new HQ and other smaller expansions). These construction activities added 18,287 tCO_2e emissions altogether. These high-volume constructions are not regular activities for Richter.

The methodology for our GHG emission calculation meets the requirements of the Science Based Target institute (SBTi), and follows the guidance provided by the GHG Protocol and the ISO 14064-1:2008 standard. The calculations include emissions of CO_2 equivalent for gases CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3, where relevant. The used Global Warming

Potentials (GWPs) are compliant with the most recent values published by the IPCC, based on a 100-year time horizon to calculate CO_2e (carbon-dioxide equivalent) emissions of non-CO_2 gases.

Emission factors used for the calculation:

- Scope 1 – DBEIS 2024 database.
- Scope 2, location-based – Ecoinvent v11 database. GWP 100 values, separated biogenic, biogenic removals and total emissions.
- Scope 2, market-based – Own factors from contracted partner were used (where it was available). Otherwise, AIB residual mix data were used.
- Scope 3 – Ecoinvent v11 database was used for most categories. Exceptions:
  - transportation: emission factors from DEFRA database.
  - energy related activities: emission factors from DBEIS 2024 and IEA 2023 databases.
  - rented buildings: emission factors from PCAF 2021-2023 databases.

Methodology for Scope 3 calculation and/or estimation is aligned to GHG Protocol and SBTi.
Scope 3 GHG emission category exclusions with reasoning:

- Scope 3-11: Use of sold products – not applicable for medicinal products.
- Scope 3-13: Downstream leased assets – not applicable
- Scope 3-14: Franchises – not applicable, processing of sold products are calculated in point 3-10.
- Scope 3-15: Investments – new buildings, areas are calculated as capital goods in point 3-2.

Scope 3 emission categories in inventory:

- 3-1 Purchased goods or services,
- 3-2 Capital goods,
- 3-3 Emissions related to fuels and energy (not included in scope 1 and scope 2),
- 3-4 Upstream freight and distribution,
- 3-5 Waste generated (including waste transportation),
- 3-6 Business travels,
- 3-7 Employees commuting,
- 3-8 Upstream leased assets, (e.g. rented buildings)
- 3-9 Downstream freight and distribution,
- 3-10 Processing of sold products,
- 3-12 End-of-life of sold products.

Biogenic emissions of CO_2 from combustion or biodegradation of biomass that occur in upstream and downstream value chain not included in Scope 3 GHG emissions is 0. Biogenic emissions were considered where it was possible (where Ecoinvent emission factors were used).

Percentage of market-based Scope 2 GHG emissions linked to purchased electricity bundled with instruments is 0%.
Percentage of Gross Scope 3 greenhouse gas emissions calculated using primary data obtained from suppliers or other value chain partners is 7% of Scope 3 emission.

Net revenue and GHG intensity

	2024
GHG emissions intensity, location-based (total GHG emissions per net revenue, tCO_2/MHUF)	0.415
GHG emissions intensity, market-based (total GHG emissions per net revenue, tCO_2/MHUF)	0.378
Net revenue used to calculate GHG intensity (MHUF)	857,545
Net revenue from activities in high climate impact sectors (MHUF)	857,545
Net revenue from activities other than in high climate impact sectors (MHUF)	0
Total net revenue (in financial statements, MHUF)	857,545

GHG emissions (in tCO_2e) *					
				Milestones and target	
	2023	2024	% 2024 / 2023	2035	Annual % target / Base year***
Scope 1 GHG emissions					
Gross Scope 1 greenhouse gas emissions	53,104	45,632	86%	22,316	4.5%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes**	12,172	4,216	35%		
Scope 2 GHG emissions					
Gross location-based Scope 2 greenhouse gas emissions	114,723	123,524	108%		
Gross market-based Scope 2 greenhouse gas emissions	103,252	91,724	89%	38,627	4.5%
Significant scope 3 GHG emissions					
Total Gross indirect (Scope 3) GHG emissions	180,522	186,771	104%	110,759	2.7%
Percentage of Gross Scope 3 greenhouse gas emissions	54%	58%	-		
Purchased goods and services	88,239	83,770	95%		
Cloud computing and data centre services	NA	NA	NA		
Capital goods	21,258	32,978	155%		
Fuel and energy-related activities	17,261	16,249	94%		
Upstream transportation and distribution	9,804	8,958	91%		
Waste generated in operations	24,263	26,773	110%		
Business travel	575	813	142%		
Employee commuting	7,712	6,958	90%		
Upstream leased assets	0.2	0.3	112%		
Downstream transportation	1,689	1,414	84%		
Processing of sold products	1,757	1,181	67%		
Use of sold products	NA	NA	NA		
End-of-life treatment of sold products	7,603	7,677	101%		
Downstream leased assets	NA	NA	NA		
Franchises	NA	NA	NA		
Investments	NA	NA	NA		
Indirect GHG emissions from imported energy	-	-	-		
Indirect GHG emissions from transportation	11,493	10,372	90%		
Total GHG emissions					
Total GHG emissions (location-based)	**347,987**	**355,927**	**102%**		
Total GHG emissions (market-based)	**336,516**	**324,127**	**96%**	**171,296**	**3.6%**

** Data is provided for the Richter Group's manufacturing sites (Hungarian sites, GR Poland, GR Romania, GR RUS, Richter Biologics and Richter Themis).*

*** Only the Budapest site is concerned. ETS regulated emission based on own activity (excluding ETS related part of purchased steam, data will be available only after closing our report).*

**** For each year from 2021-2035 according to preliminary data of strategy.*

[E1-7] GHG removals and GHG mitigation projects financed through carbon credits

This issue was not identified as material.

[E1-8] Internal carbon pricing

This issue was not identified as material.

[E1-9] Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

Topic is subject of phase-in for the first reporting year. We will report on relevant data in our next Sustainability Statement for FY 2025.

[E2] Pollution

Richter's mission is to help patients around the world heal with high added-value products. In addition to making a significant positive social impact, we minimise our negative impact on the environment as much as possible. Richter is committed to minimising the environmental impact of wastewater, air pollutants, and waste from pharmaceutical manufacturing processes. Recognising our responsibility, we strive to reduce these beyond the legal requirements.

[IRO-1] Description of processes to identify and assess material pollution-related impacts, risks and opportunities

Richter's material impacts, risks, and opportunities (IRO) that were identified during the group level double materiality (DMA) process are all listed in the General disclosures section, under SBM-3. Detailed description of our DMA process is shown in the General disclosures section, under IRO-1.

Further IRO identifications are carried out by the EHS Department in accordance with ISO 14001 (Environmental Management System) for the Hungarian and Romanian sites.

[E2-1] Policies related to pollution

The Richter Group's global Environment, Health and Safety (EHS) policy for the whole Richter Group, which will cover pollution as well, is under development at the present, with and expected release in 2025. Currently, the relevant Integrated Management Systems policy is available for Richter's Hungarian sites and GR Romania. The policy was issued by the CEO and is in line with the ISO 14001 (Environmental Management System) standard, which provides a framework for improved environmental performance, including pollution prevention and control.

[E2-2] Actions and resources related to pollution

Air pollution

In addition to carbon dioxide emissions, which are discussed in a separate section (E1), air pollution is divided into two categories: refrigerants, inorganic compounds emitted into the air. The 2024 production year was compliant at Group level in terms of pollutant emissions.

Our active pharmaceutical ingredient (API) manufacturing sites (Budapest, Dorog, Richter Themis) impose the most risk in terms of air pollution. Therefore, our actions are focused on these. All of our European sites are subject to EU regulations.

In this context, the technical standard of our production equipment meets the so-called BAT (Best Available Techniques) requirements, which is necessary to obtain the Integrated Pollution Prevention and Control (IPPC) permit. We are continuously upgrading production equipment to reduce emissions of air pollutants, especially volatile organic compounds as solvents for example.

For example, in 2024, according to the environmental programs related to ISO 14001, technological developments were made to reduce air pollution at our site in Dorog where we replaced old equipment (centrifuges, dryers) with new one, which has lower solvent emission.

Part of the Richter Group's strategy for air pollution management is to monitor the amount of ozone depleting compunds from cooling processes. Emissions and losses are derived from annual maintenance workflows, are in line with industry standards.

We have implemented programs and initiatives focused on pollution reduction; however, specific numeric target values have not yet been established. Actions related to the topic do not require significant operational expenditures (OpEx) or capital expenditures (CapEx), thus we omit this data point.

Water pollution

For detailed information on water pollution management actions, please see section E3-2.

Soil pollution

According to the current conditions and regulations, the pollution of soil is prohibited. At Richter's oldest manufacturing sites (Budapest and Dorog) ground water remediation processes and monitoring are ongoing due to regulatory obligation imposed by the local environmental authorities.

Waste management

For detailed information on waste management actions, please see section E5-2.

[E2-3] Targets related to pollution

No specific targets have been established for pollution, as policies with defined targets are currently unavailable.

The disclosure is not possible at this time as the specific targets and related measures for the prevention and control of soil pollution, as well as the respective load data, are still under development or data collection is ongoing. Once the necessary data and measures are finalized, appropriate details will be disclosed.

[E2-4] Pollution of air, water, and soil – general

Generally, the pollutants in air and water are determined by measurements performed by accredited laboratories including sampling as well. The accredited laboratories follow the methodologies imposed by the national and international regulations.

Percentage of total emissions of pollutants to water occurring in areas at water risk is 15%, and 8% of total water consumption related to high-water stress areas.

According to the current conditions and regulations, the pollution of soil is prohibited. At Richter's oldest manufacturing sites (Budapest and Dorog) ground water remediation processes and monitoring are ongoing due to regulatory obligation imposed by the local environmental authorities. This ground pollution is caused by past actions.

Pollution of air, water – pollutants (in tonne) *

		2024
Air	NO_x	23
	CO	25
	PM (particulate matter)	79
Water	COD (chemical oxygene demand) – organic pollutants	623
	AOX (adsorbeable organic halogenids)	5
	Nitrogene (total)	21
	Phosphorus (total)	1.7

** Data is provided for the Richter Group's manufacturing sites (Hungarian sites, GR Poland, GR Romania, GR RUS, Richter- Biologics and Richter Themis).*

[E2-5] Substances of concern and substances of very high concern

This issue was not identified as material.

[E2-6] Anticipated financial effects from material pollution-related risks and opportunities

Topic is subject of phase-in for the first reporting year. We will report on relevant data in our next Sustainability Statement for FY 2025. There were no major incidents and deposits in the reporting year either.

[E3] Water

Our company is aware that water protection is a strategic issue of national importance. The Richter Group's water management strategy aims to minimise the strain on aquifers, so we pay attention to both the amount of water used and pollution levels. Accordingly, our strategy consists of two parts: on the one hand, we continuously monitor and minimise the amount of water used during our activities, and on the other hand, we measure and minimise the pollutant content of the effluent from our activities.

[IRO-1] Description of processes to identify and assess material water and marine resources-related impacts, risks and opportunities

Richter's material impacts, risks, and opportunities (IRO) that were identified during the group level double materiality (DMA) process are all listed in the General disclosures section, under SBM-3. Detailed description of our DMA process is shown in the General disclosures section, under IRO-1.

Further IRO identifications are carried out by the EHS Department in accordance with ISO 14001 (Environmental Management System) for the Hungarian and Romanian sites.

[E3-1] Policies related to water and marine resources

The Richter Group's global Environment, Health and Safety (EHS) policy for the whole Richter Group, which will cover water use and pollution as well, is under development at the present, with and expected release in 2025. There are no policies in effect regarding this issue currently.

Preliminary assessments have been conducted regarding water stress at Richter's manufacturing sites. Based on the initial evaluations, high-water stress site has been identified in India. Comprehensive and detailed water stress assessments are expected to be completed by 2026, serving as the basis for the development of relevant policies and strategies.

[E3-2] Actions and resources related to water and marine resources

Water consumption

One way to reduce water use is to optimise processes and reuse. Therefore, Richter reuses fresh water for cooling purposes by using recirculation systems, and after treatment reuses condensed water in Budapest or returns it to the Power Plant for reuse. In 2024 the amount of water used showed a slight decrease (-2%) due to reduction efforts despite increasing production volume.

Key actions for water consumption reduction in the Richter Group, in 2024:

- At our Dorog site we reached 1,800 m^3/2024 reduction by reorganising the sampling procedure at the PW (purified water) system. By continuing this project, we will modify the PW production process and 11,000 m^3/y reduction is expected from 2025.
- Reduce water loss in cooling water systems by improving efficiency of chemical water treatment.
- Replace water-wasting technologies.
- Use of water-saving technical building components.

Actions related to the topic do not require significant operational expenditures (OpEx) or capital expenditures (CapEx), thus we omit this data point.

In Budapest, there is a wastewater pre-treatment system and from there wastewater is discharged to the municipal treatment network. In Debrecen, the situation is the same without any pre-treatment, while in Dorog the municipal wastewater is discharged directly into the municipal network and the process wastewater is discharged into the Danube after a three-stage biological treatment. Wastewater from the German, Romanian, Polish and Indian sites is discharged into the public sewer, while in Russia it is discharged into the living water after biological treatment.

All of Richter's subsidiaries treat wastewater in compliance with regulations, and our systems are being upgraded to meet the requirements. The legislation sets so-called emission limit values for the pollutant content of discharged wastewater. Compliance with these values is regularly monitored through self-monitoring.

Water pollution

The release of pharmaceuticals and their active substances into the environment is a specific environmental challenge for the pharmaceutical industry. This is because these substances are often difficult to degrade in the environment and can subsequently find their way back into the food chain and the human body. For this reason, preventing and monitoring the release of active substances into the environment during the production of pharmaceuticals is a priority for the Richter Group.

Since 2021, the Richter Group has been monitoring the concentration of substances released into the environment and analysing their impact. The project was started at the Dorog site, which is the Richter Group's largest steroid production base but two years later the monitoring was extended for the Budapest site and for non-steroid substances as well. We measure the concentration of the active pharmaceutical ingredient in the environment (Predicted Environmental Concentration – PEC) and how this concentration compares to the Predicted No Effect Concentration (PNEC). If the risk is unacceptable, that is the PEC/PNEC ratio is higher than 1, actions need to be taken to reduce the risk to the acceptable level. In 2024, 5 steroid substances and 3 non-steroid substances were monitored. The risk was acceptable for all tested substances (15 compounds until 2024), meaning that the PEC/PNEC ratio was below 1.

[E3-3] Targets related to water and marine resources

Our water consumption strategy sets out a 15% reduction for Richter's Hungarian sites, which is nearly 200,000 m^3. Reduction is planned for target year 2030 and the baseline year for comparison is 2023. The strategy is voluntary and not mandated by law. Progress will be monitored annually, including trend analysis and updates to the action plan to ensure the achievement of the set targets.

[E3-4] Water consumption

Percentage of data sourced from direct measurement (water consumption) is 100%. All measuring instruments are certified in accordance with the regulations set by our contracted water service providers.

Water consumption (in m^3) *		
	2023	**2024**
Water consumption	1,761,796	1,726,514
Water consumption in areas at material water risk	-	-
Water consumption in areas of high-water stress	122,650	129,844
Water recycled and reused **	3,000	3,000
Water stored	0	0
Changes in water storage	0	0
Water intensity ratio	2.036	2.013
Water withdrawals	0	0
Water discharges	1,703,000	1,745,738

** Data is provided for the Richter Group's manufacturing sites (Hungarian sites, GR Poland, GR Romania, GR RUS, Richter Biologics and Richter Themis).*

*** The volume of the recirculated water-cooling system.*

Percentage of data from sampling and extrapolation (water consumption) is 0%.
Percentage of data from best estimates (water consumption) is 0%.

Net revenue and water intensity	
	2024
Net revenue used to calculate water intensity (MHUF)	857,545
Water intensity (total water consumption per net revenue, m^3/MHUF)	2.013
Net revenue from activities in high climate impact sectors (MHUF)	857,545
Net revenue from activities other than in high climate impact sectors (MHUF)	0
Total net revenue (in financial statements, MHUF)	857,545

[E3-5] Anticipated financial effects from water and marine resources-related impacts, risks and opportunities

Topic is subject of phase-in for the first reporting year. We will report on relevant data in our next Sustainability Statement for FY 2025.

[E4] Biodiversity and ecosystems

This issue was not identified as material.

[E5] Resource use and circular economy

[IRO-1] Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

Richter's material impacts, risks, and opportunities (IRO) that were identified during the group level double materiality (DMA) process are all listed in the General disclosures section, under SBM-3. Detailed description of our DMA process is shown in the General disclosures section, under IRO-1.

Further IRO identifications are carried out by the EHS Department in accordance with ISO 14001 (Environmental Management System) for the Hungarian and Romanian sites.

[E5-1] Policies related to resource use and circular economy

The Richter Group's global Environment, Health and Safety (EHS) policy for the whole Richter Group, which will cover waste management as well, is under development at the present, with and expected release in 2025. Currently, the relevant Integrated Management Systems policy is available for Richter's Hungarian sites and GR Romania. The policy was issued by the CEO and is in line with the ISO 14001 (Environmental Management System) standard, which contains a commitment to reduce the amount of waste.

[E5-2] Actions and resources related to resource use and circular economy

In 2024, Richter has carried out the following actions in order to improve waste management processes:

- The Richter Group considers it an important task to reduce the amount of waste generated during the production of pharmaceuticals and to recycle as much as possible. To achieve this, we have improved the recyclable waste collection system at our Budapest site, reorganised municipal waste collection, and a new centralised waste management system was introduced. With the implementation of the new waste yard, waste management will be coordinated by a single department and non-hazardous waste will be collected, sorted, stored, pretreated, and transported in an optimised way.
- Waste stream mapping has been started at Hungarian sites; it will be extended for other manufacturing sites as well in 2025.
- At the Dorog site there is an ongoing program for the further increasing of regenerated solvents use where it is possible. In API production the use of not virgin materials is highly controlled due to strict Quality Assurance and Quality Control requirements.

Actions related to the topic do not require significant operational expenditures (OpEx) or capital expenditures (CapEx), thus we omit this data point.

[E5-3] Targets related to resource use and circular economy

There is no formalized target; the principle of "as much as possible" applies at the site level. There are no specific targets for the circular economy, as relevant policies are not yet available. Richter cannot disclose the effectiveness of sustainability measures since there is no structured monitoring system or reliable metrics for assessing and reporting such data.

Circular design as a principle cannot be applied to pharma products. All of the used materials (including packaging) must comply with strict quality assurance requirements, to conform with the international and national regulations and as the main objective is to ensure the quality of our products and to protect the health of our consumers.

In our production processes, we have optimized the volume of used solvents and we recirculate them, as much as possible.

[E5-4] Resource inflows

The manufacturing of APIs and/or medicinal products requires a high amount of chemicals and packaging materials. Means to reduce these inflows is limited by the manufacturing processes and the strict quality assurance requirements, as the main objective is to ensure the quality of our products and to protect the health of our consumers.

Because of our regularly updated carbon footprint calculations, we have a continuously updated inventory of the incoming materials for the manufacturing sites. The amount of incoming chemicals and productions materials are measured (units differed from the mass e.g. volume, were transformed to mass), where no mass or volume was available (e.g. capsule, or substrates) estimation was done, this amount was not significant.

Material inflow streams in 2024:

- purchased chemicals: 23,152 tonnes,
- purchased packaging materials for products: 10,571 tonnes.

[E5-5] Resource outflows

For the calculation of data, we followed the relevant GRI methodologies, for each site. This data based on measured mass data according to our contracts with waste management partners, the measurements are performed by our site or by the contracted partner with certified measurement instruments. Due to strict quality assurance rules in the pharma sector, the use of secondary reused or recycled components, secondary intermediary products and secondary materials is not acceptable. The waste amounts of biomass, metals, non-metallic minerals, plastics, textiles, critical raw materials and rare earths are not significant to Richter's activity.

Resource outflows (in tonne) *

	2023	2024
Waste generated	**28,291**	**21,085**
Hazardous waste diverted from disposal	**6,275**	**4,511**
Hazardous waste diverted from disposal due to preparation for reuse	1,128	77
Hazardous waste diverted from disposal due to recycling	5,147	4,204
Hazardous waste diverted from disposal due to other recovery operations	-	229
Non-hazardous waste diverted from disposal	**13,363**	**5,610**
Non-hazardous waste diverted from disposal due to preparation for reuse	6,803	3,164
Non-hazardous waste diverted from disposal due to recycling	6,502	2,401
Non-hazardous waste diverted from disposal due to other recovery operations	57	45
Hazardous waste directed to disposal	**7,877**	**9,972**
Hazardous waste directed to disposal by incineration	6,825	8,355
Hazardous waste directed to disposal by landfilling	750	987
Hazardous waste directed to disposal by other disposal operations	302	630
Non-hazardous waste directed to disposal	**776**	**992**
Non-hazardous waste directed to disposal by incineration	134	819
Non-hazardous waste directed to disposal by landfilling	263	149
Non-hazardous waste directed to disposal by other disposal operations	379	24
Non-recycled waste	**8,653**	**10,964**
Percentage of non-recycled waste	**31%**	**52%**

** Data is provided for the Richter Group's manufacturing sites (Hungarian sites, GR Poland, GR Romania, GR RUS, Richter Biologics and Richter Themis).*

Total amount of hazardous waste in 2024 was 14,482 tonnes. Total transported radioactive waste was 0.

Due to the uniqueness of the pharma sector, a significant ratio of generated waste is hazardous waste. Moreover, the possibility of recycling or reuse is very limited by of strict regulations. However, we have processes in place to reduce the amount of incinerated waste:

- increasing the on-site solvent regeneration at API production, in some cases we can recycle the solvents to production and avoid the waste generation.
- seeking contracted partners to recycle, regenerate waste both hazardous and non-hazardous in order to decrease the percentage of non-recycled waste.

[E5-6] Anticipated financial effects from material resource use and circular economy-related risks and opportunities

Topic is subject of phase-in for the first reporting year. We will report on relevant data in our next Sustainability Statement for FY 2025.

Disclosure pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)

Introduction

The EU Taxonomy, established by Regulation (EU) 2020/852, provides a standardized framework to promote sustainable investments and align economic activities with environmental objectives. Companies must disclose the proportion of their turnover, capital expenditure (CapEx), and operating expenditure (OpEx) linked to activities contributing to six key objectives: climate change mitigation, climate change adaptation, sustainable water and marine resource use, circular economy transition, pollution prevention, and biodiversity protection. The regulation defines criteria for classifying activities as sustainable and requires firms to report annually on their eligibility and alignment with these objectives, fostering transparency in sustainable finance.

To assess our activities in line with the EU Taxonomy Regulation and comply with its reporting requirements set out in Article 2 of the Disclosures Delegated Act, evaluation of eligibility and alignment was performed by a multidisciplinary expert team of Richter. The assessment was based on data that were available in Richter's information systems for FY 2024. The key performance indicators (KPIs) were also determined in line with Annex I of the above-mentioned Delegated Act to adequately report on the company's sustainable or non-sustainable activities.

Eligibility assessment

As a first step, we identified the Richter Group's turnover-generating activities that are in line with the economic activities included in the EU Taxonomy (Taxonomy-eligible activities). The assessment was based on the description of the economic activity and associated NACE codes set out in the Taxonomy Delegated Acts (Climate Delegated Act, Environmental Delegated Act, Complementary Climate Delegated Act, and amendments to the Climate Delegated Act). In line with the regulatory framework outlined above, all of our "in scope" turnover (60.42% of total) and the majority of our CapEx and OpEx are eligible for *1.1. Manufacture of active pharmaceutical ingredients (API) or active substances* and *1.2. Manufacture of Medicinal Products* activities under the *Pollution Prevention and Control* objective. 30.63% of our turnover in 2024 was not in scope (activities not covered in either *1.1. Manufacture of active pharmaceutical ingredients (API) or active substances* or *1.2. Manufacture of Medicinal Products* activities under the *Pollution Prevention and Control*).

To ensure appropriate allocation of our OpEx data despite current limitations in direct categorization by economic activities, we applied an informed approach. Expenditures for R&D and maintenance by business units were distributed between two identified categories (1.1. Manufacture of active pharmaceutical ingredients (API) or active substances; 1.2. Manufacture of medicinal products (and in case an activity could not have been assigned to either 1.1. or 1.2., it was categorized as "Not in scope")) in the same proportion as corresponding turnover.

Additionally, we assessed CapEx that are related to individual economic activities. All CapEx relevant projects which related to assets or processes associated with the Taxonomy's activities 1.1. and 1.2. were categorized as CapEx for these economic activities.

The scope of the Richter Group's eligible activities for FY 2024:

- Pollution Prevention and Control objective:
    - 1.1. Manufacture of active pharmaceutical ingredients (API) or active substances
    - 1.2. Manufacture of medicinal products
- Climate Change Mitigation and Climate Change Adaptation objectives:
    - 4.1. Electricity generation using solar photovoltaic technology
    - 7.3. Installation, maintenance and repair of energy efficiency equipment
    - 7.7. Acquisition and ownership of buildings

Alignment assessment

Turnover (Activity 1.1., Activity 1.2.)

Based on the Taxonomy-eligible activities, alignment assessments were carried out with the related technical screening criteria (TSCs): Substantial contribution to pollution prevention and control and Do No Significant Harm (DNSH) of the 1.1. and 1.2. activities.

Substantial contribution assessment was carried out on product level to meet the Taxonomy criteria level. We identified the products where an Environmental Risk Assessment (ERA) has been carried out and found that only products registered since 2005 have a corresponding ERA. Then, we analysed the contents for each of their products that have a relevant ERA and assessed alignment for each individual product. None of the assessed products met the range of Taxonomy alignment requirements.

For the DNSH criteria, we were able to carry out the assessment on a production facility level, as appropriate evidence was available.

CapEx (Activity 4.1., Activity 7.3., Activity 7.7.)

As the Richter Group identified additional projects assigned to other economic activities of the Taxonomy in line with our CapEx projects, alignment assessments were carried out with the related technical screening criteria (TSCs): Substantial contribution to climate change mitigation and DNSH of the 4.1., 7.3., 7.7. activities.

Alignment assessment for CapEx activities associated with assets or processes related to activities 1.1. and 1.2: the alignment assessment performed through turnover was used.

None of the assessed activities met the range of Taxonomy alignment requirements.

OpEx

As we assigned its OpEx data and related economic activities by Richter's revenue to either *1.1. Manufacture of active pharmaceutical ingredients (API) or active substances* or *1.2. Manufacture of medicinal products*, no independent alignment assessment was conducted, as it was carried out for the turnover items.

Minimum safeguards

Assessment of the Minimum Safeguards was carried out in compliance with Minimum Safeguards as set out in Article 18 (1), to ensure alignment with the OECD Guidelines for Multinational Enterprises (OECD MNEs) and the UN Guiding Principles on Business and Human Rights (UNGP). The latter includes the principles and rights set out in eight of the ten fundamental conventions identified in the International Labour Organization (ILO) Declaration of the on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Results

Summary results for our Taxonomy KPIs for 2024 are presented in Table 4 in the Appendix.

Social information

[S1] Own workforce

The protection of the health, safety and well-being of our employees is of paramount importance to the achievement of the business objectives of the Richter Group and its day-to-day operations. All our employees play a key role in shaping our culture, so we work in a value and people focused way to find outstanding young people, develop and retain highly skilled colleagues, and recognise professional and personal success from selection to retirement. We aim for all our employees to embrace the goals of our company and work to ensure that all our colleagues find their place in our diverse and supportive culture.

[SBM-2] Interests and views of stakeholders

Description of stakeholder engagement (including our own workforce) and how their interests, views, and rights were taken into account during the impact, risk, and opportunities (IRO) evaluation is explained in the General disclosures section, under SBM-2.

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

As described in the General disclosures section, under SBM-2, Richter identified its own workforce as a primary stakeholder under two categories: operational management and wider employees. Richter's material impacts, risks, and opportunities (IRO) that were identified during the group level double materiality (DMA) process are all listed in the General disclosures section, under SBM-3 and apply to these two categories. The relationship between the IROs and the company's own workforce, along with the IROs' connection to the corporate strategy, are also explained in section SBM-3.

During the analysis of IROs, no particular group of people were found to be at greater risk of harm and, therefore, no material risks or opportunities relate to specific groups of our staff.

[S1-1] Policies related to own workforce

We have compiled the most important policies and regulations that are essential to our operations and impact Richter's daily activities as well as its employees. These are listed below.

Global Compliance Programme

The Richter Group takes great care to ensure that its employees act ethically in all areas of our business. In general, our ethical conduct is governed by the guidelines of our Global Compliance Programme. The Group Compliance Manual consists of 7 policies and regulations, which are all accessible for the employees via Richter's intranet platform. Moreover, the Code of Ethics and the Anti-Corruption Manual are publicly available on Richter's website. Detailed information about these documents can be found in section G1-1.

Our Code of Ethics makes a clear stand on human rights, discrimination and harassment at the workplace. Richter employees shall respect human rights as defined in the relevant international conventions and local laws and regulations. Richter strongly condemns practices of human trafficking, child exploitation and forced labour and is committed to preventing these practices in its operations, and also within its supply chain. Richter also strictly prohibits harsh and cruel treatment of employees.

Richter's Manuals are consistent with the Guiding Principles on Business and Human Rights and the ILO standards. However, these are not referred to explicitly in the documents. Adaption and update is planned for 2025.

It is Richter's policy to treat employees equally, without regard to personal characteristics such as race or ethnic origin, colour, religious or philosophical beliefs, sex, age, nationality, marital status, medical condition or other characteristics protected by applicable laws.

Richter promotes and values a work environment free of verbal and physical harassment. Employees who engage in acts of harassment or discrimination are subject to disciplinary action that may include the termination of employment, subject to applicable law. Richter is also committed to providing an environment that is free of retaliation. Retaliation against any employee who, in good faith, seeks advice, raises a concern, reports misconduct or provides information in an investigation is strictly prohibited. Should any individual, regardless of their role with Richter, retaliate against an employee who has truthfully and in good faith reported a potential violation, Richter will take appropriate action.

Diversity Policy

Set for a five-year period, the Diversity policy determines the diversity aspects and objectives applicable for the company's management, executive and supervisory bodies. The Diversity Policy's implementation is closely tracked by the Board.

Richter's position is that the diversity considerations are best promoted if the governing bodies have members with qualification and experience in the areas relevant for the company (pharmaceutical research, R&D, healthcare, finance, capital market, general management). Therefore, we strive to have members with appropriately diverse professional backgrounds serving on our governing boards. According to the policy, the aggregate ratio of women in the governing bodies should reach 30%, and in case of those governing bodies for which an obligatory applicable quota is set in subject of the ratio of the genders based on any national law, international law or other legal regulation approved by the European Union, the company should comply with said rule.

A further aim is that the age distribution of members should be balanced, and members should also include gifted persons of different generations with appropriate competences.

Health and Safety Policy

The Richter Group's global Environment, Health and Safety (EHS) policy is under development at the present, with an expected release in 2025. Currently, the relevant Integrated Management Systems policy is available for Richter's Hungarian sites (Richter Gedeon Plc.) and GR Romania. The policy was issued by the CEO and is in line with the ISO 45001 (Management system related to health and safety at work) and ISO 14001 (Environmental Management System) standards. It contains a commitment to:

- ensure the proper working conditions for our employees to prevent injury and avoid damage to health at work,
- identify and reduce risks to occupational health and safety,
- development of EHS culture through employee training and information, which includes environmental, health and safety-conscious behaviour of employees,
- supporting employees in identifying and mitigating EHS risks,
- within the framework of chemical safety, our goal is to ensure the closure of formulation and active ingredient manufacturing technologies, to prevent hazardous chemical exposures, carcinogenic, mutagenic, substitution of reprotoxic substances where possible.
- related to our industrial safety activities, we focus on explosion safety risks and prevention of major industrial accidents,
- keeping our emergency preparedness at a high level.

Regulation on the company's administrative regulatory instruments

The purpose of the regulation is to ensure that the regulatory instruments within its scope are drawn up in a coordinated manner, at a level appropriate to the subject and content of the regulation, using the appropriate regulatory instrument, in a well-tailored form and in accordance with the other regulatory instruments of the company.

The territorial scope of the Regulation extends to the company's Hungarian operating area (including its headquarters, sites and warehouses), supplemented by the fact that the territorial scope of the Group Level Regulation (GLR) regulatory instrument also extends to the company's affiliates outside the territory of Hungary. The CEO is responsible for the implementation of the Regulation at the highest level.

[S1-2] Processes for engaging with own workforce and workers' representatives about impacts

Corporate culture survey

In 2021, we have launched a culture change project with the dual goal of ensuring that our corporate culture fully supports our strategic business goals and creating a modern work environment that attracts and retains our current and future employees, for our Hungarian sites. In 2024, we evaluated whether the initiatives launched, are leading us towards our goals and where we are in the process. We used the Organizational Culture Inventory® (OCI®) and Organizational Effectiveness Inventory® (OEI) model and tool, that we applied in the past as well. The OCI highlights perceived behavioural norms within the organization and their impact on engagement, categorized into constructive, passive-defensive, and aggressive-defensive styles. The OEI offers insights into structures, systems, technologies, and skills shaping culture, guiding strategies for enhancing long-term effectiveness across individual, group, and organizational levels.

In the 2024 survey, 66% of employees expressed their opinion on the current state of our corporate culture and their perception of how the factors influencing it have changed compared to the previous values measured in 2021. The results show that the main messages of the corporate values (Responsibility, People-Centred, Excellence, and Innovation) that were formulated three years ago after our previous survey, have begun to seep into our operations. According to the findings:

- More and more of us are working for our common development, by sharing constructive opinions and initiatives.
- We are planning more and more thoughtfully.
- We support the sharing of new ideas and the expression of innovative initiatives.

Based on the feedback, the main development focus of the next period will be to strengthen the inclusive corporate culture. Areas for development include expanding solutions and situations serving to strengthen involvement, increasing respect for each other, expanding training and development opportunities by changing access channels, increasing the value of learning from mistakes. Actions taken in relations to the findings are explained in section S1-4.

We regularly take stock of the progress around attitude formation through quick Pulse surveys. Area focused employee satisfaction surveys that require more in-depth analysis are initiated in consultation with departmental managers or where the results of continuous monitoring of staff turnover suggest that this is appropriate. These are carried out on a case-by-case basis.

We have identified no specific group particularly vulnerable to impacts and/or marginalised.

Actions related to the topic do not require significant operational expenditures (OpEx) or capital expenditures (CapEx), thus we omit this data point.

[S1-3] Processes to remediate negative impacts and channels for own workforce to raise concerns

Richter supports and promotes a working environment free from any kind of harassment. On an administrative level, the company has a framework of various legal instruments (Code of Ethics, Regulation on Disciplinary Actions, Collective Agreement, etc.) to mitigate this risk. The legal department also provides continuous internal legal trainings for managers.

Employees who engage in harassment and discrimination will be subject to internal investigation and possibly disciplinary action, which may include termination of employment, depending on applicable law. Managers are responsible for ensuring that harassment and discrimination do not occur within their own departments. Our goal is to identify the reasons behind the deviant behaviours and provide individual and organisational solutions (individual or group meetings, trainings, consultations). Also, we refrain from accusing individuals, we believe in the independent and fact-based investigations.

Compliance hotline

Richter provides channels for its own employees to raise concerns. The Global Compliance hotline is available to all workers in the Group. For further information, please see section G1-3.

[S1-4] Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Training and skill development

We strive for generational diversity – we believe that we can learn a lot and learn from each other effectively. We ensure promotion, career development opportunities and leadership appointments regardless of gender or age. Our Group offers equal access to training and development for all employees and managers. The pharmaceutical industry is characterised by a high proportion of highly qualified employees.

In our knowledge-driven business model and performance-oriented culture, the professional development of our staff is a key element. Our training in Hungary offers both in-school and out-of-school opportunities, depending on the most effective way to acquire knowledge. In our foreign subsidiaries, employees can choose from a wide range of training and skills development opportunities. Professional training, coaching and mentoring sessions with leadership development are also available, both online and in-person on request.

Richter offers versatile opportunities for colleagues seeking development:

- The first step in the professional development of our staff is training new hires. Our Buddy System and onboarding program help new colleagues get to know Richter and build relationships.
- Professional training focuses on developing scientific and technical knowledge. While some training is school-based, a significant portion is outsourced to recognized international and national experts. This ensures that course content aligns closely with Richter's development needs and strategic goals.
- In addition to mandatory training, Richter supports employees' participation in professional courses, training for digital or language competencies, and academic and professional conferences. The list of available training programs is announced every six months.
- Soft skills development training is very popular: with a regularly updated training palette, we offer over 20 types of programs. Most sessions are conducted in person, but some topics are available through online solutions. The number of participants in these training sessions approached 1,000 in Hungary.

Diversity and inclusion

Richter's DEI project builds on the findings of our company culture surveys as explained in (S1-2) previously. We are committed to continuing to strengthen our operations in terms of social responsibility. This requires, for example maintenance and development of knowledge within the company; supporting employee well-being; strengthening a positive corporate culture.

Key initiatives of the DEI project were launched in 2024. The project started with a mapping phase, both internal (DEI organisational maturity survey, focus groups, analysis of existing data) and external (benchmarking, involvement and

engagement with DEI allies, joining social organizations related to the topic). Based on the findings, we identified 4 focus areas in the field of diversity:

1. Increase the proportion of female leaders. The goal is to promote a diverse leadership (senior management).

2. Cooperation between 4 generations. The goal is to use the vast knowledge of the different generations in the company, as well as maintaining cognitive diversity, attracting and retaining talents in each generation.

3. Connecting physical and intellectual workers. The goal is to develop mutual understanding, acceptance, recognition of each other's value.

4. "Connecting" locations. The goal is to develop mutual understanding, acceptance, recognition of each other's value, as well as strengthening and supporting mobilization within the company.

Current processes in relation to our goals and focus areas include trainings and leadership development programs. In the coming years, we will continue to deepen the employees' knowledge and understanding of DEI and our aspirations. Planned programs include podcasts, workshops, and monitoring of our HR processes with a DEI mindset.

Well-being of employees

In 2024, our "Balance Programme" in Hungary continued to support the physical and mental wellbeing of our employees and foster a sense of a healthy, comfortable, and lovable working environment. The programme is based on three pillars: physical, mental, and work environment well-being. The focus theme for 2024 was "long and healthy life based on the best practises of blue zones" during which we sought to explore and adopt factors that can help us lead longer and more fulfilling lives.

We track effectiveness of the programme through participation statistics of individual programme elements, which were as follows. Throughout the year, nearly 4,500 colleagues participated in various activities, and the Balance Program's intranet homepage received over 7,300 clicks.

Attendance data for our long-running programs in 2024 included:

- Mental Health Day: Organized for the third time, attracting nearly 1,500 participants on World Mental Health Day. Colleagues had the chance to meet professionals such as psychologist Noémi Orvos-Tóth and Olympian Gergő Kiss.
- Lung Screening: Over 500 employees participated in this initiative.
- Drawing Contest: Elements from the submitted artworks were incorporated into Richter's first conversation-promoting board game, *TáRsalGó*, which was included in the Christmas package for all employees.
- Scheduled swimming sessions: Engaged nearly 100 colleagues throughout the year, many of whom started as beginners and learned a new sport.
- Yoga sessions: Across three locations, 150 colleagues completed over 3,500 yoga practices.
- Themed weekends: Around 300 colleagues participated in active relaxation, such as yoga retreats and a canoeing weekend.
- Thematic workshops, group activities, and events: Topics like plant-based nutrition, sleep hygiene, and Advent preparation reached approximately 900 participants in person or online.
- „Balancing" Webinars, such as *On the Spot – Blue Zones Conversations*, typically attracted audiences of about 1,000 attendees.
- Healthy meals: Approximately 1,200 healthy meal portions, recommended by the Balance Program, were consumed in the cafeteria throughout the year.

As part of our program supporting physical and mental health, we engaged our entire employee community in 2024 with a diverse range of comprehensive and meaningful well-being activities, as well as new, experience-based initiatives. Special attention was given to reaching all three locations in Hungary—Budapest, Debrecen, and Dorog.

Additional services to improve the well-being of our employees include:

- We offer stress management and recreational programmes, personal counselling and personal support to ensure a good work-life balance and mental well-being.
- In Hungary, we offer our employees and their families' access to our own holiday resorts, sports fields, swimming pools, kindergartens, medical clinics, and bi-annual health check-ups.
- Flexible working hours and working from home options. We are giving employees more flexibility to work from home in certain roles. In 2024, 48% of all employees in Hungary and 84% of our colleagues in white collar positions made use of the option to work from home at least once. Internationally, all our sites offer flexible working arrangements, taking into account local legal and practical conditions.

Health and Safety approach

An integral part of our Group's operating strategy is to provide a workplace that supports the physical health and safety of employees and maintains their ability to perform. At Richter, we believe that the achievement of our business objectives must not in any way compromise the safety of our employees, and we are constantly working to further strengthen our health and safety (HS) culture.

It is vital to follow the rules of work to maintain health and safety. Occupational health and safety is the single area where we identified a material negative impact on our workforce. We focus on minimising the risk of accidents and mitigating any negative impact by engaging with our workforce and integrating their insights into our HS processes. To prevent accidents, we provide our colleagues with the necessary training and education. We believe that maintaining workplace safety is in everyone's interest and responsibility. Our safety rules are up-to-date, comply with current domestic and EU requirements, and all our managers pay special attention to their enforcement and the reduction of workplace risks. Compliance with relevant regulations is ongoing, we track the effectiveness of preventive actions through our HS metrics. There is no specific action plan dedicated to this area. Actions related to the topic do not require significant operational expenditures (OpEx) or capital expenditures (CapEx), thus we omit this data point.

Health and Safety compliance

To protect our employees and ensure proper risk management, we operate an ISO 45001 certified occupational health and safety management system at the Hungarian and Romanian sites. The assessment of compliance is an important element of the management system, which is ensured by internal audits and external, independent audit.

Our sites without ISO 45001 certification also document their occupational safety processes. At the Indian and Russian sites, the heads of department and the safety committee ensure compliance with Environment, Health and Safety (EHS) regulations and the necessary safety measures. We check the working conditions of our contractual partners with frequent audits and on-site inspections at our sites. In case of non-compliance, we take immediate action. Depending on the extent of the violation, the action can range from verbal warning to ban from the premises.

EHS risk management

There are different workplace risks at our sites. Our office workers are characterized by psychosocial and ergonomic risks arising from office work. The greatest risk to our employees in manufacturing sites is exposure to hazardous chemicals and the risk of fire and explosion.

In order to prevent major industrial accidents, we apply the so-called SEVESO Directive on the management of major-accident hazards involving dangerous substances at our sites in Budapest and Dorog. At our site in Vecsés, we have significantly reduced the amount of chemicals stored. For subsidiaries that are not subject to SEVESO regulations, we prevent accidents by carrying out risk assessments and developing protection plans in accordance with the local and international regulations. In cooperation with industrial safety authorities, we keep our protection network up to date.

Our risk assessment processes at our Hungarian sites are supported by IT tools that were custom made according to Richter's needs, the development of which is a long-term project of paramount importance for company management. EHS IT developments support management decision preparation and the integration of occupational health and safety records. IT tools for incident management and monitoring, occupational health risk assessment and occupational equipment and workplace risk assessment are also being updated.

We are constantly improving our equipment and working environment, in compliance with safety regulations. Improvements also include increasing the "closedness" of various technologies (physical separation of machines and chemical processes). To protect employees, we continuously monitor the state of their personal protective equipment, and we also keep an eye on new protective solutions on the market. At our Hungarian sites, special attention is paid to reducing the risk of exposure to hazardous chemicals, which we strive to achieve with the involvement of EHS specialists and the development of active ingredient manufacturing technologies.

EHS training programs and employee communication

Experience shows that most workplace accidents can be prevented through good behaviour and compliance with safety rules. Therefore, we provide job-specific health and safety trainings to prepare our staff to safely avoid the risks of their jobs. As part of the onboarding, our employees undergo basic training appropriate to their job role, supplemented by safety training on an annual basis in accordance with the legal requirements. E-learning courses and instructional videos are also available for employees at our Hungarian sites. We also provide periodic training for all our employees at our foreign affiliates, according to their occupational risk profile. Furthermore, all our employees are directly consulted by the safety organisation to answer any safety questions.

As part of our safety measures, all our employees are encouraged to report all potential hazards and risks. We maintain a dedicated channel and suggestion board for this purpose and reward the best contributors at the end of the year.

Occupational health monitoring

Our employees undergo a mandatory pre-employment medical checkup followed by periodical checkups at a frequency appropriate to their occupational health risk profile. We also involve the occupational health service provider in the assessment of risk profiles and the operation of the monitoring system.

We also look after the health of all our employees at our foreign manufacturing sites. We provide full health and accident insurance for employees of our Romanian, Russian, Polish, and German affiliates. As part of occupational health checks, all our employees undergo free periodic check-ups according to their risk profile. Occupational safety specialists, who are also responsible for health promotion, determine the type and frequency of the necessary specialist medical examinations based on hazardous production factors and work profiles.

Richter has no climate transition plan in place; therefore, it has not assessed any relevant impacts, risks or opportunities arising thereof. The company will report on the topic when it has adopted a plan and mapped IROs.

[S1-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

No specific targets have been set in the reporting period. In the coming period, we will examine what qualitative goals could be set to achieve further improvement, and we will report on them when relevant.

[S1-6] Characteristics of the undertaking's employees

Total number of active employees at the end of the reporting period was 11,757. The total number of employees who have left Richter in the reporting period was 1,475. Percentage of employee turnover was 13%. Total number of passive employees was 565.

Contextual information on the data below:

- By principle, we applied the same methodologies and definitions for the accounting of employees as for the Financial Statement, to ensure consistency.
- The numbers are reported on a headcount basis at the end of the reporting period.
- Active headcount: Number of employees on the last calendar day of the given month, except those employed less than 60 hours per month, or passive.
- Passive headcount: Number of employees in long-term absence on the last day of the given month (e.g. maternity leave, unpaid leave, illness exceeding 30 days).
- Permanent employee: person hired with no predetermined end date to employment.
- Temporary employee: person hired for a limited period of time or to complete a particular project.
- Employee information is also shown in the Consolidated Financial Statements under Note 45.

Distribution of employees by contract type and gender *

	Number of active employees with a permanent contract	Number of active employees with a temporary contract	Total number of active employees
Female	NA	NA	6,607
Male	NA	NA	5,150
Not disclosed	0	0	0
Total	**10,943**	**814**	**11,757**

**Gender breakdown data of permanent/temporary employees is currently only available for the parent company; therefore, it is not provided. Number of non-guaranteed hours employees is not applicable for Richter; therefore, data is not collected. Number of full-time employees and number of part-time employees are voluntary datapoints and are not disclosed.*

Head count in countries where Richter has at least 50 employees representing at least 10% of its total number of employees:

Distribution of employees by countries and contract type*

Country	Number of active employees with a permanent contract	Number of active employees with a temporary contract	Total number of active employees
Hungary	6,200	153	6,353
Russia	1,337	53	1,390
Total	**7,537**	**206**	**7,743**

** For countries with more than 50 employees and representing at least 10% of Richter's total headcount. The data represent 7 entities in the case of Hungary (parent company and 6 subsidiaries), and 3 entities in the case of Russia. Number of non-guaranteed hours employees is not applicable for Richter; therefore, data is not collected. Number of full-time employees and Number of part-time employees are voluntary datapoints and are not disclosed.*

[S1-7] Characteristics of non-employees in the undertaking's own workforce

Topic is subject of phase-in for the first reporting year. We will report on relevant data in our next Sustainability Statement for FY 2025.

[S1-8] Collective bargaining coverage and social dialogue

This issue was not identified as material.

[S1-9] Diversity metrics

The following tables contain data for The Richter Group's parent company (Richter Gedeon Plc.). Data is shown in headcount. Total number of active employees working in Hungary at Richter Gedeon Plc. was 5,613 at the end of the reporting period.

Distribution of employees by age group	
Number of employees	**2024**
Under 30 years old	546
Percentage of employees under 30 years old	9.7%
Between 30 and 50 years old	3,004
Percentage of employees 30 and 50 years old	53.5%
Over 50 years old	2,063
Percentage of employees over 50 years old	36.8%

At Richter, we define top management as our Executive Management. The Executive Management is responsible for the operative management of the company's activities, directed by the Chief Executive Officer. The composition of the Executive Management is publicly available on our corporate website.
(https://www.gedeonrichter.com/en/about/leadership-team)

Distribution of top management (Executive Management) by gender	
Number of employees at top management level	**2024**
Female	1
% of total at top management level	17%
Male	5
% of total at top management level	83%
Total	**6**

[S1-10] Adequate Wages

Our remuneration principles are based on a commitment to performance. Our fundamental interest is in fair, performance-based and consistent remuneration and its alignment with business objectives and employee motivation. The remuneration structure for our managers and employees in Hungary is designed according to the Richter Grade (RG) system, which sets out the elements of remuneration based on job levels (responsibility, complexity, seniority). The basis of the fair compensation is the job grading system, in the framework of which we prepare salary ranges for each job according to external and internal benchmarks.

At the member companies of the Richter Group, wage increases typically occur annually. The extent of these increases is determined by inflation trends, geographic labour market characteristics, and the company's operating profit.

Our Remuneration Policy sets out the remuneration guidelines for the company's Board of Directors, Supervisory Board, CEO and Deputy CEO under Hungarian Act LXVII of 2019. The policy aims to incentivize top executives to achieve the company's strategic goals and promote profitable operations. The Remuneration Policy and the Remuneration Report are publicly available on our website.

We adhere to nationally established minimum wages and guaranteed minimum wage levels, as well as agreements with trade unions (Collective Agreement). According to our internal HR remuneration document, wages must be between 80-120% of salary midpoint. Wages below 80% are adjusted to 80% during each annual salary review. The base wage increase at the parent company (effective March 1, 2024) amounted to 10.3%, which represents a higher increase compared to the national benchmark averages of 9.9% and the pharmaceutical sector average of 10%.

In addition to base salaries and bonuses, share awards and other forms of benefits help us to achieve our high-level business goals and retain our key people. In 2024, a new element was added to the parent company wage agreement. Employees may receive an additional bonus or extraordinary reward based on operating profit performance. For every 1% of overperformance, the total annual bonus or reward increases by 1%, up to a maximum of 10%. Furthermore, to acknowledge and celebrate Richter's achievements in 2024, we awarded all eligible employees of the parent company a share reward of 31 shares in 2024. This initiative not only recognizes their contributions but also provides them with an opportunity to participate further in Richter's growth and success.

[S1-11] Social protection

Topic is subject of phase-in for the first reporting year. We will report on relevant data in our next Sustainability Statement for FY 2025.

[S1-12] Persons with disabilities

This issue was not identified as material.

[S1-13] Training and skills development metrics

Topic is subject of phase-in for the first reporting year. We will report on relevant data in our next Sustainability Statement for FY 2025.

[S1-14] Health and safety metrics

In section S1-4, our Health and Safety initiatives and mitigation measures are explained in detail. Thanks to these, the number of incidents in 2024 was low. No cases of acute, recurring, and chronic health problems caused or aggravated by work conditions or practices were recorded in 2024.

Health and safety metrics

	2023	2024
Percentage of own workers who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines *	100%	100%
Number of fatalities in own workforce as result of work-related injuries and work-related ill health **	0	0
Number of fatalities in own workforce as result of work-related injuries	0	0
Number of fatalities in own workforce as result of work-related ill health	0	0
Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	0	0
Number of fatalities as result of work-related injuries of other workers working on undertaking's sites	0	0
Number of fatalities as result of work-related ill health of other workers working on undertaking's sites	0	0
Number of recordable work-related accidents for own workforce ***	186	58
Rate of recordable work-related accidents for own workforce ***	2.3962	3.5381
Number of cases of recordable work-related ill health of own workforce ****	-	-
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health ****	-	-

** Value disclosed on a full-time equivalent FTE basis, due to pre-existing reporting standards. We will make efforts to disclose the value on a headcount basis in our following reports.*

*** No record of fatalities as a result of work-related injuries and work-related ill health for other workers working on Richter sites in 2024.*

**** The number of fatalities as a result of work-related injury were included in the calculation of the number and rate of recordable work-related injuries*

***** Topics are subject of phase-in for the first reporting year. We will report on relevant data in our next Sustainability Statement for FY 2025.*

[S1-15] Work-life balance metrics

Topic is subject of phase-in for the first reporting year. We will report on relevant data in our next Sustainability Statement for FY 2025.

[S1-16] Remuneration metrics (pay gap and total remuneration)

This issue was not identified as material.

[S1-17] Incidents, complaints, and severe human rights impacts

We are committed to protecting fundamental rights, including the prohibition of any discrimination based on race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status, as explained in our Code of Ethics (for further information about this document, see G1-1). We promote a working environment free from verbal and physical harassment. The managers of our business units are responsible for ensuring that harassment and discrimination do not occur in their units. We also aim to create an environment free from retaliation. Retaliation against employees for seeking advice, raising concerns, reporting abuse or providing information in an investigation in good faith is strictly prohibited. Special care will be taken to ensure the protection of personal data in such procedures. The following table contains data about complaints and incidents for 2024 for the Richter Group.

Incidents and complaints in relation to discrimination and human rights

	2024
Number of incidents of discrimination	0
Number of complaints filed through channels for own workers to raise concerns	8
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	0
Amount of material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors	0
Number of severe human rights issues and incidents connected to own workforce	1
Number of severe human rights issues and incidents connected to own workforce that are violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises	1
Amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	0
Number of severe human rights cases where undertaking played role securing remedy for those affected	1

[S2] Workers in the value chain

In the pharmaceutical industry, ensuring the expected quality of products is only possible with close control of the entire value chain, which is why the selection of suppliers is of paramount importance. In our procurement processes, we have the same high expectations of our suppliers as we do of our own performance.

Our company sets out the purchasing principles of the Richter Group in its Procurement Policy. Among the most important of these are the principles that are in the economic interests of our company, such as cost-effectiveness, quality and compliance with legal requirements. Many principles are also linked to aspects of our corporate governance system, such as compliance with competition law, integrity, anti-corruption, confidentiality and protection of personal data. The principles also include sustainability aspects (environment, protection of human rights, combating human trafficking, child and forced labour).

We require all our employees and partners to comply with and enforce these principles, and our Procurement regulation provides for their practical implementation.

We ensure our partners' compliance with these principles through our Supplier Rating System pre-qualification process and our contracts. The system includes general sustainability criteria, with a particular focus on the environment. Among the prequalification questions, several ask about the environmental and social performance of our potential suppliers.

[SBM-2] Interests and views of stakeholders

Richter's activities impact value chain workers across two main categories: upstream and downstream. Upstream value chain workers include suppliers of raw materials, intermediate materials, R&D materials, equipment, and other essential inputs, as well as contract research organizations. Downstream value chain workers encompass wholesalers, distributors, commercial partners, logistics personnel, healthcare providers, pharmacy staff, and third-party waste management partners.

Our impact, risk, and opportunity (IRO) analysis did not differentiate between value chain workers, ensuring a comprehensive evaluation. Details on stakeholder engagement, including how workers' interests, views, and rights were considered during the IRO assessment, are provided in the General Disclosures section under SBM-2. The identified IROs

and relevant information are outlined in Table 1 of the Appendix. No IROs were found to have a disproportionately greater impact on any specific group of value chain workers.

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

Richter's material impacts, risks, and opportunities (IRO) that were identified during the group level double materiality (DMA) process are all listed in the General disclosures section, under SBM-3. The relationship between the IROs and value chain workers, along with the IROs connection to the corporate strategy, are also explained in section SBM-3. When considering value chain workers, we have not identified any geographies, business relationships, specific product or system-related groups who are at a more significant risk of being negatively effected. Material positive impacts that were identified cannot be tied to any of the above either. There were no workers with particular characteristics, working in particular contexts or undertaking particular activities that were found at greater risk of harm.

[S2-1] Policies related to value chain workers

Code of Ethics

Richter's Code of Ethics acts as a guide to ethical conduct and provides general guidelines regarding responsible, ethical, and legal business conduct for all the employees and partners of both Gedeon Richter Plc. and its affiliates. The Code of Ethics offers strict guidelines on our approach to human rights as well as ways to report violations thereof and remedies. Detailed information about the document can be found in section G1-1 as well as S1-1. The same principles apply to value chain workers as to our own workforce.

In 2024, there were no cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises that involve value chain workers and that have been reported to us.

Procurement Policy

Our company sets out the purchasing principles of the Richter Group in its Procurement Policy. Compliance with and respect for these principles is mandatory for all employees and business partners of the company. Considering procurement criteria is an integral part of the company's economic decision-making. The company places primary emphasis on adherence to procurement principles, which ensure the cost-effective procurement of the necessary materials, equipment, and services in the right place and time, in the appropriate quantity and quality, thereby supporting the company in achieving its strategic goals.

The organizational unit responsible for the content of the Procurement Policy is the Procurement Department. Its scope covers all organizational units and employees of Richter's Hungarian sites (Richter Gedeon Plc.). On the procurement side, the Policy applies to all our partners.

The Policy, which is available on Richter's corporate website, sets out principles on the following topics:

- Cost-effectiveness
- Quality mindset
- Environmental protection
- Energy efficiency
- Compliance with legal requirements
- Competition law
- Equal opportunities, equal treatment
- Cooperation
- Integrity

- Confidentiality
- Protection of personal data
- Anti-corruption
- Prevention of money laundering
- Combating human trafficking, child and forced labour, and protection of human rights

Procurement regulation

We require all our employees and partners to comply with and enforce the principles set out in the Procurement Policy. Their practical implementation is governed by our Procurement Regulation. The purpose of the regulation is to define the management and process of procurement categories under the authority of the procurement organization, in line with the framework set out in the Procurement Policy. It also aims to guide procurement processes toward the procurement organizations, thereby increasing transparency and efficiency.

The Procurement Department is responsible for the content of the regulation. The scope of the document applies to the Procurement Department, the Legal and Intellectual Property Department, and all organizational units involved in contract execution and modification.

The regulation will be updated at the beginning of 2025.

[S2-2] Processes for engaging with value chain workers about impacts

Compliance hotline

A Compliance Hotline has been set up in accordance with Richter's Global Compliance Program which is a group-level system established for managing reports related to the Compliance Handbook. To ensure the efficient operation of the system, each colleague and partner must report all cases where they notice conduct violating the provisions of the Compliance Handbook. At the moment we do not assess whether value chain workers are aware of and trust these processes to raise their concerns. In 2024, there were no third-party notifications recorded through the hotline channels. Detailed information about the process can be found in section G1-3.

Procurement processes

- **Supplier Rating System**

Our Supplier Rating System's pre-qualification process and contracts ensure compliance with the Procurement Policy principles by our partners. The operation and framework of this system are described in a standard operational procedure (SOP). This procedural instruction regulates the evaluation, approval, and monitoring of changes related to suppliers of quality-assured materials and purchased finished products by Richter. Direct communication is established with partners. A pre-qualification process is initiated before the time of contract signing, while a post-qualification process follows completion of contract tasks.

This procedural instruction applies to procurement and quality assurance units involved with suppliers of the listed materials at all Hungarian sites of the company. The Procurement Department is responsible for the content and enforcement of this standard operational procedure.

The Supplier Rating System includes general sustainability criteria, with a particular focus on environmental aspects. Several pre-qualification questions inquire about the environmental and social performance of potential suppliers.

In 2025, we are launching a project to develop a new system for identifying, evaluating, and managing the ESG-related risks in our value chain, focusing on our suppliers. The system will be operated by the Procurement Department. Due to the introduction the "ESG Act" in Hungary (Act CVIII of 2023), Richter's operations in Hungary will be subject to stricter ESG-focused due diligence obligations. The new system will ensure compliance with the new local regulations.

- **Monitoring the transport of hazardous materials in the supply chain**

The goal of the Richter Gedeon Group is to extend its accident prevention and occupational safety measures as much as possible within its value chain. This is one reason for our rigorous monitoring process concerning the transportation of hazardous materials (ADR). Our objective is to ensure compliance with ADR regulations and safe working conditions. We achieve this through the inspection of warehouse operations involving hazardous materials and a continuous feedback process with our suppliers.

Incoming goods are inspected based on a pre-defined checklist. If any discrepancies are detected, the Procurement Department directly notifies the supplier, detailing the identified issue. Through this open communication channel, Richter initiates a dialogue to mitigate risks and potential negative impacts. Additionally, partners receive recommendations on areas to focus on to prevent future problems, thereby reducing risks across their value chains as well.

As previously mentioned, we have not identified specific groups of workers in the value chain that may be particularly vulnerable to impacts or marginalised, therefore, we have no special initiatives either. Should such identification happen in the future as well as engaging with said groups, we will report on it in future statements.

[S2-3] Processes to remediate negative impacts and channels for value chain workers to raise concerns

Compliance hotline

A Compliance Hotline has been set up in accordance with Richter's Global Compliance Program which is a group-level system established for managing reports related to the Compliance Handbook. To ensure the efficient operation of the system, each colleague and partner must report all cases where they notice conduct violating the provisions of the Compliance Handbook. Detailed information about the process can be found in section G1-3.

[S2-4] Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action

There were no specific reportable action plans in the reporting period. Richter has a risk management framework that is currently undergoing a comprehensive review to align with significant changes in the relevant regulatory environment and to maintain risk-proportionate protection.

Future actions

- **Development of an ESG-based risk assessment system**

In 2025, we are launching a project to develop a new system for identifying, evaluating, and managing the ESG-related risks in our value chain, focusing on our suppliers. The system will be operated by the Procurement Department. Due to the introduction the "ESG Act" in Hungary (Act CVIII of 2023), Richter's operations in Hungary will be subject to stricter ESG-focused due diligence obligations. The new system will ensure compliance with the new local regulations.

[S2-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

No specific targets have been set in the reporting period. In the coming period, we will examine what qualitative goals could be set to achieve further improvement, and we will report on them when relevant. Since no target has been set, we do not track the effectiveness of our actions regarding sustainability matters effecting value chain workers either, nor measure progress.

[S3] Affected Communities

This issue was not identified as material.

[S4] Consumers and end-users

[SBM-2] Interests and views of stakeholders

In general, consumers and end-users that are subject to Richter's impact through our activities include patients, healthcare professionals, clinical trial participants, hospitals & healthcare institutions, pharmacies, government & public health agencies, insurance companies, and wholesalers & distributors. Our impact, risk, and opportunity (IRO) analysis did not differentiate between consumer groups, ensuring a comprehensive evaluation. Details on stakeholder engagement, including how end-users' interests, views, and rights were considered during the IRO assessment, are provided in the General Disclosures section under SBM-2. The identified IROs and relevant information are outlined in Table 1 of the Appendix. No IROs were found to have a disproportionately greater impact on any specific consumer group.

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

Richter's material impacts, risks, and opportunities (IRO) that were identified during the group level double materiality (DMA) process are all listed in the General disclosures section, under SBM-3. The relationship between the IROs and consumers, along with the IROs connection to the corporate strategy, are also explained in section SBM-3.

[S4-1] Policies related to consumers and end-users

Ensuring drug safety for consumers is one of Richter's core missions and thus permeates all our processes. This section presents three areas where direct contact with end users may arise. These are: responsible marketing, quality management and pharmacovigilance.

Responsible marketing

The Richter Group always strives to provide appropriate information to both patients and healthcare professionals when selling its products. This includes the content of marketing materials and regulating and managing communications with stakeholders to high ethical standards. Appropriate communication of information contributes to the safe use of our products and forms the basis of our ethical compliance.

We ensure responsible marketing and information practices through internal procedures and rules. At all times, Richter employees are strictly bound to comply with the laws governing pharmaceutical marketing communications, applicable international, local and Group Codes of Ethics, and any regulations that may apply to their activities. In addition to legislation, the Medicines for Europe Code of Conduct on Interaction with the Healthcare Community and the Pharmaceutical Communication Code of Ethics prepared by the pharmaceutical industry associations in Hungary are also relevant to our operation. The Richter Compliance Manual also includes the Code of Business Conduct and Transparency, which compiles and systematises the rules on interactions with healthcare professionals and patient organisations, pharmaceutical law and transparency.

Medical representatives and area managers play a key role in our marketing activities. Colleagues in these roles receive regular, complex medical and skills training. Communication with health professionals should be limited to information and promotional activities. In addition, Richter's Code of Business Conduct and Transparency covers communication with

Healthcare Professionals, with particular emphasis on gifts, sponsorship of events and training, sponsorships and donations.

Group Level Regulation for Promotional Material Review and Approval

To mitigate the risk of potentially outdated information, Richter is introducing a Group Level Regulation (GLR) on Approval Process of marketing materials implemented in early 2025, with effective date of February 1st, 2025. The most senior level responsible for the implementation is the CEO. Furthermore, trainings and educative workshops are already being held for the relevant employees. The purpose of this GLR is to regulate the review and approval process of promotional materials intended for external use in the country in order to comply with current professional guidelines, all applicable laws, industry standards, accompanying documents of the products involved in promotional activities, Richter's internal regulatory tools, and the codes of conduct of self-regulatory bodies, with special attention to the Code of Ethics for Pharmaceutical Communication and the Medicines for Europe Code of Conduct. The internal policy will be adapted by all subsidiaries after harmonisation with local authority requirements.

Pharmacovigilance

Activities to ensure the safe use of medicines – known collectively as pharmacovigilance – involve the continuous monitoring and evaluation of the risk-benefit ratio of medicines and ensuring their safe use. Pharmacovigilance and patient safety permeate the operation of every unit of Richter, from R&D/product development to clinical-medical tasks, registration, marketing, and quality management activities. There is no aspect of the company's operation that is not directly or indirectly related to pharmacovigilance and patient safety at some level. Each entity within the Richter Group participates in this vigilance, and we expect similar diligence from our trading partners as well.

Since no medicine is free of side effects, we believe that our activity, which aims to map the benefit-risk ratio of our drugs as accurately as possible, protects patients and our products at the same time. We consider pharmacovigilance as a service to ensure health and safety of patients as one of our key consumers, which we also formulated in our Pharmacovigilance Policy and the concerning General Procedure (Pharmacovigilance System) – both are detailed below.

Pharmacovigilance Policy

The Richter Group considers product safety as a medical service, which is also set out in its Pharmacovigilance Policy. We conduct our activities in accordance with the international principles of Good Pharmacovigilance Practice and – in accordance with the legal requirements -, our company employs a Qualified Person for Pharmacovigilance who oversees the operation of the pharmacovigilance system and has personal responsibility for the compliance of the system.

At every stage of the manufacturing and development process and throughout the product lifecycle, our primary, strategic objective is the health and safety of our consumers. Under pharmacovigilance, we aim to market products that offer significant benefits to individuals and society, while minimising the risks associated with their use.

Compliance with the domestic and international pharmaceutical regulatory environment is essential for us. We also consider ourselves bound by decisions and guidelines issued by public institutions and authorities, such as the European Commission, the European Medicines Agency (EMA) or the US Food and Drug Administration (FDA).

The geographical scope of this document is Richter's Hungarian sites (Richter Gedeon Plc.); however, all related General Procedures and Regulations are applicable for the whole Group. The most senior level responsible for the implementation is the CEO.

Pharmacovigilance System

A Pharmacovigilance System is applied by an organisation to fulfil its legal tasks and responsibilities in relation to pharmacovigilance and designed to monitor the safety of authorised medicinal products and detect any change to their benefit-risk balance. The process is described in a General Procedure document. The most senior level responsible for the implementation is the CEO.

All of the pharmacovigilance systems function globally. Information on the safety of our products is collected through a global information system. The aim of data collection and analysis is to accurately map the safety of medicine. The system is also designed to alert and intervene when product safety changes or circumstances arise that could expose users to unforeseen risks.

The Richter Group's pharmacovigilance system is under constant review. Over the past three years, we have participated in more than thirty pharmacovigilance audits and inspections, while our company has audited the pharmaceutical safety and pharmacovigilance practices of nearly twenty commercial partners.

Quality Management

We operate a comprehensive quality management system, based on current Good Manufacturing Practice (GMP) requirements, which includes risk management in the design, development and control of all products, devices, processes and procedures that may pose a risk to patients or Richter. We pay special attention to compliance with the applicable technological and quality regulations, national, European, and other international laws and regulations. Our manufacturing processes and quality system are regularly monitored by our contractual partners and authorities at Group level.

Regulation for complaints and product recalls

This general procedure is intended to set out and regulate the general principles for the complaint management about active substances and finished products, as well as product recalls received by Gedeon Richter. The regulation complies with several third party standards, such as the "Good Manufacturing Practice (GMP) Guidelines"; Eudralex Volume 4 Good Manufacturing Practice – Medicinal Products for Human and Veterinary Use – Part I, Part II, Part III (hereinafter 'cGMP'), the relevant modules of the "Guideline on Good Pharmacovigilance Practices (GVP)", the ICH Q9 and ICH Q10 guidelines, as well as the EN ISO 13485 standard and the current EU Medical Device Regulation, MDR 2017/745.

The scope extends to the management of quality complaints and product recalls arising during the manufacturing, including medical device activities, distribution, pharmacovigilance, medical device vigilance, and medical information service activities performed by the Company's Hungarian sites as well as its foreign subsidiaries, commercial offices and/or their external service providers (partners performing outsourced activities). The Director of Quality Management is the most senior level in the organization responsible for the implementation of this regulation.

The Company maintains a system for managing incoming complaints in accordance with relevant regulations. Properly trained interdisciplinary personnel, including organizational representatives, are appointed to handle these complaints. Qualified Persons (QP) and Qualified Person Responsible for Pharmacovigilance (QPPV/GPO) are also informed of all quality complaints, along with the associated investigations, risk mitigation measures, and recalls.

Quality complaints must be handled within strict deadlines, with specific timelines for key steps. Complaints must be forwarded from the primary receiver to Quality Assurance within 3 calendar days, and investigations should begin within 3 days of receipt, with a 21-day completion window subject to sample availability. Responses to complaints should be issued within 30 calendar days, and final case closures must occur within 30 days of response acceptance. Notifications to authorities, partners, or notified bodies follow deadlines determined by the Safety Board, specific SOPs, or local regulations, including a 3-day timeframe for recall notifications.

In the event of a quality defect, the different types of recall are ordered by the authority for medicinal products, following notification to the authority. Product recalls are categorized based on the level of patient risk associated with the recalled item. Level 1 recalls require retrieval from wholesalers, hospitals, pharmacies, and patients. Level 2 recalls involve recovery from wholesalers, hospitals, and pharmacies, while Level 3 recalls are limited to specific batches or sub-batches from relevant wholesalers. Notification obligations must be fulfilled according to regulatory requirements during the recall process.

[S4-2] Processes for engaging with consumers and end-users about impacts

Direct communication with end-users (patients) is highly regulated and restricted in the pharmaceutical sector. It is only allowed for non-prescription (over the counter, OTC) pharmaceuticals, and even in those cases the communication is one sided. Our approach to indirectly advocate for consumers in our DMA process is explained in the General disclosures section, under IRO-1.

[S4-3] Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Channels for consumers

Pharmacovigilance hotline

The essence of pharmacovigilance (PV) is the continuous monitoring and evaluation of the benefit-risk ratio of medicines and, based on this, ensuring their correct and safe use. Our general approach to mitigating risks and potential negative impacts on consumers is providing them with accurate and up-to-date information about our products. Moreover, we maintain channels (e.g., PV hotline) for end-users to allow them to raise their concerns or needs directly. Richter's internal document, Handling of Medical Information enquiries in Gedeon Richter Group describes the management of pharmacovigilance-related complaints received by the Company.

The company maintains a 24/7 on duty telephone system and an email address monitored every working day to ensure continuous access to the Medical Information Scientific Service. The hotline provides an opportunity for end-users of medicines to report their observations and complaints. Incoming complaints are processed in accordance with the regulation, and the complainant is contacted within a specified timeframe. Standard responses are used during the process, while strict requirements are adhered to (e.g., providing therapeutic advice is prohibited). In case the enquiry contains an adverse event and/or associated product quality complaint then it is also forwarded and recorded as per appropriate processes.

The hotline's contact information is displayed in various places, such as promotional materials and patient leaflets, and both online and phone reporting options are available. The responsible colleague (Local Medical Information Officer) responds to the enquirer within 5 working days latest. The protection of individuals providing feedback is ensured by the Code of Ethics and the applicable regulations (e.g.: General Data Protection Regulation (GDPR)).

In 2024, no cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises that involve consumers and/or end-users were recorded in the PV hotline system.

Richter operates an IT system that meets international standards to support the collection, transmission, and analysis of information. With its help, pharmacovigilance specialists can continuously analyse incoming data. This activity is carried out in accordance with the requirements of the regulatory authorities of the European Union, sharing information mutually in accordance with our statutory obligations. The purpose of data collection and analysis is to map the safety profile of medicines as closely as possible to make their application even more accurate in terms of both the indication and the target population – primarily by continuously improving the summaries of product characteristics and patient information leaflets. The role of the system is also to warn and intervene if it detects a change in product safety or predicts a situation that may expose society to an unforeseen risk.

Product quality complaint management

Richter's standard operating procedure (SOP), Regulation for Product Quality Complaints and Recalls describes the management of quality complaints received by the Company.

The Director of Quality Management designates complaint managers to coordinate the activities related to complaints and recalls. Complaints received by any organizational unit are forwarded to the complaints manager within 3 calendar days or registered in the cloud-based quality management system by departments with access. All complaint-related activities, such as investigations, declarations, and recalls, are tracked and documented within the system. Quality complaints are assessed and investigated within 3 days and forwarded to the relevant parties. Critical complaints concerning preparations or medical devices require involvement from appropriate departments and immediate notification to the regulatory compliance personnel, with a risk assessment conducted to determine necessary actions.

We maintain channels for consumers and end-users to express their complaints about our products. In case of potential quality complaints, two channels are available: the qualitycomplaints@richter.hu e-mail address that is available publicly, and our cloud-based quality management system (TrackWise Digital) system for our partners with access. The contact information is available under the “Contact Us” menu on the Company's public website and is open 24/7.

General processes to mitigate negative effects on consumers

We apply our quality management and pharmacovigilance systems to the research, development, manufacturing, distribution, and post-marketing monitoring (of medical devices) to ensure compliance with regulatory requirements and relevant standards. Core risk management and potential negative impact mitigation measures with regard to consumers are listed and explained below.

Deviation management in the Pharmacovigilance System

As a regulatory requirement, it is the responsibility of the company to ensure identification, reporting and investigation of concerns arising within an organisation regarding suspected/detected nonadherence to the quality requirements of the pharmacovigilance system and to take corrective and/or preventive actions as necessary followed by effectiveness check. The documentation of the pharmacovigilance quality system includes records to demonstrate that deficiencies and deviations from the established quality system are monitored, that corrective and preventive actions have been taken, that solutions have been applied to deviations or deficiencies and that the effectiveness of the actions taken has been verified.

Pharmacovigilance Risk Management Related Processes at Richter Group

The overall aim of risk management is to ensure that the benefits of a particular medicinal product exceed the risks by the greatest achievable margin. The primary focus of the Risk Management Plan is on appropriate risk management planning throughout the product’s life cycle. The risk management system shall be proportionate to the important identified risks and the important potential risks of the product and the need for post-authorization safety data. The Risk Management Plan is a detailed and dynamic document that may need multiple updates during the life cycle of the product(s).

Dissemination of Direct Health Professional Communications

Direct Healthcare Professional Communication is a commonly used tool in providing the recipients directly with important safety information of a medicinal product which requires urgent communication or is otherwise important to be communicated to healthcare professionals at individual level. The goal is to ensure that healthcare professionals are informed promptly and accurately so they can make informed decisions for patient care. Situations where a DHPC should be considered as part of the risk management process are detailed in Guideline on Good Pharmacovigilance Practices (GVP) Module XV (Safety communication).

Regulation for Product Quality Complaints and Recalls

Richter’s standard operating procedure (SOP), Regulation for Product Quality Complaints and Recalls describes the management of quality complaints received by the Company and the management of the recall process. The scope of the SOP extends to the management of quality complaints and product recalls arising during the manufacturing – including activities related to medical devices – distribution, pharmacovigilance, medical device vigilance, and medical information

service activities performed at the Company's Hungarian sites as well as by its foreign subsidiaries, commercial (representative) offices and/or their external service providers (partners performing outsourced activities). The Director of Quality Management is the most senior level in the organization responsible for the implementation of this regulation.

Product quality complaint management is explained above, in the 'Channels for consumers' paragraph.

A product recall may be initiated by the Company based on an internal decision, public authorities, a partner, a third party, the European Commission, or the European Medicines Agency. Upon initiation, the complaint manager registers the recall in the cloud-based management system using the provided data, classifies it according to patient risk (Level 1, Level 2, Level 3), and begins an investigation. The recall is communicated to the Director of Quality Management, the Qualified Person (QP) the Qualified Person Responsible for Pharmacovigilance (QPPV), the Medical Information Service, and the Signal & Risk Management Unit. The complaint manager sends a recall notification letter to partners. Simultaneously, the remaining stock of the affected batch is blocked or placed under quality control. The recall notification is sent to the relevant authorities and partners in the concerned countries, and official correspondence is managed by the commercial units.

Regardless of the level of the recall, they must be completed within a 6-month timeframe, after which closure can be initiated. The recall can only be closed once the QP has made a decision regarding the disposition of the goods, and this is recorded in the cloud-based management system. The recall is evaluated based on returned goods, deliveries, sales, and product lifecycle, and all related documentation must be retained and archived, especially for investigational medicinal products, where the QP also makes the closure decision.

In 2024, we recalled products from 4 countries.

Number of product complaints and product recalls

Number of complaints about products	**2024**
Legitimate complaints	546
Unjustified complaints	2755
Complaints under investigation	1045
Number of product recalls*	**2024**
Number of product recalls	3
Batches affected by product recalls	3

**Data for the Hungarian sites.*

The processes listed in this section are mandated by regulations. Compliance with these is continuously ongoing, we track the effectiveness of preventive actions through internal controls. There is no specific action plan dedicated to this area. Actions related to the topic do not require significant operational expenditures (OpEx) or capital expenditures (CapEx), thus we omit this data point.

Access to Health

Ensuring access to products for patient groups who otherwise have difficulty in accessing medicine due to geographical, economic or any other factor is an elementary part of the pharmaceutical industry's social responsibility. In addition to improving access to medicines, pharmaceutical companies play a role in upholding human rights, such as the right to healthcare, by developing initiatives that ensure equitable treatment availability. While lower-income countries remain a key focus for access programs, higher-income countries may also require support if local regulations make products difficult or expensive to obtain. As the product range and geographical coverage of pharmaceutical companies varies, access programmes will always depend on the capabilities of the company concerned.

In general, the Richter Group has a number of generic and biosimilar products in addition to the original products, which it offers at a lower price, thus increasing the availability of the active substance for several priority groups. The extent of the price difference depends on several factors, such as the regulation in the country concerned, the reimbursement landscape, the therapeutic area and the number of competitors. In Richter's markets, we typically support disadvantaged groups through country-level decisions. At the heart of the company's targeted product launch programmes is the women's healthcare portfolio, which is also central to the company's strategy. These are typically products that are necessary in specific life situations and are often difficult to access for the target groups.

There are three main types of Richter's access to healthcare efforts:

1. Donation of medicines to hospitals/social institutions, providing discounted medicines, and in some countries supporting family planning programmes/centres.

For example, in Bulgaria, Richter donated more than 6,000 boxes to about 50 hospitals and medical centres for treatment of cardiovascular, neurological and gynaecological diseases, in 2024.

2. Products provided to aid organisations at a reduced price.

We work with numerous NGOs to whom we provide our emergency contraception products at very low prices, for distribution to people in need in developing countries (Sri Lanka, Ghana, Nigeria). In addition, there are developing countries (Malaysia, Kenya) where we supply products to commercial companies, also at a significant discount.

3. Helping patients get the right therapy at the right time and use it for the necessary duration.

Patient support programmes are in place in some therapeutic areas to ensure that important information is delivered to patients. In many cases, for example, we provide unique dose packaging to ensure that patients receive the right type and amount of medicine safely. In other cases, we use pictograms on the packaging that also help to ensure the right product access (which day or time of day to take the medication). The final and most involved help is when there is difficulty in using the equipment needed to administer the medicine. Patients are taught how to use our osteoporosis treatment product by health professionals (nurses, assistants) as part of our patient support programme.

In 2024, the Richter subsidiaries' educational initiatives included:

- Providing access to women healthcare related information in Poland. We create and provide educational materials such as menstrual calendars and information booklets to support patients in understanding the mechanism of action of contraceptives. Our materials also help in using the correct dosage, which directly impacts the effectiveness of the contraceptives.
- Support of patients with infertility in Poland. Richter provides both patients and healthcare professionals (HCPs) instructional videos. These materials facilitate proper preparation and injection of products used in infertility treatment.
- In Bulgaria, Richter provides the opportunity for free medical screenings and contraception consultations. In alliance with professional medical associations supported screenings aimed to reduce disability risks by timely diagnosing potential or existing diseases. Free consultations and education in contraception conducted by gynaecologists aimed to reduce unwanted pregnancies and abortions rates in young women population, also provide a better education in family planning.
- Providing a free educational online tool for patients and healthcare professionals (HCPs) in Bulgaria. Richter Bulgaria created a webpage (and an application), 'KravnotoMi', to improve awareness of cardiovascular ailments by providing informative materials for patients. With this, we bridge the gap in hypertension care through free, accessible and friendly technology. The application also enables patients and HCPs to monitor and compare patients' blood pressure levels.

[S4-4] Taking action on material impacts on consumers and end- users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions

There are general actions in place, encompassing a wide variety of topics, which are detailed in section S4-3. These are generally ongoing, continuously monitored processes. Specific action plans are formulated when the systems are triggered by certain events. At that point concrete action plans are developed based on detailed process descriptions (explained in section S4-3).

Our processes are designed to maintain a consistently low likelihood of triggers occurring. However, it is not something we can plan for in advance, apart from our general process outlines. Therefore, there are no specific, reportable action plans related to this topic for the reporting period.

[S4-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (consumers and end-users)

The company's current operations comply with relevant legal requirements, and no incidents have occurred so far that would warrant specific, quantifiable, or time-bound objectives. The status of "achieving compliance with external policy" cannot be interpreted as a strategic objective, as it represents a fundamental operational requirement mandated by law. However, we will examine setting qualitative goals in the future to foster further development in maintaining and enhancing compliance, with a particular focus on the more effective operation of internal processes and controls.

[Entity specific] Innovation and Responsible Research & Development

The IRO-1, SBM-3, GOV-2, GOV-5 disclosures in the ESRS 2 General disclosures section apply to entity specific matters as well.

[Entity specific] Governance

Research and development (R&D) has always played an important role in Richter's life, with research of original drug molecules, new product launches and innovation being top priorities in the company's strategy since its foundation in 1901. Therefore, the Research and Development Directorate has a key role in the life of the company and in the implementation of its strategy. Pharmaceutical research and development at Richter covers four strategic directions: recombinant biotechnology; research and development of potential original small molecule drugs; late development phase women's healthcare projects; and the development of generic drugs.

[Entity specific] Strategy

Innovation is a core concept in Richter's operation to support its knowledge-driven business model. Responsible Research and Innovation (RRI) is a core principle in R&D by considering environmental and social aspects of healthcare products development and testing phase. Richter internal compliance and quality assurance system is based on the European and local legislation and following the standards of responsible research.

[Entity specific] Impact, risk, and opportunity management

Richter's material impacts, risks, and opportunities (IRO) that were identified during the group level double materiality (DMA) process are all listed in the General disclosures section, under SBM-3.

Richter has a positive impact in terms of “Innovation and Responsible Research & Development”. Drug safety permeates the entire operations of our Group; there is no area that is not directly or indirectly linked to the safe use of medicine approach. The primary focus of our product development and manufacturing processes is on the safe use of medicine, from animal testing, clinical trials, and product manufacturing to responsible marketing.

[Entity specific] Policies related to Innovation and responsible research & development

Richter has several internal documents to guide the R&D processes in accordance with industry standards. These cover, for instance, guidelines for the different research phases and the steps of development after selecting drug candidates. Processes and regulations for clinical trials are described in section “Safety of Clinical Trial Participants”. Here, we present our approach to animal testing.

Regulation for animal testing

Animal testing is a necessary part of the pharmaceutical industry. Regulatory requirements for the authorisation of medicines oblige pharmaceutical companies to demonstrate the safety and efficacy of active substances in animal studies. The Richter Group undertakes all animal testing in line with the regulatory guidelines as part of the drug development process. The company is committed to keeping the number of animal tests carried out to the necessary minimum and, where possible, to reducing them even further. It is our internal policy and practice to conduct animal testing only in the context of projects where there is no other substitute for the use of animals. At Richter, animal testings are carried out in Hungary solely, and they are part of our upstream R&D processes.

The person responsible for content of the regulation and legal compliance regarding the conduct of animal experiments is the Director of Research and Development Directorate. The Head of Pharmacology is responsible for the validation of the project authorisation of the National Food Chain Safety Office (NÉBIH). Project authorisation applications submitted to the NÉBIH are assessed by the Scientific Ethics Council for Animal Experimentation, after which work requiring animal experimentation may be started at the company.

The keeping and use of laboratory animals in compliance with regulatory and social requirements is safeguarded by the Animal Experimentation Code. This regulation directly applies for our Hungarian sites and provides guidelines for our Affiliates abroad. The welfare and care of animals in the company is the responsibility of the Animal Welfare Officer. The conditions under which animals are kept and the legal requirements for animal experimentation are checked every three years by the Hungarian authorities (NÉBIH). Richter only purchases live animals from ISO-certified suppliers. The Richter Group believes that these suppliers can effectively ensure that the strictest animal welfare regulations are enforced and extends this expectation to its contractual partners.

The Workplace Animal Welfare Committee is responsible for the preparation and monitoring of the Animal Experimentation Code. The Committee has the power to stop any animal testing if the welfare of the animals justifies it, and to inform the relevant health authority at the same time. The Committee is assisted by a designated veterinarian. Staff working with animals are specifically qualified to work with live animals, as required by law.

[Entity specific] Taking action on material impacts, mitigating material risks, and pursuing material opportunities related to Innovation and responsible research & development

There were no specific reportable action plans in the reporting period, apart from our general aspirations. However, we believe we can further reduce the number of animals used in the future through the increasing use of modern technology. We are committed to creating a scientific and theoretical background that will enable us to translate animal testing results

into better human efficacy. To this end, we are also exploring the potential of 3D brain models and touchscreen behavioural techniques as new avenues for testing potential new drug molecules.

[Entity specific] Metrics in relation to Innovation and responsible research & development

Regulatory requirements for the authorisation of medicines oblige pharmaceutical companies to demonstrate the safety and efficacy of active substances in animal studies. Richter strives to reduce the number of animal experiments by applying the "3R'' principle (Replacement, Reduction, and Refinement) in accordance with scientific goals. In order to achieve the goals of the 3R, we apply local ethical regulations – we use statistical analysis to determine the minimum number of animals required for a given experiment. As a result of decades of applying these principles, the number of animals used in tests in 2024 was only 13,861, which is 70% lower than in 2010.

In accordance with the applicable government regulations, the workplace animal welfare committee compiles the number of animals used within the institution during the previous year by January 31 of each year and submits a copy of the corresponding statistical report to the competent animal health authority.

[Entity specific] Targets for managing material impacts, risks and opportunities in relation to Innovation and Responsible Research & Development

There were no specific reportable targets in effect in the reporting period. Our general aspirations to lower the number of necessary animal testings continued in 2024.

[Entity specific] Safety of Clinical Trial Participants

The IRO-1, SBM-3, GOV-2, GOV-5 disclosures in the ESRS 2 General disclosures section apply to entity specific matters as well.

[Entity specific] Governance

Research and development have always played an important role in Richter's life, with research of original drug molecules, new product launches and innovation being top priorities in the company's strategy since its foundation in 1901. Therefore, the Research and Development Directorate has a key role in the life of the Company and in the implementation of its strategy. Pharmaceutical research and development cover four strategic directions: recombinant biotechnology; research and development of potential original small molecule drugs; late development phase women's healthcare projects; and the development of generic drugs.

Within the Research and Development Directorate, the Global Medical Division not only designs and conducts clinical trials of new and generic compounds, but also plays an important role in the care and lifecycle management of products on the market.

[Entity specific] Strategy

In conducting clinical trials, our company pays great attention to ethical conduct and quality. As a minimum, all trial staff and contractual partners are expected to participate in the trial in accordance with the ethical guidelines of the Declaration of Helsinki, Good Clinical Practice (GCP) and local legislation. Clinical trials can only be initiated after approval by local/central ethics committees based on the documents required to run the clinical trial and the trial protocol, which must be signed by the site head of the testing facility. In accordance with local rules, the approving ethics committee will receive

information on the progress and status of the trial and all relevant events. The precise powers of ethics committees may vary from country to country, but the committee may also take the initiative to discontinue a trial and all relevant events.

[Entity specific] Impact, risk, and opportunity management

Richter's material impacts, risks, and opportunities (IRO) that were identified during the group level double materiality (DMA) process are all listed in the General disclosures section, under SBM-3.

Richter has a positive impact in terms of “Safety of Clinical Trial Participants”. Drug safety permeates the entire operations of our Group; there is no area that is not directly or indirectly linked to the safe use of medicine approach. The primary focus of our product development and manufacturing processes is on the safe use of medicine – from animal testing, clinical trials, and product manufacturing to responsible marketing.

Throughout the clinical development process (planning and conduct), risks associated with the development and trial are assessed and an action plan is drawn up to address these risks. Guidelines and training for clinical trial participants (both sponsor and contracted partner) are provided for their job role and for the regulated workflows. Understanding and completing these is mandatory and their completion is documented.

Richter employees involved in clinical trials have relevant qualifications and professional knowledge. All clinical trial staff undergo a detailed induction programme, including documented training of company standard operating procedures and basic GCP knowledge.

[Entity specific] Policies related to safety and clinical trial participants

Gedeon Richter’s Position on the Conduct of Clinical Trials and Trial Data Transparency

This position paper describes Richter’s commitment to conduct clinical research in a way that promotes mutual trust between patients, physicians, local ethics committees, governmental authorities, and Richter as the pharma company. As explained in the document, the managerial responsibility for ethical conduct in clinical trials lies with Richter’s Director of Research and Development and is applicable for all of our clinical trial processes.

We pay great attention to ethical conduct in the design and conduct of clinical trials. An essential element of this is to ensure that only the minimum number of participants and the minimum level of exposure to any intervention is maintained. In addition, trial participants are given detailed and clear information about their rights and the aims, benefits, and potential risks of the trial before any trial-related intervention. Once all their questions have been answered, they will provide voluntary written informed consent, which they can withdraw at any time without having to provide a reason.

Richter has a multi steps testing process, according to the regulatory and ethical requirements, before launching a new product on the market. Testing process is essential to ensure product safety and to detect all potential negative effects of medicines, before applying for authorization and later providing the drug to a large group of people.

When designing clinical trials, it is important to ensure representativeness of the patient population receiving the product. Our clinical trials are typically conducted in Europe, Canada, Mexico, Russia, and China, meaning that clinical trials overlap significantly with the company’s key markets. This ensures diversity of clinical trial participants. Monitoring and continuous quality assurance are essential for clinical development. The Richter Group ensures clinical site monitoring for all clinical trials and conducts regular audits of the sites and other contracted partners involved in the conduct of clinical trials.

[Entity specific] Taking action on material impacts, mitigating material risks, and pursuing material opportunities related to Safety and clinical trial participants

There were no specific, reportable action plans in the reporting period in this topic. The company's current operations comply with relevant legal requirements, and no triggers have occurred that would warrant specific, quantifiable, or time-bound objectives. The status of "achieving compliance with external policy" cannot be interpreted as a strategic objective, as it represents a fundamental operational requirement mandated by law. However, we will examine setting qualitative goals in the future to foster further development in maintaining and enhancing compliance.

[Entity specific] Metrics in relation to safety and clinical trial participants

During clinical trials, only the minimally necessary number of participants and only at the minimally necessary level are burdened with any intervention. The Richter Group publishes detailed clinical trial data on the relevant regulatory platforms, in accordance with the legislation. It also regularly publishes clinical results in international journals. 2024, we published 6 such articles.

During the planning phase of clinical trials, we ensure the diversity of trial participants in order to guarantee representativeness of the drug’s future target group. In 2024, we conducted clinical trials in 24 countries, the locations significantly overlapping with the company’s most important markets. All Richter sponsored studies conducted in patients are registered and reported in publicly accessible registries, such as EudraCT or ClinicalTrials.gov, according to the local laws and regulations where the clinical study is conducted.

[Entity specific] Targets for managing material impacts, risks and opportunities in relation to Safety and clinical trial participants

There were no specific, reportable action plans in the reporting period in this topic. The company's current operations comply with relevant legal requirements, and no triggers have occurred that would warrant specific, quantifiable, or time-bound objectives. Targets are not applicable in this topic, as all of our processes are guided by regulations (e.g., EMA, FDA, and National Authorities).

Corporate Governance

[G1] Business conduct

The Richter Group considers a corporate governance system in line with international and Hungarian requirements a priority. Our company's commitment is demonstrated by the fact that we strive for the highest possible degree of transparency in our corporate governance structure and business activities.

As a pharmaceutical company, the trust of our customers and partners is essential to us and can only be guaranteed through ethical and reliable operation. We regularly inform our stakeholders about the cornerstones of our responsible corporate governance through our publicly available stock exchange disclosures and reports. Data protection is vital in our activities, we process personal data from research to product sales and marketing communications. As an employer, we do our utmost to ensure legal and ethical employment. In line with international and national requirements, our internal policies ensure the freedom of association of our employees. Employee representation is supported by various trade union memberships.

Composition of the Richter Group

Gedeon Richter Plc. is a pharmaceutical manufacturing and sales company, which also performs group management functions as the parent company of the Richter Group. Pharmaceuticals manufacturing and sales is the core business of the Richter Group, and therefore the management of the member companies performing the same function is centralised. Capital allocation, development policy, production coordination and marketing are also coordinated in this business. As a result of the harmonised business strategy, transactions with the parent company play a decisive role in the economic activities of the member companies involved in the production and sale of pharmaceuticals.

The parent company classifies the companies and business interests belonging to the Richter Group into three basic business segments: Manufacture and sale of pharmaceuticals, Wholesale and retail of pharmaceuticals, and Other.

Governance model of the Richter Group

The Richter Group is a group of companies, where the parent company performs two functions in parallel. On the one hand, it performs ownership management functions, ensuring the strategic and financial management of the legally independent subsidiaries, and on the other hand, it is the largest R&D, manufacturing and marketing unit of the Group. In addition to the unified management, the parent company's economic role is also dominant within the Group, as it accounts for almost half of its turnover, and some pharmaceutical functions (original research, production of steroid products, etc.) are performed exclusively by the parent company.

[GOV-1] The role of the administrative, supervisory and management bodies

Subject to the corporate law provisions and requirements related to Hungarian law, Richter is entitled and obliged to establish a corporate governance system that is primarily and obligatorily applicable only to Gedeon Richter Plc. (the Hungary-based parent company). A detailed description of this system (rules of the Annual General Meeting, shareholders' rights, Executive Management, Board of Directors, Supervisory Board, responsibilities and division of tasks of subcommittees, conflict of interest, remuneration and diversity policy, internal control and risk management system, etc.) is available on the Richter corporate website in the document "Report on Corporate Governance", under the submenu Sustainability/Governance.

The Executive Management is responsible for the operative management of the company's activities, directed by the Chief Executive Officer. Richter's business conduct policies are mandatory for everyone at Richter – including all employees, managers, executive officers, and members of the Board of Directors. The Code of Ethics also highlights the importance of

an enhanced level of responsibility for compliance in the management e.g. it is expected to demonstrate respect for the highest ethical standards.

Disclosure of the expertise of the administrative, management and supervisory bodies on business conduct matters is available publicly on our website.

[IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities

Richter's material impacts, risks, and opportunities (IRO) that were identified during the group level double materiality (DMA) process are all listed in the General disclosures section, under SBM-3. Detailed description of our DMA process is shown in the General disclosures section, under IRO-1.

[G1-1] Business conduct policies and corporate culture

The Richter Group takes great care to ensure that its employees act ethically in all areas of our business. In general, our ethical conduct is governed by the guidelines of our Global Compliance Programme.

The purpose of the Compliance Manual is to express the commitment of the Richter Group to operate in a lawful and responsible manner daily. To keep our business operations up to date with legislation, in particular pharmaceutical regulations, the Compliance Manual is regularly reviewed to keep it in line with the requirements of ongoing legal compliance at national and international level. In line with Richter's "Regulation on the Company's administrative regulatory instruments" (introduced in section S1-1), the most senior level in organization that is accountable for the implementation of policies is the CEO. The scope of the Compliance Manual is the entire Richter Group, and all documents are accessible via Richter's Global intranet platform. Moreover, the Code of Ethics and the Anti-Corruption Manual are publicly available on Richter's website.

In 2024, our Group Compliance Manual included the following:

Code of Ethics

The Code of Ethics sets out the basic standards of conduct, corporate principles and objectives that are binding and expected of all employees of the Richter Group. The Code sets out the higher-level requirements for all employees and the guidelines to be followed in communication and relations with the Group and its business partners. It is publicly available on our corporate website.

Richter's Manuals are consistent with the United Nations Convention against Corruption. However, the UN guidelines are not referred to explicitly in the documents. Adaption and update is planned for 2025.

Business Conduct and Transparency Policy

The Policy is a key element of the compliance system, covering anti-corruption standards and rules on interactions with healthcare professionals, pharmaceutical law and transparency.

As disclosed in this Code, there are certain areas and types of interactions that may expose Richter to a heightened risk of corruption. These are:

1. Working with Government Officials

   Benefits given to those working in the public sector are more likely to be considered as improper and illegal than benefits given to those working in the private sector. For this reason, heightened awareness is required when interacting with representatives of the public sector or government officials.

2. Dealing with healthcare professionals (HCPs)

HCPs employed by a state-owned or publicly-funded healthcare service provider will qualify as Government Officials; therefore, any interactions with HCPs will present a higher risk of violation under the Anti-Corruption Laws.

3. Dealing with Third Parties

Bribery often involves Third Parties. Because Anti-Corruption Laws prohibit "indirect" as well as direct payments and offers, payment of a bribe through a Third Party has the same effect as making the bribe directly. Thus, Richter and Employees as well can be held criminally liable for payments by Third Parties, such as agents, distributors, joint venture partners, contractors, consultants and representatives.

Regulation on Competition Law Compliance

The purpose of this regulation is to give all employees practical guidance on how to do business while maintaining full compliance with the competition law of the European Union and of the Member states. The consequences of the infringement of competition law may be severe for companies. Such sanctions include high fines, compensation of damages and reputational harm for the company, and, in some countries (e.g. in the UK or Hungary), criminal penalties for the individuals, including fines and imprisonment.

Regulation on Corporate Communications

The purpose of this regulation is to establish common rules and principles on sharing any kind of information with third parties about Richter. This cover external public communications and public relations ("PR") activities concerning Richter's operation including but not limited to information which the company must disclose due to stock exchange presence.

Regulation on Website Content Concerning the Content and Operation of Gedeon Richter Plc.'s Websites

This handbook contains general corporate standards, principles, legal frameworks and sample documents (e.g., terms of use, privacy statement) for the content and operation of websites and social media sites and the management of the data collected. This document ensures that website development adheres to uniform data protection standards and supports the principle of privacy by design.

Conflict of Interest Policy

The purpose of the code is to make employees aware of potential conflicts of interest, to prevent conflicts of interest from occurring, and to manage existing conflicts of interest.

Regulation on the protection of Trade Secrets

The regulation contains a definition of the scope of trade secrets relating to the activities of Richter and other relevant data, facts and information.

[G1-2] Management of relationships with suppliers

In the pharmaceutical industry, ensuring the expected quality of products is only possible with close control of the entire value chain, which is why the selection of suppliers is of paramount importance. In our procurement processes, we have the same high expectations of our suppliers as we do of our own performance.

Our company sets out the purchasing principles of the Richter Group in its Procurement Policy. We require all our employees and partners to comply with and enforce these principles, and our Code of Conduct on Procurement provides for their practical implementation. Further information on these documents is in section S2-1.

We ensure our partners' compliance with these principles through our Supplier Rating System pre-qualification process and our contracts. For further information about this System, please see section S2-2.

In 2025, we are launching a project to develop a new system for identifying, evaluating, and managing the ESG-related risks in our value chain, focusing on our suppliers. The system will be operated by the Procurement Department. Due to the introduction of the "ESG Act" in Hungary (Act CVIII of 2023), Richter's operations in Hungary will be subject to stricter ESG-focused due diligence obligations. The new system will ensure compliance with the new local regulations.

[G1-3] Prevention and detection of corruption and bribery

The Richter Group expects all its employees, consultants, representatives, suppliers and other business partners to observe, comply with and enforce the provisions of the Compliance Manual and the Code of Ethics in all their dealings with market participants. To this end, the Anti- Corruption provisions are part of the agreement with all external partners.

Oversight of our ethical conduct is the responsibility of the Legal and Intellectual Property Department, where the Global Compliance Team handles reports of conduct that violate the Code of Ethics and the Global Compliance Programme. The Global Compliance Team investigates all allegations and, if necessary, involves the HR Department, labour law team, and the head of the department or the Affiliate concerned. Affiliate-related whistleblower reports received through the Compliance Hotline are investigated by the Global Compliance Officer with the assistance of the relevant Affiliate Manager.

Zero tolerance for corrupt conduct

The principles to be observed at the Richter Group in the fight against corruption and bribery are set out in the Business Conduct and Transparency Policy. Under the Policy, Richter expects integrity and transparency. We have a zero-tolerance policy towards fraud and all other corrupt activities. Regardless of local customs, business culture, or the nature of the solicitation of bribes or other improper advantage, our employees and third parties are strictly prohibited from actively participating in or passively tolerating corruption in connection with the company’s business.

Richter does not support political parties, does not engage in lobbying activities and does not influence the financial decisions of national governments. Our Group has strict rules on relations and cooperation with public sector employees and government officials.

We also expect our partners to comply with our anti-corruption rules, which is why all our contracts include anti-corruption clauses. This means that we are jointly committed with our partners to comply with the applicable anti-corruption laws and the provisions of the “Anti-Bribery and Corruption Manual of Gedeon Richter Plc and its Affiliates” in the course of their business activities and in connection with the contract.

Compliance hotline

The Compliance Hotline is a confidential whistleblowing forum for handling complaints related to ethics and compliance issues related to the Compliance Manual (including the Code of Ethics), which facilitates the investigation and handling of misconduct, ethical violations and violations of law. The Compliance Hotline is part of Richter's Global Compliance Programme, which focuses on fostering a corporate culture of trust and integrity and preserving Richter's reputation. The personal scope of the Code covers all employees, consultants, representatives, persons not employed by Richter but acting on behalf of Richter or in other employment relationships, as well as suppliers and other business partners of Richter.

The Compliance Hotline complies with *Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law* and *Act XXV of 2023 on complaints, notifications of public interest and rules on the notification of abuse on* complaints, whistleblowing and rules on reporting abuse.

The protection of Whistleblowers is of paramount importance to Richter, and we will ensure that Whistleblowers will not be subject to any retaliation, discrimination or other unfair treatment. The identity of the Whistleblower, the Whistleblower and third parties concerned by the Whistleblowing, as well as personal data essential for the investigation of the Whistleblowing, may be processed only for the purpose of investigating the Whistleblowing and remedying or ending the conduct that is the subject of the Whistleblowing and may be disclosed to those involved in the investigation of the Whistleblowing.

Notifications can be made through several channels and platforms: e-mail, telephone, Virtual Compliance Officer (VCO) channel. The VCO is Richter's complex, centralised internal reporting and whistleblowing management system which functions as a written reporting channel and is available to Reporters on the following website: https://richter.vco.ey.com/

Irrespective of which reporting channel the reporter has made the report through, acknowledgement of receipt of the report to the reporter within seven days of that receipt is made. The Company's Global Compliance Officer investigates reports as soon as possible under the given circumstances but not later than 30 days after their receipt. During the investigation, Richter keeps in touch with the reporter and may request them to supplement, specify the report, clarify the facts of the case or provide further information. Further information on the process can be found in our Code of Ethics, available on the corporate website.

Trainings on ethics and anti-corruption

Within the Legal and Intellectual Property Department, the Global Compliance Team regularly provides in-person and online training to employees in relation to the Richter Group Compliance Manual. The trainings can be mandatory online trainings for all employees (Code of Ethics, Anti-Corruption and Anti-Bribery) or specific to a particular field (e.g., competition law, transparency).

No data is available for the anti-corruption and anti-bribery training coverage for FY2024. Compliance training data of the Richter Group for FY2025 will be shown in our next Annual Report.

In sections G1-1 and G1-3, we have detailed our key impact mitigation measures and policies related to business conduct. Currently, we lack specific metrics to assess the effectiveness of these initiatives. We are committed to developing appropriate performance indicators to evaluate and enhance the efficacy of our governance strategies.

[G1-4] Incidents of corruption or bribery

The Compliance Hotline is both used by people reporting on potential violations as well as our employees asking questions about the Global Compliance Programme.

Our preventative initiatives are explained in detail in section G1-3. Thanks to these, in FY 2024, a total of 8 notifications were received globally through the Compliance Hotline, none of which were substantiated.

Types of notifications:

- Workplace accident
- Pharmacovigilance related
- Corruption-related
- Workplace harassment

[G1-MDR-A] Actions and resources related to business conduct – Anti-fraud governance

Richter is committed to maintaining a fraud-free environment through a comprehensive framework supported by our Code of Ethics, Anti-Corruption Policy, Competition Law Compliance Policy, Procurement Policy, and Whistleblowing Policy. As detailed in the previous sections (G1-1 and G1-3), these policies set clear standards for ethical behaviour, mitigate fraud risks, and ensure regulatory compliance. The Anti-Fraud Framework Proposal, currently in development, aims to further strengthen our anti-fraud governance structure to uphold the highest standards of ethical conduct.

Our Internal Audit Department collaborates with the Cybersecurity, Security, Compliance, and Risk teams implement and oversee anti-fraud mechanisms ensuring extensive safeguards. Additionally, the Legal Department plays key role in ensuring alignment with all relevant anti-corruption laws and regulations.

The scope of the current anti-fraud initiatives covers all aspects of the Company's operations with a particular focus on the Hungarian entities. Ongoing actions and milestones include:

- The Anti-Fraud Risk Assessment Project. A comprehensive evaluation of all departments is carried out to identify vulnerabilities. Launched in 2024, this initiative remains ongoing.
- The Due Diligence Policy, currently under development to ensure a thorough evaluation of business partners. Its implementation is planned for 2025.

A key future milestone is the establishment of a structured investigation and corrective action process, along with the allocation of dedicated personnel and financial resources as outlined in the Anti-Fraud Framework Proposal for Management.

[G1-5] Political influence and lobbying activities

This issue was not identified as material.

[G1-6] Payment practices

According to Richter's General Terms and Conditions (GTC), payment for the goods delivered or services provided must be made to the service provider within 60 calendar days from the date of the invoice issued after acceptance of the contractual performance, unless otherwise stated. The terms of payment are not laid down by type of partner but by contract, offer or agreement with the partners individually. For this reason, the payment term may differ from the one set out in the GTCs on a case-by-case basis.

The percentage of payments aligned with the above mentioned GTC is 95.9%. This was calculated by considering payments made within 60 days from the date of the issue of invoice. Furthermore, the average time Richter takes to pay an invoice is 36 days (the average number of days from the invoice date to the settlement date, based on the bank settlement slips). Considering the individual agreements with different partners, the non-late payment rate of Richter was 72% in 2024.

The calculations were based on invoices settled in 2024 for Richter's Hungarian sites and activities. The data include both supplier invoices with purchase order history and invoices without purchase order history. It does not include specific general ledger items such as advances or advance payments.

Number of legal proceedings outstanding for late payments is 0.

[Entity specific] Data security and protection

The IRO-1, SBM-3, GOV-1, GOV-2, GOV-5 disclosures in the ESRS 2 General disclosures section apply to entity specific matters as well.

[Entity specific] Governance

Richter places great emphasis on data security and therefore has a dedicated data security governance department. This unit is responsible for drafting and reviewing regulations related to information security, ensuring that internal requirements and processes comply with legal standards and industry best practices. Additionally, this department is the main coordinator for security risk assessment processes and security trainings.

[Entity specific] Strategy

Richter processes personal data in various contexts, including event organization, adverse reaction reports, clinical research, market research, marketing and branding/PR activities, CSR projects, employment and contractual context and

security monitoring on manufacturing, storage and logistics premises. In all these activities, safeguarding and respecting the rights and freedoms of the individuals concerned is of paramount importance.

[Entity specific] Impact, risk, and opportunity management

Richter's material impacts, risks, and opportunities (IRO) that were identified during the group level double materiality (DMA) process are all listed in the General disclosures section, under SBM-3.

Data protection is of outmost importance to Richter, given the substantial volume of data it manages. Successful cyberattacks could present significant financial risks. Therefore, Richter has implemented robust security measures, such as prohibiting the use of USB drives, conducting regular training sessions, and providing a phishing alert button. These precautions effectively mitigate the risk of successful attacks. Richter has embarked on the transformation of its IT infrastructure to comply with contemporary standards. While progress is on schedule, there remains potential for further enhancement. Upgrading the infrastructure not only optimizes process efficiency and device performance but also yields long-term cost savings for the company, ensuring a more modern and secure operational environment. and its processes. The NIS2 requirement is currently a focal point, with the assessment and preparation process already underway. The objective is to achieve full compliance in 2025.

[Entity specific] Policies related to data security and protection

To develop our data protection framework, we launched the Richter Group's data protection programme several years ago and have established some specific data protection policies, procedures and sample documentation for the parent company and European Economic Area (EEA) entities as first round, which are regularly maintained and reviewed. We also seek to increase the data protection knowledge, awareness and compliance of employees and main partners through trainings, workshops and other means (e.g. dedicated communication channels, newsletters).

Global Privacy Policy

This Policy provides the foundation of the data protection framework for the Richter Group entities within the EEA and sets out the principles and safeguards for the processing of employee, contractual and business partner, other data subjects' personal data that Richter processes in the course of its day-to-day operations. The most senior level in organization that is accountable for implementation of policy is the CEO.

Information Security Policy

Richter's information security policy outlines the security requirements for processes and technical solutions related to information protection, establishing the fundamentals for risk-proportionate operations. The annexes and additional detailed regulations associated with the policy provide a deeper elaboration on specific information security-related topics. The most senior level in organization that is accountable for implementation of policy is the CEO.

Other relevant regulations and processes

The data security and protection principles are also applied in other regulations and processes within our company. These processes cover topics such as data breach management, managing data subject rights, data protection impact assessment methodology, records of processing activities, IT development process, employment related data processing, internal communications, CCTV system, entry system, etc.

The most note-worthy regulations are:

- Regulation on Website Content Concerning the Content and Operation of Gedeon Richter Plc.'s Websites (for further information about this policy, please see section G1-1)
- Procurement Policy (for further information about this policy, please see section S2-1)

- Regulation on the Company's administrative regulatory instruments (for further information about this policy, please see section S1-1)

The most note-worthy processes are:

- Privacy by design and privacy by default (PbD) principles

We have specific policies in place that prioritize privacy by design and privacy by default (PbD) principles. These include policy on procurement procedure and contracting, IT development procedure, website content and the main privacy policy. The management of these topics is defined in our internal policies and governing laws, which serve as the foundation for non-privacy professionals. We place significant emphasis on ensuring that privacy by design and privacy by default principles are integrated into our early-stage project planning processes. To guarantee the implementation of optimal data protection solutions in accordance with PbD principles, we have recently expanded our data protection team, providing comprehensive legal support and, when necessary, involving external experts. Each solution is meticulously tailored to the specific nature of the project, guided by data protection experts and subject to continuous data protection oversight throughout the project's lifecycle.

- Vendor assessment, vendor checklist

In order to further mitigate data protection risks, on a risk-based approach Richter requires vendors (service providers who act typically as data processors) who handle personal data to complete a vendor assessment questionnaire during the selection process, ensuring that only vendors with acceptable risk levels are engaged.

[Entity specific] Taking action on material impacts, mitigating material risks, and pursuing material opportunities related to Data security and protection

There were no specific reportable action plans in the reporting period. Richter has a risk management framework that is currently undergoing a comprehensive review to align with significant changes in the relevant regulatory environment and to maintain risk-proportionate protection. The risk assessment framework allows for the detailed identification of individual risk factors and the implementation of necessary measures to address them. As part of the review process, Richter will also develop an information security risk assessment strategy.

[Entity specific] Metrics in relation to data security and protection

Trainings on data protection

Gedeon Richter Plc. and some group entities teach the general data protection basics through e-learning systems, reaching thousands of employees (including new hires) at the group level, mainly office workers, while paper-based materials reach employees working in production or other physical jobs. In 2024, Richter reviewed areas with high exposure to data processing activities. Accordingly, approximately 120 employees in managerial positions received personalized, in-person data protection training. Additionally, around 110 employees directly involved in data processing received separate, personal four-session data protection training. The data protection team also held ad-hoc workshops, reaching nearly a hundred other employees, increasing data protection awareness and explaining the dynamics of data protection based on conclusions drawn from current projects.

Richter also provides a dedicated educational channel for its employees, where they can download and access numerous information and training materials.

Security incidents / data breaches

Richter strives to eliminate potentially irregular practices by continuously monitoring its data management practices and partnerships. In 2024, the company experienced a low number of security incidents, of which only four were classified as minor (not risky) personal data breach cases. Based on the results of a detailed internal risk assessment, these incidents

did not reach a level of significant detriment that would have required notification to the data protection authority or data subjects. Richter reviewed the underlying circumstances and implemented the necessary corrective and protective measures. No complaints of data leakage, theft, or loss involving consumers, study participants, patients, reporters, or participants were reported during 2024.

[Entity specific] Targets for managing material impacts, risks and opportunities in relation to Data security and protection

There were no specific reportable targets in effect in the reporting period. As part of Richter's information security strategy under development, the Group will address appropriate planning and the definition of key performance indicators.

Appendix

Table 1 – Material impacts, risks and opportunities and their interaction with strategy and business model

Environmental information

Topic and subtopic	Name of the IRO	Impact, opportunity or risk	Time horizon and status	Place in value chain	Interaction of the IRO with Richter's strategy
Climate change/ Climate change mitigation	GHG emission	Negative impact	Short-term Actual	Own operations Upstream Downstream	Carbon footprint calculation, net zero strategy and the setting of SBTi targets are important in the next years for Richter. They could also influence the procurement practices and processes.
Climate change/ Climate change mitigation	Climate related transition risks	Financial risk	Long-term Potential	Own operations Upstream Downstream	Carbon footprint calculation, net zero strategy and setting of SBTi targets are important in the next years for Richter. They could also influence the procurement practices and processes.
Climate change/Energy	Energy consumption	Negative impact	Short-term Actual	Own operations Upstream	The electricity used by production plants comes from a mix of renewable and non-renewable sources. There is an energy management system in operation and energy strategies have also been implemented at the three Hungarian sites, which will be developed for the subsidiaries in the next years as well.
Pollution/ Expenditures related to environmental remediation	Expenditures related to environmental remediation	Financial risk	Short-term Potential	Own operations Upstream Downstream	If sites fail to meet environmental target emissions, it could result in fines, and reputational risks. The financial impacts of clean-up, litigation and reputational damage can be significant too. Additionally, when the revised Urban Wastewater Treatment Directive is adopted, it could lead to higher treatment costs for Richter.
Pollution/Pollution of air	Air pollution from own activities	Negative impact	Short-term Actual	Own operations Upstream	The substances used in the production of active pharmaceutical ingredients are solvents (volatile organic compounds) in Richter. Almost half of these are reused, i.e. recycled back into the manufacturing process with treatment or after purification.
Pollution/Pollution of living organisms and food resources	Pharmaceuticals in the environment	Negative impact	Short-term Actual	Own operations Upstream Downstream	The release of pharmaceuticals and their active substances into the environment is a specific environmental challenge for Richter. The pollutant content is regularly checked by Richter through self-monitoring the watch list that is set by the relevant regulations.

Topic and subtopic	Name of the IRO	Impact, opportunity or risk	Time horizon and status	Place in value chain	Interaction of the IRO with Richter's strategy
Pollution/Pollution of water	Water pollution from own activities	Negative impact	Short-term Actual	Own operations Upstream Downstream	With a focus on controlled managing of harmful substances, Richter makes every effort to minimize water pollution. For instance, solvents are substituted and disposed of through collaboration with a partner company, while laboratories are equipped with collection containers to contain any potential spills. The pollutant content is regularly checked by Richter through self-monitoring the thresholds that are set by the relevant regulations.
Water and marine resources/Water	Water withdrawals	Negative impact	Short-term Actual	Own operations Upstream	The business activities of Richter are water intensive. Support operations have the most significant level of water consumption e.g. in connection with cooling. Despite recirculation cooling, industrial water is used in significant quantities. For manufacturing and R&D, drinking water is used that is purified as necessary. Richter's water management strategy aims to minimise the pressure on water resources and pays special attention to the amount of water used.
Water and marine resources/Water	Water consumption	Negative impact	Short-term Actual	Own operations Upstream	The business activities of Richter are water intensive. Support operations have the most significant level of water consumption e.g. in connection with cooling. Despite recirculation cooling, industrial water is used in significant quantities. For manufacturing and R&D, drinking water is used that is purified as necessary. Richter's water management strategy aims to minimise the pressure on water resources and pays special attention to the amount of water used.
Water and marine resources/Water	Water discharges	Negative impact	Short-term Actual	Own operations Upstream Downstream	Richter's water management strategy aims to minimise the pressure on water resources and pay attention to both the amount of water used and the level of pollution. At all production sites, the water is treated in accordance with the regulations. The pollutant content of the discharged wastewater is regulated by authorities and complied with.
Circular economy/ Expenditures related to waste management	Expenditures related to waste management	Financial risk	Long-term Potential	Own operations Upstream Downstream	Richter strives to develop its processes in accordance with the circular economy approach. A system has been set up in Hungary for the collection of waste generated by end users (e.g. expired pharmaceutical waste), which is operated by a third party. The packaging of medicines has special legal requirements so there is not a real potential for further innovation and replacements.
Circular economy/ Resource inflows, including resource use	Resource use	Negative impact	Short-term Actual	Own operations Upstream	All manufacturing and R&D processes in Richter require large quantities of raw materials. For Richter, these could refer to products and materials used in the enterprise's own operations or along its upstream value chain, as well as water, real estate, facilities, and equipment. Some resources have been processed before and may have had a negative impact on the environment and society (e.g. upstream extraction, transport, and refining/production of fossil-based materials). Negative impact of the use of water resources is identified above, in the topic of water consumption. Moreover, packaging materials are also an environmental issue related to resource inflows.

Topic and subtopic	Name of the IRO	Impact, opportunity or risk	Time horizon and status	Place in value chain	Interaction of the IRO with Richter's strategy
Circular economy/Resource inflows, including resource use	Dependence on resources	Financial risk	Long-term Potential	Own operations Upstream Downstream	Richter highly depends on resource inflows and some suppliers are difficult to replace, which could potentially cause a financial impact on business continuity. Global companies that are reliant on foreign energy and feedstock inputs will have to invest more money and brain power to boost productivity, develop new technological solutions and build supply chain resilience in light of the combined forces of inflation, deglobalization and a more unstable geopolitical environment. Moreover, there is also the risk of the depletion of resources.
Circular economy/ Resource outflows related to products and services	Improper disposal of medications	Negative impact	Short-term Actual	Own operations Downstream	Richter strives to develop its processes according to the circular economy approach. A system has been set up in Hungary for the collection of waste generated by end users (e.g. expired pharmaceutical waste), which is operated by a third party in compliance with Hungarian legislation.
Circular economy/Waste	Waste management	Negative impact	Short-term Actual	Own operations Upstream Downstream	Richter considers it an important task to reduce the amount of waste generated during the production of pharmaceuticals and to recycle as much as possible. Waste management is carried out by legally authorised service providers who recover or dispose of it.

Social information

Topic and subtopic	Name of the IRO	Impact, opportunity or risk	Time horizon and status	Place in value chain	Interaction of the IRO with Richter's strategy
Own workforce/Working conditions	Secure employment	Positive impact	Short-term Actual	Own operations	Richter is a significant employer in the pharma sector in Hungary and with its subsidiaries in abroad as well. Richter contributes to the local economies and regional development by offering working opportunities to both blue- and white-collar workers.
Own workforce/Working conditions	Working time – peak periods	Financial risk	Short-term Potential	Own operations	Richter's different operational areas have different working schedules from more rigid to more flexible working hours. Higher production pressure and regular overtime in blue-collar positions at peak periods could result in higher fluctuation and increased operational costs. Similar time pressure for office workers could also result in higher fluctuation and lower work quality.
Own workforce/Working conditions	Adequate wages	Positive impact	Short-term Actual	Own operations	The provision of adequate wages is a key driver for well-qualified employee attraction and retention. By offering competitive salaries and additional benefits, Richter can increase the life standard of employees and their families.
Own workforce/Working conditions	Adequate wages	Financial risk	Short-term Potential	Own operations	A competitive salary level has a high influence in employee attraction and retention. Workers at production sites represent a highly salary-sensitive group in workplace selection. Due to increasing inflation rates, employees also have higher expectations for a salary increase.
Own workforce/Working conditions	Work-life balance	Financial opportunity	Short-term Potential	Own operations	Work-life balance has become an important factor for younger generations when choosing a workplace, thus could influence employee attraction and retention. It is an important pillar of Richter's HR strategy, supported by an internal program (Balance programme for the well-being of colleagues).
Own workforce/Working conditions	Health and safety	Positive impact	Short-term Actual	Own operations	Our approach to occupational health and safety and our assessment criteria are framed by our Environmental, Health and Safety (EHS) organisation and the standards that support quality assurance. Richter supports the improvement of safety work culture by involving employees' insights and pursues to raise awareness among workers on H&S concerns.
Own workforce/Working conditions	Health and safety	Negative impact	Short-term Actual	Own operations	In the pharma sector there are strict H&S requirements for workers on production sites. The wearing of obligatory protective equipment may prove uncomfortable for some and thus could lead them to look for another type of job. The usage of substances that could be of concern to human health is another factor that can lead to health issues if safety measures are not properly managed.
Own workforce/Equal treatment and opportunities for all	Training and skills development	Positive impact	Short-term Actual	Own operations	Richter has a special focus on professional development to enhance scientific and also operational development. The company offers various training and skill development options in order to have up-to-date knowledge in the pharma industry as well as to support its business transformation. One core pillar is the collaboration with educational institutions, which also provides an opportunity for talented youth to join in R&D and production.

Topic and subtopic	Name of the IRO	Impact, opportunity or risk	Time horizon and status	Place in value chain	Interaction of the IRO with Richter's strategy
Own workforce/Equal treatment and opportunities for all	Training and skills development	Financial risk	Short-term Potential	Own operations	Innovation is a core concept in Richter's operation, that requires well-qualified employees. The lack of a proper knowledge development system could result in competitive disadvantage by losing market presence and talented employees. In addition, without appropriate training on H&S and ethical behaviour, the risk of potential accidents or inappropriate behaviour increases, and this could involve financial costs and reputational damage.
Own workforce/Equal treatment and opportunities for all	Training and skills development	Financial opportunity	Short-term Actual	Own operations	Dedicated training and skills development are essential, especially in R&D, to develop and market new drugs and enter in new market segments. Through employee development Richter can reach higher operational efficiency.
Own workforce/Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	Positive impact	Short-term Actual	Own operations	Richter's advocates for zero tolerance in relation to workplace discrimination. The company has active measures against violence and harassment in the workplace (operating a reporting line and investigation process and safeguarding whistleblowers).
Own workforce/Equal treatment and opportunities for all	Diversity	Positive impact	Short-term Actual	Own operations	With a traditional corporate background and multinational company size, Richter could face a challenging time with the generation shift among employees. The Code of Ethics and Global Compliance Program aim to settle corporate values and the baseline of ethical operation, including inclusivity and acceptance of diversity, and reducing the possibility of discrimination. Continuous awareness raising and education of employees can enforce the diverse, inclusive corporate culture.
Own workforce/Other work-related rights	Child labour	Positive impact	Short-term Actual	Own operations	Richter does not tolerate the use of child labour. The company pays special attention to production sites and manufacturing processes (higher risk operations in developing countries). Managers are responsible for ensuring compliance with the provisions of Code of Ethics. Each operating unit periodically monitors, reports and, if necessary, improves its performance in this area.
Own workforce/Other work-related rights	Forced labour	Positive impact	Short-term Actual	Own operations	Richter does not tolerate the use of forced labour. The company pays special attention to production sites and manufacturing processes (higher risk operations in developing countries). Managers are responsible for ensuring compliance with the provisions of Code of Ethics. Each operating unit periodically monitors, reports and, if necessary, improves its performance in this area.
Workers in the value chain/Working conditions	Secure employment in the value chain	Positive impact	Short-term Actual	Own operations Upstream Downstream	Richter provides working and partnership opportunities for a wide group of actors globally. The company's Code of Ethics and Procurement Policy defines the suppliers' code of conduct, including human rights aspects. In order to ensure business partners' compliance, a pre-qualification process is conducted, and specific contractual terms are defined.
Workers in the value chain/Working conditions	Adequate wages in the value chain	Positive impact	Short-term Potential	Own operations Upstream Downstream	Richter is committed to cooperating with suppliers and business partners that meet its ethical standards related to working conditions. Related Group policies and pre-qualification in procurement processes aim to raise awareness and enhance compliance with norms of working conditions and human rights.

Topic and subtopic	Name of the IRO	Impact, opportunity or risk	Time horizon and status	Place in value chain	Interaction of the IRO with Richter's strategy
Workers in the value chain/Working conditions	Health and safety in the value chain	Positive impact	Short-term Actual	Own operations Upstream Downstream	Richter is committed to cooperating with suppliers and business partners that meet its ethical standards related to working conditions. Related Group policies and pre-qualification in procurement processes aim to raise awareness and enhance compliance with norms of working conditions and human rights.
Workers in the value chain/Equal treatment and opportunities for all	Measures against violence and harassment in the workplace in the value chain	Positive impact	Short-term Actual	Own operations Upstream Downstream	Richter is committed to cooperating with suppliers and business partners that meet its ethical standards related to working conditions, as described in related Group policies and assessed through pre-qualification in procurement processes. The company operates a global whistleblowing system that is available for the value chain as well.
Consumers and end-users/ Information-related impacts for consumers and/or end-users	Freedom of expression of consumers	Positive impact	Short-term Actual	Own operations Downstream	Richter operates a global drug safety reporting system. The system allows patients and healthcare professionals to raise their concerns, a process that is followed by internal inspection and the retracking of the manufacturing process. In case a claim turns out to be well-funded a product recall can happen.
Consumers and end-users/Information-related impacts for consumers and/or end-users	Access to (quality) information of consumers	Positive impact	Short-term Actual	Own operations Downstream	Richter operates in a strictly regulated segment, where the communication on products and benefits are set and monitored by the relevant authority. The company also has internal regulations and trainings regarding responsible marketing practices. Information on the safety of products is collected through a global information system, which is designed to alert and intervene when product safety changes or circumstances arise that could expose users to unforeseen risks.
Consumers and end-users/Personal safety of consumers and/or end-users	Health and safety of consumers	Positive impact	Short-term Actual	Own operations Downstream	Richter operates a quality-assured, group-wide drug safety reporting system, which monitors all changes in the benefit-risk balance of medicines throughout their life cycle and informs authorities, healthcare professionals and patients. The company employs a Qualified Person for Pharmacovigilance, who oversees the operation of the pharmacovigilance system and has personal responsibility for it. With these safeguards Richter aims to ensure patients' safety and minimize negative effects.
Consumers and end-users/Personal safety of consumers and/or end-users	Health and safety of consumers	Negative impact	Short-term Actual	Own operations Downstream	While there are strict quality assurance and registration processes, healthcare products can have adverse effects on consumers, even in a long run, that were not considered or detected in product development or testing phases. Richter aims to minimise these by running a quality-assured drug safety reporting system that can intervene if product safety changes or circumstances arise that could expose users to unforeseen risks.
Consumers and end-users/	Access to health / Access to products and services	Positive impact	Short-term Actual	Own operations Downstream	Richter has a large portfolio of generic products and some biosimilars, which it offers at a lower price, thus increasing the availability of the active substance for several priority groups. In addition, the

Topic and subtopic	Name of the IRO	Impact, opportunity or risk	Time horizon and status	Place in value chain	Interaction of the IRO with Richter's strategy
Social inclusion of consumers and/or end-users					company supports disadvantaged groups through drug donations, and providing charity organisations with medicines at low prices.
Entity-specific	Innovation and responsible research & development	Positive impact	Short-term Actual	Own operations Upstream	Innovation is a core concept in Richter's operation that is based on a knowledge-driven business model. Responsible Research and Innovation is a core principle in R&D that considers the environmental and social aspects of healthcare products' in both their development and testing phases. Richter's internal compliance and quality assurance system is based on relevant legislations and follows the standards of responsible research.
Entity-specific	Safety of Clinical Trial Participants	Positive impact	Short-term Actual	Own operations Upstream	In conducting clinical trials, Richter pays great attention to ethical conduct and quality. We follow the guidelines of ICH-GCP and ensure patient safety with meticulous CRO oversight even if study monitoring is outsourced. As part of the informed consent process, participants are informed regarding the appropriate channels to express their questions, concerns or complaints and can withdraw from trials.

Governance information

Topic and subtopic	Name of the IRO	Impact, opportunity or risk	Time horizon and status	Place in value chain	Interaction of the IRO with Richter's strategy
Business Conduct/Corporate Culture	Business ethics and compliance	Financial risk	Short-term Potential	Own operations Upstream Downstream	The lack of ethics and integrity can increase the likelihood of financial risks arising from misconduct, legal issues, and damaged relationships with stakeholders. Due to internal risk and compliance processes as well as quality assurance the likelihood is very low for this kind of financial cost to occur.
Business Conduct/Corporate Culture	Corporate culture	Financial opportunity	Mid-term Potential	Own operations	Richter recently started to implement internal Group control mechanisms to be able to lead a better aligned multinational organisation. This transformation can enable Richter to be able to reach a higher level of corporate management.
Business Conduct/Corporate Culture	Management of the governing body	Financial opportunity	Short-term Potential	Own operations	Transparent and ethical management of the governing bodies has both a positive impact on corporate culture and attracts investors. Moreover, the effective operation of the Committee system and improved data-driven information processes can strengthen and shorten decision-making.
Business Conduct/Corporate Culture	Protection of whistle-blowers	Positive impact	Short-term Actual	Own operations Upstream Downstream	Affected parties can report perceived misconduct and ethical violations anonymously via an online interface, by email, phone and voice message. All cases are investigated, and whistleblowers are adequately protected from negative consequences, as provided for by the Code of Ethics. Richter employees also have to complete a training that includes the whistle-blowing system.
Business Conduct/ Management of relationships with suppliers including payment practices	Dependence on suppliers	Financial opportunity	Short-term Potential	Own operations Upstream	Richter has a well-developed risk matrix for suppliers. The company monitors in which case it is necessary to find an alternative supplier. In case of non-compliance, the alternative supplier will also appear on the supply ordering platform and Richter can easily change when needed. This process saves time and money for the company, thus is a financial opportunity.
Business Conduct/ Management of relationships with suppliers including payment practices	Supplier screening	Financial opportunity	Short-term Potential	Own operations Upstream	The Richter HQ has shared its procurement policies with Richter subsidiaries, but the procurement processes are not yet harmonised. There is a will to consolidate these processes, which could lower risks and might create synergies. Richter also carries out post-transaction re-rating processes and if a partner has underperformed, they terminate the contract and find a better performing supplier.
Business Conduct/ Management of relationships with suppliers including payment practices	Supply costs	Financial risk	Short-term Potential	Downstream	In case of material suppliers, the market volatility, increased material prices, inflation and problems with shipping routes can cause a robust price increase which poses as a serious financial risk for Richter.

Topic and subtopic	Name of the IRO	Impact, opportunity or risk	Time horizon and status	Place in value chain	Interaction of the IRO with Richter's strategy
Business Conduct/ Management of relationships with suppliers including payment practices	Supply costs	Financial opportunity	Short-term Potential	Downstream	In case of material suppliers, market volatility, increased material prices, inflation and problems with shipping routes can cause a robust price increase which poses a serious financial risk for Richter. To mitigate these risks, Richter has a wide-ranging risk matrix to monitor the state of suppliers. We have the option to make better deals on larger order amounts together with its subsidiaries, which is a good opportunity financially.
Business conduct/Corruption and bribery	Prevention and detection including training	Financial risk	Short-term Potential	Own operations Upstream Downstream	A confirmed case of corruption or bribery can harm the company's reputation and cause financial penalties. Richter's compliance programme includes anti-corruption and anti-bribery training. The company's supplier screening includes a statement to be approved about anti-corruption, but it is in a form of self-assessment. Regarding health professionals, the 'Fair market value' system ensures that each HCP's compensation is fair and reasonable and thus helps to prevent corruption and bribery. Medical representative's actions are controlled by the compliance guidelines but there are no spot inspections which increases the risk of bribery.
Business conduct/Corruption and bribery	Prevention and detection including training	Financial opportunity	Short-term Potential	Own operations Upstream	To manage the risk and to provide a platform to report incidents Richter has both an internal and a publicly available whistle-blowing system in place. The compliance team plans to create a due diligence process for the supply chain, which is expected to further reduce risks of corruption and bribery.
Entity-specific	Data security and protection	Financial risk	Short-term Potential	Own operations	Richter processes a large amount of personal data, such as information in connection with adverse effect reports or clinical research. The company is a target to hacker attacks which poses a financial risk in case an attack is successful. Richter has appropriate safeguards (policies, technologies, training), thus the risk of a successful attack is mitigated.

Table 2 – ESRS Index

ESRS	Disclosure requirement	Page	Note
	ESRS 2 – General disclosures		
BP-1	General basis for preparation of sustainability statements	89	
BP-2	Disclosures in relation to specific circumstances	89	
GOV-1	The role of the administrative, management and supervisory bodies	91	
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	92	
GOV-3	Integration of sustainability-related performance in incentive schemes	93	
GOV-4	Statement on due diligence	93	
GOV-5	Risk management and internal controls over sustainability reporting	93	
SBM-1	Strategy, business model and value chain	94	
SBM-2	Interests and views of stakeholders	96	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	97	
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	98	
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	100	
	E1 Climate change		
GOV-3	Integration of sustainability-related performance in incentive schemes	101	
E1-1	Transition plan for climate change mitigation	101	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	101	
IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	101	
E1-2	Policies related to climate change mitigation and adaptation	102	
E1-3	Actions and resources in relation to climate change policies	102	
E1-4	Targets related to climate change mitigation and adaptation	103	
E1-5	Energy consumption and mix	104	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	105	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	-	Not material
E1-8	Internal carbon pricing	-	Not material
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	-	Phased implementation
	E2 Pollution		
IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	108	
E2-1	Policies related to pollution	108	
E2-2	Actions and resources related to pollution	108	
E2-3	Targets related to pollution	109	
E2-4	Pollution of air, water and soil	109	
E2-5	Substances of concern and substances of very high concern	-	Not material

ESRS	Disclosure requirement	Page	Note
E2-6	Potential financial effects from pollution-related impacts, risks and opportunities	-	Phased implementation
	E3 Water and marine resources		
IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	110	
E3-1	Policies related to water and marine resources	110	
E3-2	Actions and resources related to water and marine resources	111	
E3-3	Targets related to water and marine resources	112	
E3-4	Water consumption	112	
E3-5	Potential financial effects from water and marine resources-related impacts, risks and opportunities	-	Phased implementation
	E4 Biodiversity and ecosystems		**Topical ESRS not material**
	E5 Resource use and circular economy		
IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	113	
E5-1	Policies related to resource use and circular economy	113	
E5-2	Actions and resources related to resource use and circular economy	113	
E5-3	Targets related to resource use and circular economy	113	
E5-4	Resource inflow	114	
E5-5	Resource outflows	114	
E5-6	Potential financial effects from resource use and circular economy-related impacts, risks and opportunities	-	Phased implementation

ESRS	Disclosure requirement	Page	Note
	S1 Own workforce		
SBM-2	Interests and views of stakeholders	118	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	118	
S1-1	Policies related to own workforce	118	
S1-2	Processes for engaging with own workers and workers' representatives about impacts	120	
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	120	
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	121	
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	124	
S1-6	Characteristics of the undertaking's employees	125	
S1-7	Characteristics of non-employees in the undertaking's own workforce	-	Phased implementation
S1-8	Collective bargaining coverage and social dialogue	-	Not material
S1-9	Diversity metrics	126	
S1-10	Adequate wages	126	
S1-11	Social protection	-	Phased implementation
S1-12	Persons with disabilities	-	Not material
S1-13	Training and skills development metrics	-	Phased implementation
S1-14	Health and safety metrics	127	

ESRS	Disclosure requirement	Page	Note
S1-15	Work-life balance metrics	-	Phased implementation
S1-16	Remuneration metrics (pay gap and total remuneration)	-	Not material
S1-17	Incidents, complaints and severe human rights impacts	128	
	S2 Workers in the value chain		
SBM-2	Interests and views of stakeholders	129	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	130	
S2-1	Policies related to value chain workers	130	
S2-2	Processes for engaging with value chain workers about impacts	131	
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	132	
S2-4	Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	132	
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	132	
	S3 Affected communities		**Topical ESRS not material**
	S4 Consumers and end-users		
SBM-2	Interests and views of stakeholders	133	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	133	
S4-1	Policies related to consumers and end-users	133	
S4-2	Processes for engaging with consumers and end-users about impacts	136	
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	136	
S4-4	Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	140	
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	140	
	G1 Business conduct		
GOV-1	The role of the administrative, supervisory and management bodies	145	
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	146	
G1-1	Corporate culture and business conduct policies	146	
G1-2	Management of relationships with suppliers	147	
G1-3	Prevention and detection of corruption or bribery	148	
G1-4	Confirmed incidents of corruption or bribery	149	
G1-5	Political influence and lobbying activities	-	Not material
G1-6	Payment practices	150	

Table 3 – Datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement	Data Point	SFDR Reference	Pillar 3 Reference	Benchmark Regulation Reference	EU Climate Law Reference	Page
ESRS 2 GOV-1	21 (d)	X		X		91
ESRS 2 GOV-1	21 (e)			X		91
ESRS 2 GOV-4	30	X				93
ESRS 2 SBM-1	40 (d) i	X	X	X		Not applicable
ESRS 2 SBM-1	40 (d) ii	X		X		Not applicable
ESRS 2 SBM-1	40 (d) iii	X		X		Not applicable
ESRS 2 SBM-1	40 (d) iv			X		Not applicable
ESRS E1-1	14				X	101
ESRS E1-1	16 (g)		X	X		101
ESRS E1-4	34	X	X	X		103
ESRS E1-5	38	X				104
ESRS E1-5	37	X				104
ESRS E1-5	40-43	X				104
ESRS E1-6	44	X	X	X		105
ESRS E1-6	53-55	X	X	X		105
ESRS E1-7	56				X	Not applicable
ESRS E1-9	66			X		Not applicable
ESRS E1-9	66 (a), 66 (c)		X			Not applicable
ESRS E1-9	67 (c)		X			Not applicable
ESRS E1-9	69			X		Not applicable
ESRS E2-4	28	X				Not applicable
ESRS E3-1	9	X				110
ESRS E3-1	13	X				110
ESRS E3-1	14	X				Not applicable
ESRS E3-4	28 (c)	X				112
ESRS E3-4	29	X				112
ESRS 2 – IRO 1 - E4	16 (a) i	X				Not applicable
ESRS 2 - IRO 1 - E4	16 (b)	X				Not applicable
ESRS 2 - IRO 1 - E4	16 (c)	X				Not applicable
ESRS E4-2	24 (b)	X				Not applicable
ESRS E4-2	24 (c)	X				Not applicable
ESRS E4-2	24 (d)	X				Not applicable
ESRS E5-5	37 (d)	X				114
ESRS E5-5	39	X				114
ESRS 2 - SBM 3 - S1	14 (f)	X				118
ESRS 2 - SBM 3 - S1	14 (g)	X				118
ESRS S1-1	20	X				118
ESRS S1-1	21			X		118
ESRS S1-1	22	X				118
ESRS S1-1	23	X				118
ESRS S1-3	32 (c)	X				120
ESRS S1-14	88 (b), 88 (c)	X		X		127
ESRS S1-14	88 (e)	X				Not applicable
ESRS S1-16	97 (a)	X		X		Not applicable
ESRS S1-16	97 (b)	X				Not applicable

Disclosure Requirement	Data Point	SFDR Reference	Pillar 3 Reference	Benchmark Regulation Reference	EU Climate Law Reference	Page
ESRS S1-17	103 (a)	X				128
ESRS S1-17	104 (a)	X		X		128
ESRS 2 - SBM 3 - S2	11 (b)	X				130
ESRS S2-1	17	X				130
ESRS S2-1	18	X				130
ESRS S2-1	19	X		X		130
ESRS S2-1	19			X		130
ESRS S2-4	36	X				Not applicable
ESRS S3-1	16	X				Not applicable
ESRS S3-1	17	X		X		Not applicable
ESRS S3-4	36	X				Not applicable
ESRS S4-1	16	X				133
ESRS S4-1	17	X		X		133
ESRS S4-4	35	X				Not applicable
ESRS G1-1	10 (b)	X				146
ESRS G1-1	10 (d)	X				Not applicable
ESRS G1-4	24 (a)	X		X		149
ESRS G1-4	24 (b)	X				149

Table 4 – EU Taxonomy results

Tables 4a – Proportion of Turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	**Code(s) (2)**	**Absolute turnover (3)**	**Proportion of turnover (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Taxonomy-aligned proportion of turnover, FY2024 (18)**	**Taxonomy-aligned proportion of turnover, FY2023 (19)**	**Enabling activity (20)**	**Transitional activity (21)**
		Million HUF	%	*Y, N, N/EL*	*Y, N, N/EL*	*Y, N, N/EL*	*Y, N, N/EL*	*Y, N, N/EL*	*Y, N, N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	%	%	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A1. Environmentally sustainable activities (Taxonomy-aligned)																				
1.1. Manufacture of active pharmaceutical ingredients (API) or active substances		0	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N		N	Y	0%	0%		
1.2. Manufacture of medicinal products		0	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N		N	Y	0%	0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A1)		0	0%														0%	0%		
Of which enabling		0	0%														0%	0%		
Of which transitional		0	0%														0%	0%		
A2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
1.1. Manufacture of active pharmaceutical ingredients (API) or active substances		11,325	1.32%																	
1.2. Manufacture of medicinal products		583,541	68.05%																	
Turnover of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		594,867	69.37%																	
Total (A1+A2)		**594,867**	**69.37%**														0%	0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		262,678	30.63%																	
TOTAL (A+B)		**857,545**	**100.00%**																	

Tables 4b – Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	**Code(s) (2)**	**Absolute CapEx (3)**	**Proportion of CapEx (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Taxonomy-aligned proportion of CapEx, FY2024 (18)**	**Taxonomy-aligned proportion of CapEx, FY2023 (19)**	**Enabling activity) (20)**	**Transitional activity) (21)**
		Million HUF	%	%	%	%	%	%	%	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	%	%	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A1. Environmentally sustainable activities (Taxonomy-aligned)																				
1.1. Manufacture of active pharmaceutical ingredients (API) or active substances		0	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N		N	Y	0%	0%		
1.2. Manufacture of medicinal products		0	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N		N	Y	0%	0%		
4.1. Electricity generation using solar photovoltaic technology		0	0%	Y	N	N/EL	N/EL	N/EL	N/EL		N		Y		N	Y	0%	0%		
7.3. Installation, maintenance and repair of energy efficiency equipment		0	0%	Y	N	N/EL	N/EL	N/EL	N/EL		N			Y		Y	0%	0%	E	
7.7. Acquisition and ownership of buildings		0	0%	Y	N	N/EL	N/EL	N/EL	N/EL		N					Y	0%	0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A1)		0	0%														0%	0%		
Of which enabling		0	0%														0%	0%		
Of which transitional		0	0%														0%	0%		
A2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
1.1. Manufacture of active pharmaceutical ingredients (API) or active substances		10,451	21.94%																	
1.2. Manufacture of medicinal products		21,103	44.29%																	
4.1. Electricity generation using solar photovoltaic technology		840	1.76%																	
7.3. Installation, maintenance and repair of energy efficiency equipment		200	0.42%																	
7.7. Acquisition and ownership of buildings		13,656	28.66%																	
CapEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		**46,250**	**97.07%**																	
Total (A1+A2)		**46,250**	**97.07%**														0%	0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		**1,394**	**2.93%**																	
TOTAL (A+B)		**47,644**	**100.00%**																	

Tables 4c – Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx, FY2024 (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, FY2024 (18)	Taxonomy-aligned proportion of OpEx, FY2023 (19)	Enabling activity) (20)	Transitional activity) (21)
		Million HUF	%	%	%	%	%	%	%	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	%	%	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A1. Environmentally sustainable activities (Taxonomy-aligned)																				
1.1. Manufacture of active pharmaceutical ingredients (API) or active substances		0	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N	0	N	Y	0%	0%		
1.2. Manufacture of medicinal products		0	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N	0	N	Y	0%	0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A1)		0	0%														0%	0%		
Of which enabling		0	0%														0%	0%		
Of which transitional		0	0%														0%	0%		
A2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
1.1. Manufacture of active pharmaceutical ingredients (API) or active substances		1,179	1.15%																	
1.2. Manufacture of medicinal products		51,275	50.03%																	
OpEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		**52,454**	**51.18%**																	
Total (A1+A2)		**52,454**	**51.18%**														0%	0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		**50,035**	**48.82%**																	
TOTAL (A+B)		**102,490**	**100.00%**																	

GEDEON RICHTER PLC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

Gábor Orbán

chief executive officer

Budapest, 12 March 2025

Table of Contents

Consolidated Income Statement

for the year ended 31 December

	Notes	2024	2023
		HUFm	HUFm
Revenues	**5**	**857,545**	**805,158**
Cost of sales		(266,807)	(283,834)
Gross profit		**590,738**	**521,324**
Sales and marketing expenses		(163,808)	(146,047)
Administration and general expenses		(57,183)	(50,572)
Research and development expenses		(99,250)	(78,344)
Other income	5	30,501	10,778
Other expenses	5	(39,570)	(67,322)
Impairment on financial and contract assets		(271)	(453)
Profit from operations	**5**	**261,157**	**189,364**
Finance income	6	78,397	84,041
Finance costs	6	(65,495)	(107,999)
Net financial income	**6**	**12,902**	**(23,958)**
Share of profit of associates and joint ventures	15	7,018	6,134
Profit before income tax		**281,077**	**171,540**
Income tax	7	(41,553)	(10,889)
Profit for the year		**239,524**	**160,651**
Profit attributable to			
Owners of the parent		239,244	158,850
Non-controlling interest		280	1,801
Earnings per share (HUF)	8		
Basic and diluted		1,307	860

The notes on pages 181-289 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December	Notes	2024 HUFm	2023 HUFm
Profit for the year		**239,524**	**160,651**
Items that will not be reclassified to profit or loss (net of tax)			
Actuarial loss on retirement defined benefit plans	35	(222)	(657)
Changes in the fair value of equity investments at fair value through other comprehensive income	18	7,690	2,189
		7,468	**1,532**
Items that may be subsequently reclassified to profit or loss (net of tax)			
Exchange differences arising on translation of subsidiaries		23,875	1,199
Exchange differences arising on translation of associates and joint ventures	15	(46)	86
Fair value (loss)/gain on cash-flow hedges	11	(13,489)	18,093
Hedging loss/(gain) reclassified to profit or loss		1,217	(12,367)
Changes in fair value of debt instruments at FVOCI	18	1,065	149
		12,622	**7,160**
Other comprehensive income for the year		**20,090**	**8,692**
Total comprehensive income for the year		**259,614**	**169,343**
Attributable to:			
Owners of the parent		258,749	167,944
Non-controlling interest		865	1,399

The notes on pages 181-289 form an integral part of the Consolidated Financial Statements.

Consolidated Balance Sheet - Assets

	Notes	31 December 2024	31 December 2023
		HUFm	HUFm
Non-current assets			
Property, plant and equipment	12	378,860	347,394
Goodwill	13	38,777	31,903
Other intangible assets	14	306,189	230,383
Investments in associates and joint ventures	15	16,378	15,177
Non-current financial assets at amortised cost	16	1,335	4,120
Non-current financial assets at FVTPL	17	71,531	75,839
Non-current financial assets at FVOCI	18	79,879	71,739
Derivative financial instruments	11	15,012	16,327
Deferred tax assets	19	45,660	29,244
Long-term receivables	20	8,313	4,178
		961,934	**826,304**
Current assets			
Inventories	21	215,411	177,767
Trade receivables	22	240,327	204,968
Contract assets	23	6,721	8,103
Other current assets	24	40,292	44,538
Current financial assets at amortised cost	25	994	6,239
Current financial assets at FVOCI	26	-	1,454
Derivative financial instruments	11	9	9,662
Current tax asset	27	1,676	1,689
Cash and cash equivalents	28	135,627	80,493
		641,057	**534,913**
Total assets		**1,602,991**	**1,361,217**

The notes on pages 181-289 form an integral part of the Consolidated Financial Statements.

Consolidated Balance Sheet – Equity and liabilities

	Notes	31 December 2024 HUFm	31 December 2023 HUFm
Capital and reserves			
Equity attributable to owners of the parent			
Share capital	29	18,638	18,638
Treasury shares	30	(33,852)	(29,982)
Share premium		15,214	15,214
Capital reserves		3,475	3,475
Foreign currency translation reserves	29	72,777	49,533
Revaluation reserves for financial assets at FVOCI	29	11,004	1,999
Cash-flow hedge reserve	29	(5,726)	6,546
Retained earnings		1,218,932	1,065,391
		1,300,462	**1,130,814**
Non-controlling interest	31	3,400	11,767
		1,303,862	**1,142,581**
Non-current liabilities			
Borrowings		1,253	182
Deferred tax liability	19	13,331	3,824
Non-current financial liabilities at FVTPL	32	61,132	54,467
Derivative financial instruments	11	13,160	11,413
Lease liability	33	14,624	13,817
Other non-current liabilities and accruals	34	13,162	13,866
Provisions	35	7,225	6,559
		123,887	**104,128**
Current liabilities			
Borrowings		365	-
Trade payables	37	72,331	51,301
Contract liabilities	38	2,530	2,347
Current tax liabilities	27	25,246	1,974
Current financial liabilities at FVTPL	39	4,425	2,722
Derivative financial instruments	11	7,499	935
Lease liability	33	5,501	4,428
Other current liabilities and accruals	40	53,937	47,840
Provisions	35	3,408	2,961
		175,242	**114,508**
Total equity and liabilities		**1,602,991**	**1,361,217**

The notes on pages 181-289 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

	Notes	Share capital	Share premium	Capital reserves	Treasury shares	Revaluation reserve for financial assets at FVOCI	Foreign currency translation reserves	Cash-flow hedge reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total
		HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm
Balance at 1 January 2023		**18,638**	**15,214**	**3,475**	**(2,123)**	**(339)**	**47,846**	**820**	**979,870**	**1,063,401**	**10,446**	**1,073,847**
Profit for the year		-	-	-	-	-	-	-	158,850	158,850	1,801	160,651
Exchange differences arising on translation of subsidiaries		-	-	-	-	-	1,601	-	-	1,601	(402)	1,199
Exchange differences arising on translation of associates and joint ventures	15	-	-	-	-	-	86	-	-	86	-	86
Actuarial loss on retirement defined benefit plans	35	-	-	-	-	-	-	-	(657)	(657)	-	(657)
Changes in the fair value of financial assets at FVOCI	29	-	-	-	-	2,338	-	-	-	2,338	-	2,338
Change in fair value of hedging instruments recognised in OCI	29	-	-	-	-	-	-	18,093	-	18,093	-	18,093
Hedging (gain) reclassified to profit or loss	29	-	-	-	-	-	-	(12,367)		(12,367)	-	(12,367)
Total comprehensive income for year ended 31 December 2023		**-**	**-**	**-**	**-**	**2,338**	**1,687**	**5,726**	**158,193**	**167,944**	**1,399**	**169,343**
Purchase of treasury shares	30	-	-	-	(29,799)	-	-	-	-	(29,799)	-	(29,799)
Transfer of treasury shares	30	-	-	-	1,940	-	-	-	(1,940)	-	-	-
Recognition of share-based payments	29	-	-	-	-	-	-	-	1,954	1,954	-	1,954
Ordinary share dividend for 2022	42	-	-	-	-	-	-	-	(72,686)	(72,686)	-	(72,686)
Dividend paid to non-controlling interest		-	-	-	-	-	-	-	-	-	(177)	(177)
Sale of subsidiary		-	-	-	-	-	-	-	-	-	99	99
Transactions with owners in their capacity as owners for year ended 31 December 2023		**-**	**-**	**-**	**(27,859)**	**-**	**-**	**-**	**(72,672)**	**(100,531)**	**(78)**	**(100,609)**
Balance at 31 December 2023		**18,638**	**15,214**	**3,475**	**(29,982)**	**1,999**	**49,533**	**6,546**	**1,065,391**	**1,130,814**	**11,767**	**1,142,581**

The notes on pages 181-289 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

	Notes	Share capital	Share premium	Capital reserves	Treasury shares	Revaluation reserve for financial assets at FVOCI	Foreign currency translation reserves	Cash-flow hedge reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total
		HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm
Balance at 1 January 2024		**18,638**	**15,214**	**3,475**	**(29,982)**	**1,999**	**49,533**	**6,546**	**1,065,391**	**1,130,814**	**11,767**	**1,142,581**
Profit for the year		-	-	-	-	-	-	-	239,244	239,244	280	239,524
Exchange differences arising on translation of subsidiaries		-	-	-	-	-	23,290	-	-	23,290	585	23,875
Exchange differences arising on translation of associates and joint ventures	15	-	-	-	-	-	(46)	-	-	(46)	-	(46)
Actuarial (loss) on retirement defined benefit plans	35	-	-	-	-	-	-	-	(222)	(222)	-	(222)
Changes in the fair value of financial assets at FVOCI	29	-	-	-	-	9,005	-	-	(250)	8,755	-	8,755
Fair value (loss) on cash-flow hedges	29	-	-	-	-	-	-	(13,489)	-	(13,489)	-	(13,489)
Hedging loss reclassified to profit or loss		-	-	-	-	-	-	1,217	-	1,217	-	1,217
Total comprehensive income for the period ended 31 December 2024		**-**	**-**	**-**	**-**	**9,005**	**23,244**	**(12,272)**	**238,772**	**258,749**	**865**	**259,614**
Purchase of treasury shares	30	-	-	-	(6,937)	-	-	-	-	(6,937)	-	(6,937)
Transfer of treasury shares	30	-	-	-	3,067	-	-	-	(3,067)	-	-	-
Recognition of share-based payments	29	-	-	-	-	-	-	-	3,494	3,494	-	3,494
Ordinary share dividend for 2023	42	-	-	-	-	-	-	-	(78,837)	(78,837)	-	(78,837)
Dividend paid to non-controlling interest		-	-	-	-	-	-	-	-	-	(242)	(242)
Acquisition of non-controlling interest	48	-	-	-	-	-	-	-	(6,821)	(6,821)	(8,990)	(15,811)
Transactions with owners in their capacity as owners for the year ended 31 December 2024		**-**	**-**	**-**	**(3,870)**	**-**	**-**	**-**	**(85,231)**	**(89,101)**	**(9,232)**	**(98,333)**
Balance at 31 December 2024		**18,638**	**15,214**	**3,475**	**(33,852)**	**11,004**	**72,777**	**(5,726)**	**1,218,932**	**1,300,462**	**3,400**	**1,303,862**

The notes on pages 181-289 form an integral part of the Consolidated Financial Statements.

Consolidated Cash-Flow Statement

for the year ended 31 December	Notes	2024 HUFm	2023 HUFm
Operating activities			
Profit before income tax		281,077	171,540
Depreciation and amortisation	5	49,521	50,808
Non cash items		4,180	5,405
Net interest and dividend income	6	(5,692)	(11,155)
Impairment recognised on intangible assets and goodwill	13,14	3,239	5,751
Other items		4,050	3,548
Interest paid		(10,888)	(14,525)
Income tax paid	7	(23,565)	(9,744)
Gain on disposal of subsidiaries		-	(11,436)
Net cash flow from operating activities before changes in working capital		**301,922**	**190,192**
Movements in working capital		*(22,553)*	*(66,522)*
Increase in trade and other receivables		(22,419)	(23,196)
Increase in inventories		(29,490)	(27,558)
Increase/(decrease) in payables and other liabilities		29,356	(15,768)
Net cash flow from operating activities		**279,369**	**123,670**
Cash flow from investing activities			
Payments for property, plant and equipment*		(52,927)	(61,960)
Payments for intangible assets*		(10,791)	(32,679)
Proceeds from disposal of property, plant and equipment		2,352	3,057
Payments to acquire financial assets		(36,392)	(38,050)
Proceeds on sale or redemption on maturity of financial assets		52,995	71,895
Disbursement of loans net		87	27,169
Interest received	6	17,640	24,844
Dividend received	6	21	21
Net cash outflow on purchase of group of assets		(24,086)	(25,131)
Net cash outflow on acquisition of subsidiaries	48	(17,724)	-
Net cash inflow from disposal of subsidiaries		-	10,831
Net cash flow to investing activities		**(68,825)**	**(20,003)**
Cash flow from financing activities			
Purchase of treasury shares	30	(6,937)	(29,799)
Dividend paid	42	(79,079)	(72,863)
Principal elements of lease payments		(4,655)	(1,327)
Liabilities assumed in the course of acquisition**		(57,648)	-
Repayment of borrowings		(225,795)	(35,753)
Proceeds from borrowings		218,959	35,935
Net cash flow to financing activities		**(155,155)**	**(103,807)**
Net increase/(decrease) in cash and cash equivalents		**55,389**	**(140)**
Cash and cash equivalents at beginning of year		**80,493**	**79,719**
Effect of foreign exchange rate changes on cash and cash equivalents		(255)	(46)
Cash and cash equivalents at the end of the period* **	**28**	**135,627**	**79,533**

* The Payments for property plant and equipment and the Payments for intangible assets cannot be directly reconciled to the Note 12 Transfers and capital expenditure and Note 14 Additions, because the latter one contains non-material, non-cash addition of the assets, including transfers.

** The value of the creditor debt determined in the course of the acquisition of Mithra, assumed in the purchase price and settled at the time of the transaction.

*** Cash and cash equivalents at end of 2023 cannot be reconciled directly to Cash and cash equivalents of the Consolidated Balance Sheet due to year end figure of Cash and cash equivalents did not contain the total cash of held for sale companies.

The notes on pages 181-289 form an integral part of the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1. General background

1.1 Legal status and nature of operations

Gedeon Richter Plc. (“the Company”/“Parent Company”), the immediate parent of the Group (consisting of the Parent Company and its subsidiaries), a manufacturer of pharmaceutical products registered in Hungary, was established first as a Public Limited Company in 1923. The predecessor of the Parent Company was founded in 1901 by Mr Gedeon Richter, when he acquired a pharmacy. The Company is a public limited company, which is listed on Budapest Stock Exchange. The Company’s headquarter is in Hungary and its registered office is at Gyömrői út 19-21, 1103 Budapest.

1.2 Basis of preparation

The Consolidated Financial Statements of Richter Group have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (EU) (hereinafter “IFRS”). The Consolidated Financial Statements comply with the Hungarian Accounting Law on consolidated financial statements, which refers to the IFRS as endorsed by the EU.

The Consolidated Financial Statements have been prepared on historical cost basis of accounting, except for certain financial instruments and investment properties which are measured at fair value. The amounts in the Consolidated Financial Statements are stated in millions of Hungarian Forints (HUFm), unless stated otherwise. The members of the Group maintain accounting, financial and other records in accordance with relevant local laws and accounting requirements. In order to present financial statements which, comply with IFRS, appropriate adjustments have been made by the members of the Group to the local statutory accounts.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below or in the relevant note.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in Note 3.

1.3 Macroeconomic environment

A) The impact of supply chain and other macroeconomic factors

The global economy reflects a year of cautious recovery and evolving challenges during 2024. According to the International Monetary Fund's 2024 World Economic Outlook, the global economy demonstrated resilience amid geopolitical tensions, inflationary pressures, and climate disruptions. The economy grew by 3.2% in 2024, matching the forecast made earlier in the year and showcasing a stabilization phase after years of uncertainty.

2024 marked significant progress in the global battle against inflation. After peaking in 2022, headline inflation continued its decline, averaging 5.8% for the year. Advanced economies, aided by robust monetary policy adjustments, moved closer to inflation targets.

Despite these gains, 2024 was not without its share of risks. Geopolitical tensions persisted, with conflicts and protectionist policies straining global trade and investment. Furthermore, climate-related events disrupted supply chains and compounded economic challenges, particularly for developing economies already grappling with fiscal constraints.

The global policy environment in 2024 saw important shifts aimed at fostering stability and long-term growth:

The global pharmaceutical industry in 2024 navigated a complex landscape shaped by technological innovation, economic pressures, and shifting regulatory frameworks. The global pharmaceutical market grew by an estimated 5.2% in 2024, reaching approximately $1.65 trillion in total value, according to IQVIA reports. This growth was underpinned by advancements in biologics, gene therapies, and digital health technologies, as well as a sustained focus on addressing unmet medical needs.

Economic challenges, however, cast a shadow over these advancements. Inflation, while moderating compared to its 2022 peak, persisted, with input costs for raw materials and logistics rising approximately 6% year-over-year, as reported by the IMF. Supply chain vulnerabilities, exacerbated by geopolitical tensions, particularly affected the sourcing of active pharmaceutical ingredients (APIs). In response, pharmaceutical companies increased domestic manufacturing investments, leading to a 15% rise in global API production facility expenditures.

The risks to the supply chain and the associated effects of inflation remain dominant, covering a wide range of issues, grouped around the following main elements:

Availability and pricing of raw materials and finished products

- Risks of the supply of materials and parts and risk of transport and storage;
- Global supply chain problems - certain raw materials and packaging materials can be obtained more expensively, not at all or not in time;
- In the Russian factory, the risk of continuous supply of materials and parts increased due to the sanctions (for some machines, spare parts could not be obtained from Western manufacturers due to the sanctions, and some raw materials were not available from traditional Western partners), but there were no disruptions in production as alternative sources (typically Russian, CIS, Chinese, Indian) were able to supply the missing items;
- Continuously tightening regulations of marketing authorizations result in price increases in terms of active ingredients;
- The above may jeopardize the security of continuous production, increase costs, and generate surplus reserves (materials and assets).

The Group mitigate the above risks by through advanced ordering processes and seeking alternative sources of supply, by taking strict care to regularly check direct suppliers and by monitoring the entire supply chain.
Similarly, dependencies can be reduced by ordering fewer but larger items, increasing stock levels to avoid the risk of "lost business", but this leads to an increase in warehouse capacity and associated costs.

Shipping, distribution, and warehousing

In transportation the risks (price, delivery time, uncertainties) have decreased on average compared to before, but increased towards Russia and Ukraine which the Group tries to mitigate by planning of alternative options (other ground routes, air transport) and continuous monitoring the current situation.

There is a risk of lack of storage capacity, but it is manageable, however, the increase in inventory required due to the increased procurement time, the acceleration of production, and the slowdown in sales and delivery may lead to storage problems.

During production and sales planning, the Group places special emphasis on harmonizing expected market demands and the amount and timing production in order to mitigate the risk of lost business, excessive storage needs, the time of the production-sales cycle, the increase in production and storage costs.

The Group strives to eliminate the above risks by continuous balancing of supply and demand and by central management of complete inventory management.

Labour availability and personnel costs

The pharma industry is also facing talent shortages linked to wider labor market trends. Hiring and retaining talented workforce has also become more challenging in the past few years, posing new challenges to the industry. A more pronounced economic and geopolitical volatility together with social and environmental tensions have reshaped the labour market. Innovation is a key driver for pharmaceutical industry and without a properly qualified scientific workforce companies face obstacles to strengthen their position and competitiveness.

Difficulties in accessing and retaining qualified staff in the Central and East European subsidiary companies of the Group may make operations more difficult, more expensive, even may result lost business.

- There is a high demand for a workforce capable of following rapid technological changes. The prestige of physical work is low, many jobs are more informal than the ones at Richter with strict rules. Foreign work force in general is not a real alternative due to training and language difficulties;
- Risk of lack of human resources and special expertise in the biosimilar area;
- In the case of skilled workers, the EU's absorption power has decreased. This risk is particularly present in medical and regulatory positions in the R&D field. Recruitment of foreign specialists is difficult;
- Change in workforce requirements is an additional risk: appreciation of non-monetary benefits, a greater selection of cafeteria, flexible working hours, HO, traffic options to the workplace;
- Loyalty is constantly decreasing in the labor market (Richter became impacted as well.);
- HO risk - market demands (many HO) vs. Richter needs, values (innovation, cooperation, efficiency);
- Richter's prestige grew in Western Europe (Vraylar, market presence, external communication);
- Romania, Poland - similar challenges.

The Group also uses additional tools to mitigate the above risks:

- Wage increases and the career opportunities helping the long-term commitment to the company (loyalty program);
- Contracting with international head-hunters;
- University training collaborations, presence at universities;
- Teleworking for foreigners;
- Employer branding development;
- New recruitment techniques, new channels;
- Fluctuation monitoring, search for individual solutions in the affected areas;
- Creation of more flexible, personalized compensation systems, workforce replacement planning, competency planning;
- Education, development programs;
- Mental health support;
- Management training programs, marketing of management positions;
- Reduction of labor demand - Robotization, IT developments, paperless processes, transformation of processes, increase in efficiency.

Inflation risks

Higher inflation levels affect the judgements and estimates used in the preparation of the financial statements, including the predicted costs used in the going concern/impairment review and the assumptions made about pension obligations.

A significant number of our products have fixed prices, so our repricing abilities are limited. Margins may shrink, some products may even become unprofitable.

Energy prices in 2024 are more stable compared to previous years, but there's still a risk of potential increases. These fluctuations could lead to significant impacts on expenses, both directly and indirectly, so the Group should take them into account in its planning and operations.

There is also a significant risk in optimally managing the increase in costs to retain and acquire workforce.

The following risk management procedures are applied:

- The effect of inflation occurs more slowly due to the long production cycles, which improves our room for acting;
- Increase of sales prices;
- Early procurement;
- Proper planning and conscious scheduling of procurement;
- Energy price risk is managed through a fixed-price supply agreement, or, in case a floating price agreement, by applying hedging with derivative instruments.

Risk of managing and investing financial assets

Interest rate risk: Changes in market interest rates affect the value and yield of invested interest-bearing securities (interest + foreign exchange gains / losses); Rising interest rates (+increasing lead times, fragmentation of supply chains) increases the cost of working capital. The majority of securities, with the exception of short-term government securities, are valued at fair market value, so there is no hidden interest rate risk.

Partner risk: Significant adverse changes in the position of our partners (typically banks) may result in losses.

Liquidity risk: The company is unable or able only at the cost of material financial losses to meet its payment obligations.

The Group applies the following risk management procedures:

- Financial investment regulations, strict compliance, daily limit monitoring, risk manager, reports; annual review and development;
- Centralized control of free cash of subsidiaries;
- Interest rate risk: limits (duration), interest rate swaps (protection against increase of rates), continuous monitoring, investment decisions, an increase in spreads may mean some risk;
- Partner risk: partner limits, involvement of new partners, partner selection, diversified portfolio and assets (ETF), contracting based on ISDA (reduction of legal risks);
- Liquidity risk: treasury activity, liquidity limits, Cash-flow planning, payment planning, adequate flow of information to treasury, repo transactions, borrowing;
- Investment Committee – weekly.

Foreign exchange risk on cash-flows and financial instruments

The Group is highly exposed to RUB and USD and other currencies on the revenue side and has foreign currency financial instruments. Exchange rate fluctuations may distort all income measured in HUF and EUR and may cause losses.

Due to the increased volatility of the foreign exchange rate, the value of assets registered in foreign currency changes significantly. Extra accounting results might be generated in both directions.

In the case of RUB, hedging with derivative transactions is not possible, we are trying to mitigate the risk with other methods (e.g., discounting).

The Group has implemented the following procedures to mitigate the risks and their effects:

- Natural hedge to some extent by cost items occurring in the same currency, reduction of open positions by conversion;
- Application of limits;
- Rolling hedging of planned USD, RUB revenues, hedging of financial investments in USD and EUR to ensure the stability and predictability of financial results;
- Changing the Russian business model - invoicing in USD where it is possible, local conversion of RUB revenues, restructuring of banking relationships and operations, continuous examination of opportunities, negotiations with banking partners.
- Development of a foreign exchange allocation model and currency risk coverage;
- The continuous hedging of the currency exposures of energy purchases and the energy costs.

B) Climate-related and ESG risks

Sustainability and environmental awareness play a crucial role in shaping operational methods, technologies, materials, and compliance with environmental regulations. Many production processes will need to be re-evaluated in the future to align with these principles. Our production processes must adapt accordingly to ensure long-term viability. Delaying action in this area could result in a significant competitive disadvantage for the Group.
Additionally, the Group must respond to increasing investor expectations and evolving consumer habits and preferences by supporting sustainable development and green technologies.

In 2024, we conducted Richter's first double materiality assessment (DMA) to comply with new EU and Hungarian legislation, as the Corporate Sustainability Reporting Directive (CSRD) is now in effect and applies to the Company. The DMA's primary objective was to identify both positive and negative impacts, financial risks, and financial opportunities. The assessment considered both ESG impacts and financial implications, ensuring a comprehensive approach. The preparation of the DMA involved experts from multiple departments, bringing together diverse perspectives to create a thorough evaluation. Detailed information about the process and its outcomes can be found in the Sustainability Statement.

Environmental Protection

Richter's mission is to help patients around the world heal with high added-value products. In addition to making a significant positive social impact, we minimise our negative impact on the environment as much as possible. Richter is committed to minimising the environmental impact of wastewater, air pollutants, and waste from pharmaceutical manufacturing processes. Recognising our responsibility, we strive to reduce these beyond the legal requirements.
Climate change management is a priority area for sustainability. A significant part of the Company's carbon footprint comes from the use of energy associated with the energy-intensive production of pharmaceuticals. Therefore, key elements of our environmental strategy include increasing the share of electricity (electrification), reducing the role of steam in non-technological use, reducing the use of fossil fuels, and improving building energy efficiency.

The Richter Group joined the European Union's "Fit for 55%!" programme in 2021, which aims to reduce the EU's carbon footprint by 55% by 2030 compared to 1990 levels. In 2024, we started the preparation for aligning the Group's carbon footprint methodology and targets with SBTi. Therefore, the recalculation of carbon footprint was carried out according to the SBTi requirements and new baseline was set (2021).

To assess our activities in line with the EU Taxonomy Regulation and comply with its reporting requirements set out in Article 2 of the Disclosures Delegated Act, evaluation of eligibility and alignment was performed by a multidisciplinary expert team of Richter. The assessment was based on data that were available in Richter's information systems for FY 2024. The key performance indicators (KPIs) were also determined in line with Annex I of the above-mentioned Delegated Act to adequately report on the Company's sustainable or non-sustainable activities. Detailed information about the process and its outcomes can be found in the Sustainability Statement.

Occupational Health and Safety

A typical source of hazard at Richter's workplaces is the presence of hazardous chemicals. Appropriate procedures and equipment are available to reduce the risk to an acceptable level. Richter implements chemical safety requirements as early as the research and production planning stages. This includes technological protective seals and human resource management (training, selection, work organisation, and health maintenance programs). Employees apply individual protective devices on an ongoing basis.

The EHS experts help to raise EHS awareness in Hungary, to promote the prevention of critical incidents and to assess possible deviations through safety walkthroughs and transparent communication. Risk mitigation measures contributed to the low number of incidents in 2024. During the year, we did not record any health problems related to acute, recurrent or chronic health care working conditions. There were no fatal occupational accidents or occupational illnesses at our sites either in the case of our own employees or other employees, no significant deficiencies were found during official inspections, and no fines were imposed.

Richter has been constantly working on optimising its health and safety processes. The acting policy was revised into the Integrated Management Systems policy of the EHS department. The policy is in line with the ISO 45001 (Management system related to health and safety at work) and ISO 14001 (Environmental Management System) standards. Proper education and training, regulations, performance evaluation, risk management and occupational hazard measurements are in place according to the rules and regulations.

Richter fully complies with the requirements of chemical safety set out in the EC regulations REACH and CLP and pays special attention to the provisions of the directive on equipment of potentially explosive atmospheres (ATEX), as well as to the requirements related to the prevention of serious accidents.

Human Resource Management

One of Richter's strategic goals is to build a future-proof organization that anticipates internal and external challenges. As a major employer in Hungary and abroad, Richter contributes to local economies by providing jobs for both blue- and white-collar workers. People are at the center of our operations, and we foster an inclusive environment where employees feel valued, developed, and rewarded. Our culture is built around the four Richter values—People, Accountability, Innovation, and Excellence—to help our 11,000+ employees reach their full potential.

The Group ensure equal opportunities in recruitment, development, career progression, and pay, regularly auditing policies and implementing a Diversity, Equity, and Inclusion (DEI) plan, initially focusing on gender and multi-generational diversity. Different work schedules apply across our operations, with higher production pressure in blue-collar roles leading to increased turnover, while intense office workloads can also impact retention and work quality. Offering competitive salaries and benefits is key to attracting and retaining talent, especially as inflation raises wage expectations. Additionally, work-life balance is increasingly important, particularly for younger generations, and is a core element of Richter's HR strategy, supported by the Balance Program to enhance employee well-being.

Policy of Diversity

Throughout its operations, Richter places great emphasis on personal values and individual characteristics. The Group believes that leveraging diverse traits is a cornerstone of innovation and success, and that its achievements are partly driven by the diversity of its people. Recognizing and appreciating individual qualities is a fundamental principle. Every manager is expected to lead by example in fostering diversity, tolerance, and inclusion, ensuring that the company's commitment to these values is actively reflected in practice. Diversity is a guiding principle at all levels of Richter's operations; internal regulations are designed to shape a corporate environment that aligns with this commitment.

In line with this approach, when composing the company's leadership bodies, priority is given to expertise relevant to Richter's core business and its multinational nature, as well as knowledge of the economic, scientific, social, and environmental contexts in which it operates. The company also values effective collaboration across genders and generations, along with strong professional and personal reputations.

Richter believes that diversity considerations are best upheld when leadership includes members with qualifications and experience in key areas such as pharmaceutical research, R&D, healthcare, finance, capital markets, and general management. To ensure well-rounded leadership, the company actively seeks individuals with diverse professional backgrounds for its governing bodies.

Procedures used to manage ESG-related risks:

- Monitoring related changes, complying with new regulations;
- Establishing even stricter, forward-looking internal regulations and practices than the external expectation;
- Group level carbon footprint calculation, with SBTi-compliant strategy underway;
- Energy and water consumption reduction strategy, energy optimization and modernization initiatives;
- Group level ESG report in line with the regulations (CSRD and Taxonomy);
- Strong ESG governance, strengthening of internal focus, incorporation of ESG aspects into long-term planning.

1.4 Adoption of new and revised standards

A) The effect of adopting new and revised International Financial Reporting Standards effective from 1 January 2024

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- Amendments to IAS 1 "Presentation of Financial Statements" (effective from January 1, 2024):
  - Classification of liabilities into current and non-current categories (issued on January 23, 2020)
  - Classification of liabilities into current and non-current categories – Offset effective date (issued on June 15, 2020) and
  - Non-current liabilities with covenants (issued on October 31,2022)

- IFRS 16 Modification of leases: lease liability in cases sold and leased back (issued on September 22, 2022 and effective from January 1, 2024)

The adoption of these amendments to the existing standards has not led to any material changes in the Group's financial statements.

B) New and revised Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

- IFRS 1 First Adoption of International Financial Reporting Standards (issued on July 18, 2024, effective from January 1, 2026)

- IFRS 10 "Consolidated Financial Statements" (issued on July 18, 2024, effective from January 1, 2026)

C) Standards and Interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards, amendments to the existing standards and new interpretation, which were not endorsed for use in EU as at the date of publication of financial statements (the effective dates stated below is for IFRS in full):

- IFRS 18 Presentation and Disclosure in Financial Statements (issued on April 9, 2024, effective from January 1, 2027)

- IFRS 19 Subsidiaries Without Public Accountability: Disclosures (issued on May 9, 2024, effective from January 1, 2027)

- IFRS 9 - Amendments to financial instruments (issued on May 30, 2024, effective from January 1, 2026)

- IFRS 7 Financial Instruments: Disclosures (issued on July 18, 2024, effective from January 1, 2026)

- IAS 7 Statement of Cash Flows (issued on July 18, 2024, effective from January 1, 2026)

- IFRS 9 - Amendments to financial instruments (issued on December 30, 2024, effective from January 1, 2026)

- IFRS 7 Financial Instruments: Disclosures (issued on December 18, 2024, effective from January 1, 2026)

The Group anticipates that the adoption of these new standards, amendments to the existing standards and new interpretations – except for IFRS 18 - will have no material impact on the financial statements of the Group in the period of initial application. The Group has started the examination of the effects of IFRS18 standard on its financial statements and the preparation for the implementation.

Any other new/modified standards or interpretations are not expected to have a significant impact on the Consolidated Financial Statements of the Group.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of Consolidation

The Consolidated Financial Statements incorporate the financial statements of the Parent Company and entities directly or indirectly controlled by the Parent Company (its subsidiaries), the joint arrangements (joint ventures) and those companies where the Parent Company has significant influence (associated companies). The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred except the cost to issue debt or equity instrument. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.2 Transactions and balances in foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each Group entity are expressed in Hungarian Forints (HUF), which is the functional currency of the Parent Company and the presentation currency for the Consolidated Financial Statements.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement. Foreign exchange gains and losses are presented in the Consolidated Income Statement within "Finance income" or "Finance costs".

On consolidation, the assets and liabilities of the Group's foreign operations are translated at the exchange rate of the Hungarian National Bank rates prevailing on the balance sheet date except for equity, which is translated at historic value. Income and expense items are translated at the average exchange rates weighted with monthly turnover. Exchange differences arising, if any, are recognised in other comprehensive income.

Such translation differences are recognised as income or as expenses in the period in which the Group disposes of an operation.
Conversion into Hungarian Forints of Group's foreign operations that have a functional currency not listed by the National Bank of Hungary ("NBH") is made at the cross rate calculated from Bloomberg's published rate of the given currency to the USD and NBH's rate of the HUF to the USD.
In special cases (in the absence of the above, or if the scheduling of daily transaction tasks do not allow waiting for the publication by Bloomberg of the transaction currency to USD exchange rate referred to above), the conversion into HUF shall be carried out at the cross rate calculated from the transaction currency to USD rate published by the national bank issuing the transaction currency and the functional currency to USD rate published by the NBH.
The method of translation is the same as mentioned above.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.3 Revenue recognition and interest income and dividend income

Revenue is shown net of value-added tax, returns, rebates and discounts as well as considering the estimated discounts to be provided after the sales already performed and after eliminating sales within the Group. Revenue from the sales with discounts is recognised based on the price specified in the contract, net of the estimated volume discounts. Some of the customer contracts contains a right of return clause under certain condition, but the estimated effect of such future returns deemed to be immaterial. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. Variability mainly relates to the discounts referred above, where revenue is recognised only to the extent that it is highly probable that there will be no significant reversal of such revenue.

A) Sales revenue

Revenue is defined as income arising in the course of an entity's ordinary activities. The Group's revenue primarily comes from:

- sale of pharmaceutical products produced and purchased by the Group,
- royalty and license income from products already on the market arising from license agreements with various pharmaceutical companies,
- performance-related milestone payments received for products with marketing authorisation (e.g. cumulative sales related milestone),
- contract manufacturing service
- other services including provision of marketing service, performing transportation activity etc.

B) Sale of pharmaceutical products (including wholesale and retail activity)

The Group manufactures and sells a range of pharmaceutical products.
Revenue is recognized when it is likely that the Group, satisfies a performance obligation by transferring promised goods to a customer. For the vast majority of contracts, revenue is recognized when the product is physically transferred and the customer obtains control, in accordance with the delivery and acceptance terms agreed with the customer. Obtaining control implies the ability to prevent other entities from directing the use of and obtaining the benefits from a good. The sales of pharmaceutical products are fulfilled at a specific time.
The Group most often uses the following trade terms: CIP, EXW, CIF, FOB, DAP, DDP, CPT.

In the case of contracts with wholesalers, Group does not recognize revenue when the product is physically transferred to the wholesaler if the products are sold on consignment, or if the wholesaler acts as agent. In such cases, revenue is recognized when control is transferred to the end customer.
In certain cases, the Group has contract with customers, under which the Group produces pharmaceutical products which has no alternative use (e.g. due having a unique packaging) and receives a binding purchase order for the entire batch of products from the customer. This can provide the Group with an enforceable right to the payment for performance completed to date and in that case the Group accounts for the revenue over time.

The Group accounts for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity.

C) Licenses and royalties

The royalty and licence income mainly comprise royalties received from licensing intellectual property rights to third parties, the most significant of which is the agreement with AbbVie in relation to Vraylar® as disclosed in Note 4.
Sales-based royalties received under licensing arrangements (including the Vraylar® contract referred above) are recognized over the period during which the underlying sales are recognized.
Certain contracts may include milestone payments related to products with marketing authorisation (e.g., cumulative sales related milestone), where the associated revenue is accounted for when such a milestone is achieved.

D) Contract manufacturing and other services

Rendering services, such contract manufacturing, marketing and research and development services and are performance obligations, which are satisfied over time. At the end of each reporting period, the Group remeasures the progress towards complete satisfaction of such services and recognizes revenue accordingly.
The revenue from the services is recognised in accordance with the rate of completion of the transaction during the accounting period for the rendering services and is assessed based on direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract.

E) Interest income

Interest income from financial assets at FVTPL is included in the net fair value gains/(losses) on these assets, presented as “Finance income” or “Finance costs”. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the statement of profit or loss as part of “Finance income”.

F) Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVTPL), at fair value through other comprehensive income (FVOCI). Dividends from these financial assets are recognised as “Finance income” in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits unless the dividend clearly represents a recovery of part of the cost of an investment.

All other accounting policy regulation are detailed in the relevant disclosure of the Consolidated Financial Statement.

3. Key sources of estimation uncertainty and critical accounting judgements

In the application of the Group's accounting policies Management is required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Consolidated Financial Statements are the following:

3.1 Key sources of estimation uncertainty

Russian-Ukrainian conflict

The Company have been following the sanctions environment in Russia with close attention since 2014, especially with regard to the sanctions issued by the European Union (EU), the United States of America (USA), the United Kingdom (UK) and the United Nations (UN). At the same time, the pharmaceutical industry and pharmaceutical products have traditionally been directly exempted from sanctions, the reason for which can be traced back to humanitarian considerations.

The pressure of sanctions has increased significantly, affecting several areas of activity, and the range of countries concerned has widened (e.g. India, China, CIS countries). For the Group, the risk of applying Russian rules (operation, costs) that are disadvantageous has increased due to the war situation.

The Management of the Richter Group (Economy, Trade, Supply, IT, Legal Compliance, Risk Management) together with the CEOs of our subsidiaries based in Russia and as a consequence regularly monitors and analyses the Group's risk in accordance with the following aspects:

- Principle of running a business (going concern)
- Security of supply: procurement of active ingredients, auxiliary and packaging materials, other materials
- Purchase of equipment, instruments, parts
- Compliance, legal (sanction) changes
- Finance: cash flow, financial management, customs
- HR, workforce supply
- IT operation

The aim of monitoring is to ensure compliance with the sanctions, not to incur any loss of reputation for the Group and not to impose fines while maintaining our operations in Russia.

Of the sanctions packages issued by the EU, 2 directly affected our Group: sanctions packages 9 and 12.

9th package of sanctions

'From 16 January 2023, it is prohibited to hold any position in the governing bodies of the following:
(a) a legal person, entity or body established in Russia which:

- *is under state control or has more than 50% state ownership, or*
- *in which Russia, its government or central bank is entitled to profit shares, or*
- *with which Russia, its government or central bank has other substantial economic relations;'*

Given that the executive officers of the Russian subsidiaries are all EU citizens, this regulation has greatly affected the Company. After a thorough examination of the Regulation, we have concluded that it is necessary to contact the relevant competent authority in order to clarify the question of how the authorisation to fill the positions can be initiated in accordance with the provisions of Section 5aa(1c). In the course of the dialogue, the competent Authority informed the Company that there was no need for special authorisation for the positions in question.

12th package of sanctions

'It shall be prohibited, directly or indirectly, to sell, supply, transfer or provide the software for the management of undertakings and software for industrial design and production listed in Annex XXXIX to: (...) (b) legal persons, entities or bodies having their registered office in Russia.'

According to our current information, confirmed by our Russian subsidiaries, this paragraph did not affect the software of Gedeon Richter Pharma LLC, but the use of SAP ERP in our subsidiary GR-RUS did.

Investigations related to the possible solution (e.g. requesting an individual permit from the relevant Authority / searching for alternatives on the Russian market) were conducted, as a result of which the Company received a special permit from the competent Hungarian authority (Department of Trade, Military Technology, Export Control and Precious Metals Verification of the Government Office of the Capital City of Budapest, hereinafter referred to as: Authority) on 12 June 2024 for the transfer of the software concerned and the related IT consultancy services to GR RUS. The permit is valid until May 31, 2025.

In addition, on 7 October 2024, we received a special authorisation from the Authority to provide IT consulting services related to the use of Enterprise Software and IT equipment to the subsidiaries GR RUS and GR Farma. The permit is valid until September 30, 2025.

Business in Russia suffered slight temporary delays in the early days of the military conflict, shipments have since then broadly returned to their pre-war routine. 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. The sanctions do not affect the development of the Russian pharmaceutical market. In 2024, the market grew by 18% in RUB terms, mainly due to price increases, while the number of boxes decreased by 2% due to the increasing number of larger pack sizes.

Starting March 2022 Russian wholesalers have been served exclusively from the Gedeon Richter RUS warehouse. Invoices to wholesalers are issued in RUB as previously by local subsidiaries of the Group. Invoices between the latter and the Parent are settled in USD with effect from second quarter 2022 and the Company switched from USD to EUR In the second quarter of 2024. Approximately third of our local turnover is naturally hedged, covering the RUB incurred costs of local manufacturing and marketing activities while the exchange rate risk of the cash-flow of internal transfers is managed by the Parent Company.

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.

On the balance sheet date, the Group has an exposure on the following items in the balance sheet in connection with Russian and Ukrainian subsidiaries.

Exposure factors (HUFm)	Russia	Ukraine	Total
Property, plant and equipment	15,969	846	**16,815**
Other intangible assets	97	2	**99**
Trade receivables	48,896	-	**48,896**
Inventories	58,926	595	**59,521**
Cash and cash equivalents	5,970	519	**6,489**
All exposures	**129,858**	**1,962**	**131,820**

In addition, the involvement of the Parent Company is the most significant (among the members of the Group), as it handles most transactions with the Russian and Ukrainian subsidiaries.

Exposure factors at the Parent (HUFm)	Russia	Ukraine	Total
Trade receivables	123,991	3,387	**127,378**
- from this: amounts due from subsidiaries	123,923	586	**124,509**
Bonds	929	-	**929**
Inventories	3,833	740	**4,573**
Cash and cash equivalents	108	6	**114**
All exposures	**128,861**	**4,133**	**132,994**

In 2024 the sales to the two countries amounted to 15.2% (2023: 15.9%) of the Group's total revenue in the value of HUF 130,458 million (2023: HUF 128,006 million).

	Russia	Ukraine	Total
Revenue in 2024 (HUFm)	119,318	11,140	**130,458**
Proportion of the total revenues	*13.9%*	*1.3%*	***15.2%***

Impairment testing of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 13. The impairment assessment performed by the Group contains significant estimates that depend on future events. The assumptions used and the sensitivity of the estimation is presented in detailed in Note 13.

Depreciation and amortization

Property, plant and equipment and intangible assets are recorded at cost and are depreciated or amortised on a straight-line basis over their estimated useful lives.

The appropriateness of the estimated useful lives is reviewed annually. If the estimated useful lives were lower by 10% in comparison to management's estimates, depreciation for the year ended 31 December 2024 would be greater by HUF 4,859 million. This change would have been HUF 5,074 million in 2023.

The Group recorded depreciation and amortisation expense in the amount of HUF 43,735 million and HUF 45,567 million for the years ended 31 December 2024 and 2023, respectively.

Unlike property, plant and equipment and intangible assets, there is another type of decision uncertainty when reviewing the depreciation of the right-of-use assets, whereas the estimated useful lives of these assets are essentially determined by the duration of the lease and not by the useful life of the asset. The depreciation of the right-of-use assets during the current year was not significant (HUF 5,786 million) comparing to the total depreciation and amortization expenses (HUF 43,735 million). For these reasons, the uncertainty arising from the depreciation of the right-of-use asset is not quantified.

3.2 Critical accounting judgements

Deferred tax at Parent Company

The Company has a significant amount of development tax credit, qualifying as an investment tax credit from IFRS point of view and (as a result of the change in accounting policy) treats it analogously to tax credits under IAS 12. On December 31, 2024, the recognised amount of deferred tax accounted for in connection with tax credits was HUF 6,410 million (on 31 December 2023 HUF 13,196 million), of which HUF 7,765 million was used in 2024, and HUF 1,067 million is the interest effect of conversion to current price.

The deferred tax expense in presented in Note 19.

4. Segment Information

Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors as chief operating decision-makers. The Board of Directors is responsible for allocating resources and assessing performance of the operating segments and makes strategic decisions.

The Management determined the operating segments for the Board of Directors, which is the Company's chief decision-maker, on the basis of the reporting packages prepared in accordance with IFRS regulations. From a Management point of view, the Group can be divided into two main segments, with several business units below them:

a) Pharma Segment

- Women's Healthcare (WHC):
  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.

- Neuropsychiatry (CNS)
  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.

- Biotechnology (BIO)
  Leverage our biotechnology platform to develop and manufacture biosimilar drugs for global markets.

- General medicine (GM)
  Comprises our traditional and generic portfolio in various therapeutic areas in the Central and Eastern European regions.

- Other pharma

b) Other segment includes the remaining wholesale and retail business of the Group and all other activities.

Financial highlights and segment information are also disclosed in the SBM-1 section under General disclosures of the Group's Sustainability Statement.

4.1 Business segments

	Neuropsychiatry (CNS) HUFm		General Medicines (GM) HUFm		Women's Healthcare (WHC) HUFm		Biotechnology (BIO) HUFm		Pharma other HUFm		Total HUFm	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Revenues	242,749	205,662	250,712	226,888	286,218	255,673	54,014	46,201	11,119	13,022	844,812	747,446
Cost of sales	(1,392)	(1,249)	(120,525)	(105,142)	(92,889)	(86,348)	(33,357)	(29,419)	(10,828)	(11,291)	(258,991)	(233,449)
Gross profit	241,357	204,413	130,187	121,746	193,329	169,325	20,657	16,782	291	1,731	585,821	513,997
Sales and marketing expenses	(4,849)	(3,374)	(53,357)	(45,229)	(95,579)	(84,937)	(6,764)	(6,638)	(994)	(1,265)	(161,543)	(141,443)
Administration and general expenses	(1,003)	(770)	(21,882)	(19,744)	(26,558)	(21,193)	(4,631)	(4,052)	(972)	(1,082)	(55,046)	(46,841)
Research and development expenses	(33,117)	(24,737)	(12,993)	(10,627)	(23,272)	(16,409)	(29,868)	(26,571)	-	-	(99,250)	(78,344)
Claw-back	(1,140)	(726)	(1,985)	(2,827)	(7,826)	(7,366)	(936)	(704)	-	-	(11,887)	(11,623)
Milestone	13,602	81	-	-	4,244	8	3,710	508	-	-	21,556	597
Clean EBIT	214,850	174,887	39,970	43,319	44,338	39,428	(17,832)	(20,675)	(1,675)	(616)	279,651	236,343

Ratios	%	%	%	%	%	%	%	%	%	%	%	%
Gross margin	99.4	99.4	51.9	53.7	67.5	66.2	38.2	36.3	2.6	13.3	69.3	68.8
Clean EBIT margin	88.5	85.0	15.9	19.1	15.5	15.4	-33.0	-44.8	-15.1	-4.7	33.1	31.6

	Pharmaceuticals total HUFm		Other HUFm		Eliminations HUFm		Group total HUFm	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Revenues	844,812	747,446	24,977	70,874	(12,244)	(13,162)	857,545	805,158
Cost of sales	(258,991)	(233,449)	(19,545)	(63,223)	11,729	12,838	(266,807)	(283,834)
Gross profit	585,821	513,997	5,432	7,651	(515)	(324)	590,738	521,324
Sales and marketing expenses	(161,543)	(141,443)	(2,265)	(4,604)	-	-	(163,808)	(146,047)
Administration and general expenses	(55,046)	(46,841)	(2,137)	(3,731)	-	-	(57,183)	(50,572)
Research and development expenses	(99,250)	(78,344)	-	-	-	-	(99,250)	(78,344)
Claw-back	(11,887)	(11,623)	-	-	-	-	(11,887)	(11,623)
Milestone	21,556	597	-	-	-	-	21,556	597
Clean EBIT	279,651	236,343	1,030	(684)	(515)	(324)	280,166	235,335

Ratios	%	%	%	%	%	%	%	%
Gross margin	69.3	68.8	21.7	10.8	4.2	2.5	68.9	64.7
Clean EBIT margin	33.1	31.6	4.1	-1.0	4.2	2.5	32.7	29.2

4.2 Entity wide disclosures

Richter has aligned its reporting geographies to reflect the regional split followed in its regular operations. From 2023, the main reporting regions consist of Europe, North America, Latin America, Asia-Pacific (APAC region) and Rest of the World.

The external customers of the Group are domiciled in the below presented regions:

2024	Europe	APAC	North America	Latin America	Other countries	Total revenues
	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm
Timing of revenue recognition						
At a point in time	491,307	44,000	246,312	35,531	6,572	823,722
Over time	20,048	4,615	9,026	-	134	33,823
Revenues	**511,355**	**48,615**	**255,338**	**35,531**	**6,706**	**857,545**
Total assets	1,557,072	18,732	953	26,234	-	1,602,991
Capital expenditure	63,059	436	1	222	-	63,718

2023	Europe	APAC	North America	Latin America	Other countries	Total revenues
	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm
Timing of revenue recognition						
At a point in time	486,769	40,425	213,341	31,514	7,708	779,757
Over time	14,187	2,642	7,849	169	554	25,401
Revenues	**500,956**	**43,067**	**221,190**	**31,683**	**8,262**	**805,158**
Total assets	1,320,358	14,622	3,092	23,145	-	1,361,217
Capital expenditure	94,080	344	-	215	-	94,639

Revenues from external customers are derived from the sale of goods, revenue from services and royalty incomes as described below.

Analyses of revenue by category	**2024** HUFm	**2023** HUFm
Sale of pharmaceutical products	594,989	585,182
Revenue from services	25,965	20,672
Royalty income	236,591	199,304
Total revenues	**857,545**	**805,158**

Revenues of approximately HUF 228,468 million (2023: HUF 194,284 million) are derived from a single external customer (AbbVie) that 26.6% of total revenues. The revenue is related to royalty payments of Vraylar® and are attributable to the Neuropsychiatry segment and located in the USA region. There was no other customer exceeding 10% of revenues either in 2024 or in 2023.

5. Profit from operations – expenses by nature

	2024 HUFm	**2023** HUFm
Revenues	857,545	805,158
From this: royalty and other similar income	*236,591*	*199,304*
Changes in inventories of finished goods and work in progress, cost of goods sold	(73,265)	(114,187)
Material type expenses	(260,038)	(213,750)
Personnel expenses	(204,224)	(180,052)
Depreciation and amortisation	(49,521)	(50,808)
from this: IFRS16 related	(5,786)	(5,241)
Other income	30,501	10,778
Other expenses	(39,570)	(67,322)
Impairment on financial and contract assets	(271)	(453)
Profit from operations	**261,157**	**189,364**

The table below contains the detailing of fees for audit and non-audit services:

Deloitte Auditing and Consulting Ltd.	**2024** HUFm	**2023** HUFm
Richter – separate financial statement audit	94	38
Richter – annual audit – consolidated financial statement	11	16
Richter – annual audit – sustainability statement	49	-
ESEF audit	6	6
Other services providing assurance	7	-
Total	**167**	**60**

Deloitte Network

	2024 HUFm	2023 HUFm
Audit based on statutory provisions	202	131
Other services providing assurance	49	6
Other audit services	-	9
Total	**251**	**146**

The balance of impairment on financial and contract assets

The impairment recognised on financial and contract assets in accordance with IFRS 9 was HUF 271 million in 2024 and HUF 453 million in 2023.

Other income and Other expenses

Other income changed from HUF 10,778 million in the base period to HUF 30,501 million in 2024.

In the reported year the Group received HUF 21,556 million one-off payments mainly from the collaboration with AbbVie covering a new discovery to advance novel targets for the potential treatment of neuropsychiatric conditions while in the reference period one-off payments were HUF 597 million.

Other expenses decreased from HUF 67,322 million in the previous year to HUF 39,570 million in 2024.

Hungarian Government decided on 23 December 2022 an extraordinary tax to be levied on the pharmaceutical industry, as a result of which HUF 28,259 million extraordinary tax was accounted as other expense in 2023. The legislation on the supplementary pharmaceutical tax has been amended, requiring pharmaceutical manufacturers to pay an extra profit and special tax for the 2024 year. As a special tax HUF 1,303 million was accounted for in Other expenses. The extra profit tax is accounted for as an income tax.

In every year the Group reviews it's ongoing development projects as a result of which the contracts may be terminated and product developments stopped. Impairment reported on intangibles in the current year amounted to HUF 491 million. In 2023 the impairment reported on intangibles was HUF 4,127 million.

In 2024, we recognized an impairment loss of HUF 2,700 million on the goodwill related to Gedeon Richter Pharmaceutical (China) Co. Ltd. (see Note 13 for more details).

In 2024 HUF 14,053 million was reported in impairment and scrapping of inventories, HUF 6,307 million higher than in the reference year.

Claw-back expenses are partial repayments of the received Sales revenue of the reimbursed products to the State where the product was distributed (further "claw-back"). In accordance with the announced claw-back regime local authorities established the amount of extraordinary tax to be paid based on the comparison of the subsidies allocated for reimbursed drugs and manufacturers' sales thereof. Other expenses include expenditures in respect of the claw-back regimes effective in Hungary, Romania, Germany, France, Spain, Portugal, Belgium, Italy, Bulgaria, Austria, Poland, Latvia, Lithuania, Croatia, Slovenia, Greece, Ireland, UK and Switzerland amounting to HUF 11,887 million in 2024 (in 2023 HUF 11,623 million).

Depreciation charge of right-of-use assets:

	2024 HUFm	2023 HUFm
Land	(30)	(27)
Building	(2,656)	(2,672)
Machinery	(2)	(3)
Office equipment	(15)	(15)
Vehicles	(3,083)	(2,524)
Total	**(5,786)**	**(5,241)**

The Consolidated Income Statement includes HUF 2,031 million in 2024 (in 2023 HUF 1,797 million) expenses from short-term, low-value and variable lease payments.

6. Net financial result

The Group is translating its foreign currency monetary assets and liabilities to the year-end exchange rate on individual item level, which is presented in the Consolidated Income Statement separately as “Finance income” or “Finance costs”. Since the Management of the Group is analysing these translation differences on net basis, balances are presented on net basis as follows:

	2024 HUFm	2023 HUFm
Unrealised financial items	**1,258**	**(12,138)**
Exchange (loss)/gain on foreign currency on trade receivables and trade payables	(1,811)	1,531
Gain/(loss) on foreign currency loans receivable	2,672	(3,702)
Gain/(loss) on foreign currency securities	1,878	(236)
Result of unrealised forward exchange contracts	(186)	(231)
Unrealised profit/(loss) of cash-flow hedge (reclassification from OCI)	269	(277)
Foreign exchange difference of other financial assets and liabilities	(484)	(531)
Unwinding of discounted value related to contingent-deferred purchase price liabilities	(81)	(79)
Interest expenses related to IFRS 16 standard	(1,081)	(815)
Exchange difference related to IFRS 16 standard	(199)	134
Impairment loss on investments (Note 15)	-	(1,624)
Unrealised fair value difference on financial instruments	302	(3,933)
Impairment loss on securities	(21)	(2,375)
Realised financial items	**11,644**	**(11,820)**
Realised (loss)/gain on forward exchange	(1,901)	6,524
Exchange gain/(loss) realised on trade receivables and trade payables	9,839	(39,025)
Foreign exchange difference on conversion of cash	746	(2,398)
Dividend income	21	21
Interest income	17,640	24,844
- from this: received from financial assets measured at amortised cost	16,845	23,363
- from this: received from financial assets measured at FVOCI	795	1,481
Interest expense	(10,888)	(14,525)
Realised (loss)/gain of cash-flow hedge (reclassification from OCI)	(2,091)	3,458
Result of sale and derecognition of debt and equity instruments	(417)	(1,954)
Disposal of subsidiaries	-	11,436
Other financial items	(1,305)	(201)
Total	**12,902**	**(23,958)**

Unrealised financial items were significantly affected by the 393.60 USD/HUF and 410.09 EUR/HUF exchange rates related translation on 31 December 2024. See the results of the foreign sensitivity tests in Note 9.

In 2024 an impairment of HUF 21 million was recognised on the debt instruments (in 2023 HUF 2,375 million). For more information see Note 18, 25 and 26.

The unrealised fair value difference on financial instruments was HUF 302 million gain in 2024, which consist of HUF 260 million gain for government securities and corporate bonds, HUF 445 million gain for debt on issue of bond, HUF 284 million loss for derivatives and 119 million loss for other financial asset. In 2023 this fair value difference was HUF 3,933 million loss.

From 2021, the Company enters into cash-flow hedging transactions. In 2024, it realized financial loss of HUF 2,091 million (in 2023 HUF 3,458 million gain).

In addition to this, the Company also concludes futures transactions for trading purposes. In 2024, on these transactions the Company realized HUF 1,901 million financial loss. The reason for this was primarily the change in the USD and EUR exchange rate. In 2023, on these transactions the Company realized HUF 6,524 million financial gain.

During the current year, some of the US Treasury Bills and equity instruments (Exchange Traded Funds -ETF) were sold from the debt instruments valued at FVOCI. Financial loss of HUF 417 million was generated from the exchange rate difference realized at the disposal. In 2023, on the sale of debt instruments (government bonds) were realized loss of HUF 1,954 million.

The effects of hedge accounting on financial position and performance are detailed in Note 11 and Note 29.

7. Income tax

Accounting policy

The tax expense for the period comprises current and deferred tax.

The Group considers the following taxes to qualify to be income tax:

- Corporate Income Tax,
- Local Business Tax,
- Innovation Contribution,
- Extra profit tax,
- Global minimum tax.

In case the Group is eligible for investment tax credit, the accounting treatment of which is analogous to tax credits under IAS 12. Accordingly, a deferred tax asset is recognized for the investment tax credits in the amount which will be recovered in future periods.

	2024 HUFm	2023 HUFm
Corporate income tax	(19,635)	(4,927)
Local business tax	(5,252)	(5,265)
Innovation contribution	(788)	(794)
Globe minimum tax	(19,480)	-
Current tax	**(45,155)**	**(10,986)**
Deferred tax (Note 19)	3,602	97
Deferred tax	**3,602**	**97**
Income tax	**(41,553)**	**(10,889)**

In 2024 the average effective tax rate calculated on the basis of the current tax is 16.1% and 14.8% taking into account the effect of deferred tax as well, in 2023 these rates were 6.4% and 6.3% respectively.

Current corporate tax rates at the Parent Company and at the three most significant subsidiaries are as follows:

Parent Company	9.0%
Romania	16.0%
Russia	20.0%
Poland	19.0%

The Hungarian government amended the Pharmaceutical Manufacturers' Special Tax introduced in 2022 and introduced the Pharmaceutical Manufacturers' Extraprofit Tax from 1 January 2024. The 2024 legislative changes reduce the tax rates and allow for a further reduction of the Special Tax by the amount of the Extraprofit Tax. The tax rate changes progressively, and pharmaceutical manufacturers can reduce the amount of tax payable by accounting for investments and R&D costs.
Both taxes will be abolished on January 1, 2025.

The Richter Group is within the scope of Global Minimum Tax (“GMT”) under the OECD Pillar Two model rules (“Pillar Two”). Pillar Two legislation was enacted in Hungary, the jurisdiction in which the Company is incorporated, and came into effect from 1 January 2024. Subject to this tax legislation the Richter is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per jurisdiction.

Tax rate reconciliation

	2024 HUFm	2023 HUFm
Profit before income tax	**281,077**	**171,540**
Tax calculated at domestic tax rates applicable to profits in the respective countries[1]	24,364	18,031
Tax effects of:		
Associates results reported net of tax	(632)	(552)
Income not subject to tax	(14,675)	(8,975)
Expense not deductible for tax purposes	1,049	1,605
Expense eligible to double deduction[2]	(7,244)	(5,475)
The effect of changes in tax loss for which no deferred income tax has been recognised[3]	1,002	3,910
Other income taxes	36,707	5,852
Correction of tax return	-	(7)
Impact of deferred tax exceptions[4]	1,937	241
Deferred tax asset related unused tax loss carried forward, recognised current year due to return	(89)	(1,765)
Investment tax credit	(1,055)	(1,861)
Other, individually insignificant items	189	(115)
Tax charge	**41,553**	**10,889**

[1] The tax has been calculated with domestic tax rates including the effect of every income tax (including e.g. local business tax).

[2] These expenditures can be deducted twice from the current years result to get the taxable profit (qualifying R&D expenses).

[3] Unused tax loss of the current year on which no deferred tax asset has been recognised adjusted by the effect of the tax loss utilised in current period on which no deferred tax asset was recognised.

[4] Deferred tax liability is not recognized in accordance with IAS 12.15 on the related temporary difference.

Investment tax credit

The Company would like to use investment tax credit in the amount of HUF 7,765 million regarding six projects in Budapest and one project in Dorog:

- Modernization of R&D related asset park (ending date: 2014);
- Expansion of manufacturing capacity of sterile pharmaceutical products (ending date: 2020);
- Expansion of manufacturing capacity of solid pharmaceutical products (ending date: 2020)
- Modernization of R&D related asset park (ending date: 2015);
- Modernization of R&D related asset park (ending date: 2016);
- Modernization of R&D related asset park (ending date: 2018);
- Expansion of manufacturing capacity of steroid intermediates and active substances products (ending date: 2023)

The equipment that formed part of all seven projects was commissioned.

There is still outstanding tax relief in connection with ‘expansion of manufacturing capacity of steroid intermediates’ project, which could be used based on the Act on CIT at latest in 2028.
Following a significant improvement in the financial performance, the Company determined that sufficient taxable profits will be available, and the investment tax credit can be utilised.

Accounting treatment of the tax credit

The Company assessed this tax credit to be an investment tax credit and applied analogy of tax credits described in IAS 12 para 34-36 and recognised deferred tax accordingly.

Tax authority audits

The Hungarian Tax Authority performed a transfer pricing related tax compliance audit in 2024 regarding financial year of 2022. The minutes was received on 16 September 2024, which did not contain any significant findings.

The Hungarian Tax Authority performed an investment and energy efficiency tax credit related tax compliance audit in 2024 regarding financial years of 2021-2022. The minutes was received on 6 December 2024, which did not contain any significant findings.

The tax authorities may at any time inspect the books and records within the time frame described in the related statutory regulation and may impose additional tax assessments with penalties and penalty interest.

Management is not aware of any circumstances which may give rise to a potential material liability in this respect.

8. Consolidated earnings per share

As of 31 December 2024, and 31 December 2023 there are no potential dilutive instruments issued by the Group, that would modify the basic EPS.

EPS (basic and diluted)

	2024	2023
Net consolidated profit attributable to owners of the parent (HUFm)	239,244	158,850
Weighted average number of ordinary shares outstanding (thousands)	183,016	184,769
Earnings per share (HUF)	**1,307**	**860**

9. Financial instruments

This note provides information about the Group's financial instruments, including the followings:

- Relevant Accounting policies
- An overview of all financial assets and financial liabilities held by the Group
- Information about the Group's financial risk and capital management.

Accounting policy

Financial assets

The Group reports its financial assets as:

A) Debt instruments measured at amortised cost

- Loan receivables
- Government securities, corporate bonds and long-termed deposits

In case of capital contribution, the Group implicitly presents the transaction as debt instrument.

B) Debt instruments and Equity instruments measured at fair value through OCI

The Parent Company has debt instruments (government securities, corporate bonds) managed under a different business model as a non-current financial assets at FVOCI, based on that the business model is achieved by both collecting contractual cash-flows and selling financial assets ("hold & sell" business model), and the contractual terms of the financial asset give rise on specified dates to cash-flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Group recognised equity instruments as financial assets at FVOCI and applies the fair value option for these instruments, which are investments in Exchange Traded Funds (ETF). If this election is made, all fair value changes, excluding dividends that are a return on investment, will be included in OCI.

C) Debt instruments designated at fair value through profit or loss using fair value option

The Group has chosen the fair value option for certain financial instruments (government and corporate bonds which related to interest rate swap), i.e. it recognizes the financial asset or financial liability at fair value through profit or loss if it eliminates or materially reduces recognition or measurement inconsistencies (accounting mismatch) which would have existed, if the Group had not selected the fair value option. The use of the fair value option also provides more relevant information about financial instruments in the financial statements. The fair value option is not applied to all financial assets or liabilities, but only to certain financial instruments designated by the Group at initial recognition. The Group irrevocably decides to exercise the fair value option at initial measurement to these designated items.

Impairment

Credit loss allowance for Expected Credit Loss (ECL): The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information. Historical loss rates are determined by the Group based on the payment experience of the previous 3 years. Defining forward-looking information, the Group takes into account the change in the Probability of Default (PD) of the receivables with the largest receivable amount (based on market information) and thus corrects historical loss rates. The impact of forward-looking information on impairment is not significant.

There is a need to compare the risk of default at inception to the risk of default at the reporting date considering reasonable and supportable historic and forward looking information. Such an assessment can be done on an individual asset or groups of assets level, but needs to be consistently performed.
There is a rebuttable presumption that default will occur when the asset is 90 days overdue (i.e. asset becomes non-performing), and also that credit risk significantly increases since initial recognition when contractual payments are more than 30 days past due (i.e. the asset becomes underperforming). The impairment stage for the debtor is determined based on the length of the payment delay (30 or 90 day payment delay) and other information affecting credit quality (i.e. Russian-Ukrainian conflict, sanctions, negative equity etc.). All debtor's obligations are classified in the same impairment stage.

Financial liabilities

The Group decided to apply the fair value option and designated the financial liability from the bond issuance as subsequently measured at fair value through profit or loss. This accounting policy choice significantly reduces a recognition and measurement inconsistency that would arise from the accounting treatment of the bond at fixed interest rate and the interest rate swaps (IRS) aiming to manage the fair value risk of the underlying financial instrument. The transactions of issue of the bond and fixed interest rate swaps were concluded at the same time.

Liabilities for contingent consideration in business combinations (IFRS 3) and other financial liabilities designated at fair value through profit or loss are measured at fair value.

Borrowings are initially measured at amortised cost, net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities constituting trade payables are described separately in Note 37 Trade payables.

The Group holds the following financial assets and liabilities. It does not include fair value information for financial assets and liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

	Notes	Carrying value		Fair value	
		2024	2023	2024	2023
		31 December	31 December	31 December	31 December
		HUFm	HUFm	HUFm	HUFm
Financial assets measured at fair value[1]					
Financial assets measured at FVOCI					
Government securities, corporate bonds (debts)[2]	18,26	20,504	28,346	20,504	28,346
Equity instruments	18	7,301	36,326	7,301	36,326
Investments	18	52,074	8,521	52,074	8,521
		79,879	**73,193**	**79,879**	**73,193**
Financial assets measured at FVTPL					
Government securities, corporate bonds[2] – designated as at FVTPL at initial recognition	17	71,531	75,839	71,531	75,839
Derivative financial instruments	11	14,993	15,075	14,993	15,075
Foreign currency forwards and commodity swaps – cash flow hedges	11	28	10,914	28	10,914
		86,552	**101,828**	**86,552**	**101,828**
Financial assets measured at amortised cost[1]					
Government securities, corporate bonds (debts)	16,25	887	6,140	826	6,076
Loan receivables[3]	16,25	1,442	4,219	1,442	4,219
Trade receivables	22	240,327	204,968	240,327	204,968
Cash and cash equivalents	28	135,627	80,493	135,627	80,493
		378,283	**295,820**	**378,222**	**295,756**

(1) All financial assets are free from liens and charges.

(2) The fair value of interest swap rates and commodity swaps was discounted to present value by the Company using the available interest rate curve and forward/futures prices on the market. In case of those corporate bonds, which are recognised under the fair value option or in the absence of a quoted market price, the present value was determined using the discounted cash-flow (DCF) method. Based on the mentioned valuation techniques the financial instruments were assigned to Level 2 and Level 3 category.

(3) There is not significant different between the carrying value and fair value of the loan receivables.

	Notes	Carrying value		Fair value	
		2024	2023	2024	2023
		31 December	31 December	31 December	31 December
		HUFm	HUFm	HUFm	HUFm
Financial liabilities measured at fair value					
Financial liabilities measured at FVTPL					
Debt on the issue of bonds	33,40	54,135	53,840	54,135	53,840
Derivative financial instruments	11	12,644	11,401	12,644	11,401
Foreign currency forwards and commodity swaps – cash flow hedges	11	8,015	947	8,015	947
Other financial liabilities	33,40	11,422	3,349	11,422	3,349
		86,216	**69,537**	**86,216**	**69,537**
Financial liabilities measured at amortised cost					
Borrowings		1,618	182	1,618	182
Trade payables	38	72,331	51,301	72,331	51,301
Lease liabilities	34	20,125	18,245	20,125	18,245
		94,074	**69,728**	**94,074**	**69,728**

Above mentioned different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities (government bonds, corporate bonds, ETFs).

Level 2: Inputs other than quoted prices included within Level 1 that are observable at the market for the asset or liability, either directly (that is, as prices) or indirectly (these are derived from market prices– foreign currency forwards, commodity swaps, furthermore debt instruments and deferred purchase prices which are based on DCF method)).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs– venture capital and other financial investments, contingent considerations debt instruments for which no quoted market price is available).

9.1 Financial risk management

Gedeon Richter Plc. has identified its relevant financial risks that are continuously monitored and evaluated by the Management of the Company. The Group focuses on capital structure, foreign currency, credit and collection and liquidity risk.

Market risk

Interest rate risk

As stated in Note 36 the Borrowings of the Group is not significant, therefore the interest rate risk is negligible.

Security price risk

The Group holds various securities including fixed and floating rate; HUF, EUR and USD denominated government and corporate bonds and EUR denominated ETFs (Exchange-Traded Fund) of corporate bonds. Most of these securities are booked at fair value therefore price fluctuation creates security price risks. In order to reduce price fluctuation risks, almost half of fixed rate EUR bonds are hedged through interest rate swaps.

Foreign currency risk

Significant part of the Group's revenues is denominated in currencies other than the functional and the presentation currency, therefore it faces the risk of currency rate fluctuation. In order to decrease this volatility of the financial result the Parent Company conducts USD FX roll forward deals for a part of the planned income.

In December 2021, the Management decided to change its risk management policy in connection with these deals since that the Company applies hedge accounting. The purpose of hedge accounting is to mitigate the impact of potential volatility in the Consolidated Income Statement of the Group due to the currency risk of highly probable future foreign currency cash-flows (royalty income) by matching the impact of the hedged item and the hedging instrument in the Consolidated Income Statement.

The most of royalty incomes are denominated in USD. The USD risk is one of the most important market risks for the Company. The risk is managed in HUF, because this is functional currency of Company. The Company has established guidelines for hedging instruments (derivatives) in order to manage its USD exchange rate risk. USD exchange rate risk is managed on a mid-term basis. The foreign exchange forward CF hedge derivatives are priced using spot plus forward points pricing (National Bank of Hungary official daily exchange rate plus USD/HUF forward points according to Bloomberg Terminal).

The Company applied this hedging policy and accounting method during the cash-flow hedging settlement in 2024 and will continue to apply it in the following years as well.

Energy market price risk

Natural gas (TTF and EUR)

Gedeon Richter Plc. is a production company with dominant energy costs. The component of energy risk (TTF prices), which brings unnecessary variability to the development of the result, must be managed. The aim of Gedeon Richter Plc.'s risk management is to reduce the variability resulting from this energy risk (TTF prices).

In order for the Company to achieve this goal, it systematically manages the impact of energy exposure on a monthly basis from October 2023 to December 2024.
The hedging program is non-speculative, meaning that only existing risk is hedged. In accordance with its risk management strategy, the Company intends to cover the market exchange rate risk arising from the 80% - 100% volume range of the planned monthly natural gas purchase.

The Company enters into hedging transactions because it buys large quantities of the natural gas required for production. Since the movement of the market price of natural gas can significantly affect the Company's result, in order to achieve the profit level defined in the annual plan, it is necessary to reduce the volatility that affects the accounting result due to natural gas price fluctuations (TTF prices).
The purpose of the hedging transaction is to mitigate the market price risk of 80% - 100% of the expected monthly natural gas consumption with derivative transactions (commodity SWAP floating to fix), by fixing the price in a commodity swap contract, thus reducing the exposure to fluctuations in the market price of natural gas (TTF prices).

Natural gas is paid in EUR, mitigating currency risk is also part of the hedging strategy, but it was developed in separate hedge documentation.

Gedeon Richter Plc. is a production company whose energy costs (natural gas) are predominantly displayed in EUR. The component of the currency risk that brings unnecessary volatility to the development of the result must be managed. The aim of Gedeon Richter Plc.'s risk management is to reduce the volatility resulting from this currency risk.
In order for the Company to achieve this goal, it systematically manages the impact of currency exposure on a monthly basis from October 2023 to December 2024.

The hedging program is non-speculative, meaning that only existing risk is hedged. In accordance with the Company's risk management strategy, the planned monthly natural gas purchase is 50%-100% range of the invoice value and the amount fixed by the TTF commodity swap transaction (according to the separate hedge documentation, at least 50% of the foreign currency amount marked as the product of the fixed market price (with commodity swap) and the planned quantity) wishes to cover an exchange rate risk of foreign currency (EUR).

The Company buys large quantities of natural gas for its production. Since the natural gas invoices include items denominated in EUR, the used market price (TTF) natural gas is paid in EUR, the Company is therefore exposed to a foreign exchange risk. In order to achieve the profit level defined in the annual plan, it is necessary to reduce the volatility that affects the accounting result due to exchange rate fluctuations (EUR).
The purpose of the hedging transaction is to mitigate the foreign exchange risk of the market price (invoice value + commodity SWAP transaction difference) fixed by the commodity SWAP transaction by at least 50% (50%-100% range) of the expected monthly natural gas consumption with derivative transactions (FX forward), by fixing the price in a forward contract, thereby reducing exposure to natural gas foreign exchange rate fluctuations (EUR).

The Company manages the hedging policy designed to measure risks from energy-related market TTF and EUR currency exchange rates under cash-flow hedge accounting.

Electricity (EUR)
Gedeon Richter Plc. is a production company whose energy costs (electricity) are predominantly displayed in EUR. The component of the currency risk that brings unnecessary volatility to the development of the result must be managed. The aim of Gedeon Richter Plc.'s risk management is to reduce the volatility resulting from this currency risk.
In order for the Company to achieve this goal, it systematically manages the impact of currency exposure on a monthly basis from January 2024 until December 2024.
The hedging program is non-speculative, meaning that only existing risk is hedged. In accordance with its risk management strategy, the Company intends to cover the foreign exchange risk arising from the range 50%-100% of the invoice value (fixed price in EUR/MWh) of the planned monthly electricity purchase.

The Company buys a large amount of electricity (MWh) for its production. Since the electricity bills include items denominated in EUR, the electricity used at a fixed price is paid in EUR, the Company is therefore exposed to a currency risk. In order to achieve the profit level defined in the annual plan, it is necessary to reduce the volatility that affects the accounting result due to exchange rate fluctuations (EUR).
The purpose of the hedging transaction is to mitigate the foreign exchange risk of at least 50% (50%-100% range) of the expected monthly electricity consumption with derivative transactions (FX forward), by fixing the price in a forward contract, thus reducing the exposure of the electricity bill to currency exchange rate fluctuations (EUR).

The Company manages the hedging policy designed to measure risks from EUR currency exchange rates under cash-flow hedge accounting.

Foreign exchange sensitivity of profit

The Group does business in a number of regions, and countries with different currencies. The most typical foreign currencies are the EUR, USD, PLN, RON, RUB, CHF, KZT, CNY and CZK. The calculation of exposure to foreign currencies is based on these nine currencies.

The foreign currency risk management calculation is based on the balances exposed to exchanges of foreign currencies of the Parent Company and the seven principal subsidiaries (Gedeon Richter Polska Sp. z o.o., Gedeon Richter Romania S.A., AO Gedeon Richter – RUS, Richter BioLogics GmbH & Co. KG, TOO Gedeon Richter KZ, Gedeon Richter (Schweiz) AG and Gedeon Richter Farma O.O.O). The items of the other consolidated companies have insignificant foreign currency exposure as they are performing mainly wholesale and retail activity, purchasing and selling in their functional currency. The effect of the risk arising from currency fluctuation is measured by different change in the exchange rates. Recently Ruble, Euro and US dollar showed higher volatility therefore according to the decision of the Management therefore in both years these currencies have been diverted in a reasonable level when determining the exchange rate combination (RUB, EUR, USD +/- 10%; all other +/- 5%).

The table below presents the effect of the change in the average foreign currency rate on the operating profit and on the profit before income tax:

2024	Exchange rates										Effect on operating profit	Effect on profit before income tax	
*	EUR/ HUF	USD/ HUF	EUR/ USD	PLN/ HUF	RON/ HUF	RUB/ HUF	CHF/ HUF	KZT/ HUF	CZK/ HUF	CNY/ HUF	HUFm	HUFm	
110.00%	**435.04**												
		402.09	**1.08**	**96.41**	**83.52**	**4.36**	**436.07**	**0.83**	**16.53**	**52.96**	**38,810**	**41,127**	**largest growth**
		365.54	1.19	91.82	79.54	3.96	415.30	0.79	15.74	50.44	2,570	3,202	
		328.99	1.32	87.23	75.56	3.56	394.54	0.75	14.95	47.92	(33,671)	(34,723)	
100.00%	395.49												
		402.09	0.98	96.41	83.52	4.36	436.07	0.83	16.53	52.96	36,240	37,925	
		365.54	1.08	91.82	79.54	3.96	415.30	0.79	15.74	50.44	0	0	
		328.99	1.20	87.23	75.56	3.56	394.54	0.75	14.95	47.92	(36,240)	(37,925)	
90.00%	**355.94**												
		402.09	0.89	96.41	83.52	4.36	436.07	0.83	16.53	52.96	33,671	34,723	
		365.54	0.97	91.82	79.54	3.96	415.30	0.79	15.74	50.44	(2,570)	(3,202)	
		328.99	**1.08**	**87.23**	**75.56**	**3.56**	**394.54**	**0.75**	**14.95**	**47.92**	**(38,810)**	**(41,127)**	**greatest decrease**

* Change of EUR/HUF average exchange rates (%).

Based on the yearly average currency rate sensitivity analysis of 2024 the combination of weak Hungarian Forint – 435.04 EUR/HUF against other currencies – would have caused the largest growth in the amount of HUF 38,810 million on the Group's consolidated operating profit and HUF 41,127 million on the Group's consolidated profit for the year.
The greatest decrease HUF 38,810 million on operating and HUF 41,127 million on profit for the year would have been caused by the combination of exchange rates of 355.94 EUR/HUF against other currencies.

2023	Exchange rates										Effect on operating profit	Effect on profit before income tax	
*	EUR/ HUF	USD/ HUF	EUR/ USD	PLN/ HUF	RON/ HUF	RUB/ HUF	CHF/ HUF	KZT/ HUF	CZK/ HUF	CNY/ HUF	HUFm	HUFm	
110.00%	**420.18**												
		388.70	**1.08**	**88.18**	**80.99**	**4.77**	**424.54**	**0.81**	**16.72**	**52.08**	**31,311**	**28,363**	**largest growth**
		353.36	1.19	83.98	77.13	4.34	404.32	0.77	15.92	49.60	1,074	1,300	
		318.02	1.32	79.78	73.27	3.91	384.10	0.73	15.12	47.12	(29,163)	(25,763)	
100.00%	381.98												
		388.70	0.98	88.18	80.99	4.77	424.54	0.81	16.72	52.08	30,237	27,063	
		353.36	1.08	83.98	77.13	4.34	404.32	0.77	15.92	49.60	0	0	
		318.02	1.20	79.78	73.27	3.91	384.10	0.73	15.12	47.12	(30,237)	(27,063)	
90.00%	**343.78**												
		388.70	0.88	88.18	80.99	4.77	424.54	0.81	16.72	52.08	29,163	25,763	
		353.36	0.97	83.98	77.13	4.34	404.32	0.77	15.92	49.60	(1,074)	(1,300)	
		318.02	**1.08**	**79.78**	**73.27**	**3.91**	**384.10**	**0.73**	**15.12**	**47.12**	**(31,311)**	**(28,363)**	**greatest decrease**

* Change of EUR/HUF average exchange rates (%).

Based on the yearly average currency rate sensitivity analysis of 2023 the combination of weak Hungarian Forint – 420.18 EUR/HUF against other currencies – would have caused the largest growth in the amount of HUF 31,311 million on the Group's consolidated operating profit and HUF 28,363 million on the Group's consolidated profit for the year.
The greatest decrease HUF 31,311 million on operating and HUF 28,363 million on profit for the year would have been caused by the combination of exchange rates of 343.78 EUR/HUF against other currencies.

Currency sensitivity of balance sheet items

Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation exposures arise from financial and non-financial items held by an entity with a functional currency different from the Group's presentation currency.
Currency sensitivity analysis of balance sheet items is applied to third party trade receivables and trade payables, bank accounts, loan receivables, lease liabilities and financial assets and financial liabilities considering that items of related parties are eliminated during consolidation. The calculation is based on the items of the Parent Company and the seven principal subsidiaries (Gedeon Richter Polska Sp. z o.o., Gedeon Richter Romania S.A., AO Gedeon Richter – RUS, Gedeon Richter (Schweiz) AG, Richter BioLogics GmbH & Co. KG, TOO Gedeon Richter KZ and Gedeon Richter Farma O.O.O). The effect of the risk arising from currency fluctuation is measured by different scenarios regarding the exchange rates.
The calculation is based on the exchange rates combinations presented below. Recently, Management has experienced higher sensitivity in case of Ruble, Euro and US dollar therefore in both years these currencies have been diverted more when determining the exchange rate combinations (RUB, EUR, USD +/- 10%; all other +/- 5%).

The table below presents the effect of the change in the year end currency rate on the net financial position:

2024	**Exchange rates**									**Effect on net financial position**	
*	EUR/ HUF	USD/ HUF	EUR/ USD	PLN/ HUF	RON/ HUF	RUB/ HUF	CHF/ HUF	KZT/ HUF	CZK/ HUF	CNY/ HUF	HUFm	
110.00%	**451.10**											
		432.96	**1.04**	**100.77**	**86.54**	**4.03**	**457.22**	**0.79**	**17.12**	**56.62**	**16,374**	**best case scenario**
		393.60	1.15	95.97	82.42	3.66	435.45	0.75	16.30	53.92	4,675	
		354.24	1.27	91.17	78.30	3.29	413.68	0.71	15.49	51.22	(7,021)	
100.00%	410.09											
		432.96	0.95	100.77	86.54	4.03	457.22	0.79	17.12	56.62	11,698	
		393.60	1.04	95.97	82.42	3.66	435.45	0.75	16.30	53.92	0	
		354.24	1.16	91.17	78.30	3.29	413.68	0.71	15.49	51.22	(11,696)	
90.00%	**369.08**											
		432.96	0.85	100.77	86.54	4.03	457.22	0.79	17.12	56.62	7,023	
		393.60	0.94	95.97	82.42	3.66	435.45	0.75	16.30	53.92	(4,675)	
		354.24	**1.04**	**91.17**	**78.30**	**3.29**	**413.68**	**0.71**	**15.48**	**51.22**	**(16,374)**	**worst case scenario**

* Change of EUR/HUF balance sheet date exchange rates (%).

2023		Exchange rates									Effect on net financial position	
*	EUR/ HUF	USD/ HUF	EUR/ USD	PLN/ HUF	RON/ HUF	RUB/ HUF	CHF/ HUF	KZT/ HUF	CZK/ HUF	CNY/ HUF	HUFm	
110.00%	**421.06**											
		381.08	**1.10**	**92.44**	**80.80**	**4.25**	**432.89**	**0.80**	**16.25**	**51.16**	**20,211**	**best case scenario**
		346.44	1.22	88.04	76.95	3.86	412.28	0.76	15.48	48.72	6,146	
		311.80	1.35	83.64	73.10	3.47	391.67	0.72	14.71	46.28	(7,918)	
100.00%	382.78											
		381.08	1.00	92.44	80.80	4.25	432.89	0.80	16.25	51.16	14,065	
		346.44	1.10	88.04	76.95	3.86	412.28	0.76	15.48	48.72	0	
		311.80	1.23	83.64	73.10	3.47	391.67	0.72	14.71	46.28	(14,065)	
90.00%	**344.50**											
		381.08	0.90	92.44	80.80	4.25	432.89	0.80	16.25	51.16	7,918	
		346.44	0.99	88.04	76.95	3.86	412.28	0.76	15.48	48.72	(6,146)	
		311.80	**1.10**	**83.64**	**73.10**	**3.47**	**391.67**	**0.72**	**14.71**	**46.28**	**(20,211)**	**worst case scenario**

* Change of EUR/HUF balance sheet date exchange rates (%).

In 2024 the worst-case scenario is when EUR, USD, PLN, RON, RUB, CHF, KZT, CNY and CZK weaken against HUF. In this case the consolidated financial result would decrease by HUF 16,374 million. The best-case scenario is when EUR, USD, PLN, RON, RUB, CHF, KZT, CNY and CZK would strengthen against HUF. In this case the consolidated financial result would increase by HUF 16,374 million.

In 2023 The worst-case scenario is when EUR, USD, PLN, RON, RUB, CHF, KZT, CNY and CZK weaken against HUF. In this case the consolidated financial result would decrease by HUF 20,211 million. The best-case scenario is when EUR, USD, PLN, RON, RUB, CHF, KZT, CNY and CZK would strengthen against HUF. In this case the consolidated financial result would increase by HUF 20,211 million.

Since loan receivables and borrowings given to subsidiaries are eliminated during the consolidation process these items are not taken into consideration in the sensitivity analyses, however the revaluation effect of these balance sheet items influences the net financial result of the Group.

The Group's exposure to foreign currency risk at the end of the reporting period:

2024

	Currencies (all amounts in HUFm)								
	EUR	USD	CHF	RUB	RON	PLN	KZT	CZK	CNY
Loans receivable	582	-	-	-	-	61	-	-	-
Trade receivables	33,033	13,425	385	45,355	10,676	14,914	3,546	2,564	3,447
Financial assets	28,580	-	-	-	-	-	-	-	-
Investments in securities	-	2,476	-	-	-	-	-	-	-
Bank deposits	30,753	43,172	1,413	6,157	1,370	4,077	562	1,286	3,105
Trade payables	(26,267)	(5,842)	(523)	(1,286)	(871)	(1,947)	(183)	(10)	(16)
Financial liabilities	(8,365)	-	-	-	-	-	-	-	-
Other liabilities	(5,641)	(3,304)	(170)	(63)	(1,027)	(1,481)	(16)	(92)	(10)
Lease liabilities	(5,923)	(201)	(137)	(1,988)	-	(2,709)	(33)	-	(302)
Total	**46,752**	**49,726**	**968**	**48,175**	**10,148**	**12,915**	**3,876**	**3,748**	**6,224**

2023

	Currencies (all amounts in HUFm)								
	EUR	USD	CHF	RUB	RON	PLN	KZT	CZK	CNY
Loan receivables	911	454	-	-	-	-	-	-	-
Trade receivables	27,932	63,753	413	41,543	8,745	10,863	3,111	1,786	6,412
Financial assets	39,242	-	-	-	-	-	-	-	-
Investments in securities	-	880	-	-	-	-	-	-	-
Bank deposits	23,153	18,739	748	9,374	2,691	2,301	465	900	2,302
Trade payables	(18,636)	(4,817)	(1,075)	(1,676)	(716)	(1,294)	(160)	(10)	(14)
Financial liabilities	(1,024)	-	-	-	-	-	-	-	-
Other liabilities	(5,028)	(1,368)	(31)	(164)	(942)	(1,322)	-	(10)	(128)
Lease liabilities	(5,085)	(162)	(183)	(1,992)	-	(2,623)	(62)	-	(161)
Total	**61,465**	**77,479**	**(128)**	**47,085**	**9,778**	**7,925**	**3,354**	**2,666**	**8,411**

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers. The Group assesses the solvency and creditworthiness risk of its customers, determining the payment structure, payment terms and the scope of collateral required. The Group monitors its customers' receivables, in particular with regard to overdue exposures, and the validity and enforceability of collateral, in order to avoid credit losses. If the amount of the available contractual credit limit or credit line is exceeded by the customers, the shipments on credit can be suspended by the Group.
The Group does business with key customers in many countries. These customers are major import distributors in their countries and the Management of the Group maintains close contact with them on an ongoing basis. In 2024 there is only one customer (AbbVie) where the turnover exceeds 10% of total revenues. The revenue is royalty, related to Vraylar®.

Provisions for doubtful debts receivables are estimated by the Group's Management based on the expected credit loss model. The following securities are applied to minimize the credit risk.

Regions	Trade receivables secured as at 31 December 2024	Type of security		
		Credit insurance*	Bank guarantee	L/C
	HUFm	HUFm	HUFm	HUFm
CIS	63,474	55,081	8,393	-
EU	312	-	312	-
USA	-	-	-	-
China	157	157	-	-
Latin America	3,239	3,239	-	-
Other	1,892	1,797	-	95
Total	**69,074**	**60,274**	**8,705**	**95**

Regions	Trade receivables secured as at 31 December 2023	Type of security		
		Credit insurance*	Bank guarantee	L/C
	HUFm	HUFm	HUFm	HUFm
CIS	54,995	49,497	5,498	-
EU	291	-	291	-
USA	-	-	-	-
China	69	69	-	-
Latin America	4,207	4,207	-	-
Other	1,628	1,472	-	156
Total	**61,190**	**55,245**	**5,789**	**156**

*The balance of trade receivables included in the (export credit) insurance program is presented as secured portfolio as at the balance sheet date, regardless of whether its risk related to non-payment is additionally secured by other instruments or not.

Credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with credit ratings assigned by international rating agencies presented below.

As a result of the composition of the Group, the Parent Company has the most significant Cash and cash equivalents (more than 70% of the Group's total Cash and cash equivalents). Therefore, details of the Parent Company are disclosed.

The credit rating of the most significant banks based on international credit rating institutes are the followings:

Investment partner banks	31 December 2024			31 December 2023		
	Moody's	*S&P*	*FitchRatings*	*Moody's*	*S&P*	*FitchRatings*
Banca Commerciala Romana SA	Baa1	-	BBB+	Baa1	-	BBB+
Bank of China Ltd. Hungarian Branch*	A1	A	A	A1	A	A
BNP Paribas Hungarian Branch*	A1	A+	A+	Aa3	A+	A+
CIB Bank Zrt.	-	-	BBB	-	-	BBB
Citibank N.A.	Aa3	A+	A+	Aa3	A+	A+
Erste Bank Hungary Zrt.	A3	-	BBB+	A3	-	BBB+
ING Bank N.V. Hungarian Branch*	Aa3	A+	AA-	Aa3	A+	AA-
J.P. Morgan AG	Aa1	AA-	AA	-	A+	AA
K&H Bank Zrt.	A3u	-	BBB+	A3u	-	BBB+
KDB Bank Európa Zrt. (ultimate parent - Korea Development Bank)*	Aa2	AA	AA-	Aa2	AA	AA-
OTP Bank Nyrt.	Baa1	BBB-	-	Baa1	BBB-	-
Raiffeisen Bank Zrt.*	A3	-	-	A3	-	-

* The bank's credit rating is not available, the rating of its "ultimate parent" is presented.

Between January 1, 2024, and December 31, 2024, the Parent Company hold its cash and cash equivalent at the above-mentioned banks. The bond portfolio of the Company was hold at custodian banks also listed above. The other bank relations of the Group are widely dispersed, therefore the credit exposure with one financial institution is limited, the exposure towards a given bank is determined by the internal regulation.

Liquidity risk

Cash-flow forecasting is performed in the operating entities of the Group. These forecasts are updated on a continuously basis based on actual data. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance. Group treasury invests surplus cash in interest bearing current accounts, time deposits, investment funds and marketable securities. Besides these, on operational level various cash pool systems throughout the Group help to optimise liquidity surplus and need on a daily basis.

The liquidity risk of the Group was limited in 2024, since the current assets were higher than the total liabilities. In 2024 the stock of financial assets increased due to the continuous renegotiation of standard derivative contracts (e.g. forward contracts) used by the Group for hedging purposes (see Note 11). These transactions resulted in a significant growth of financial assets.

The Parent agreed upon several bilateral loan facilities. Loan agreements represent a further source of financing for Richter Group. A HUF 130,000 million loan facility is in place until 2025 to cover unexpected cash needs. This multi-currency credit line is a backup facility the is intended to be used in exceptional circumstances only.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash- flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash-flows. To the extent that interest cash-flows are floating rate, the undiscounted amount is derived from interest rate curves at the reporting date.

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

Contractual maturities of financial liabilities 31 December 2024	Notes	Less than 3 months HUFm	Between 3 months and 1 year HUFm	Between 1 and 2 years HUFm	Between 2 and 5 years HUFm	Over 5 years HUFm	Total contractual cash flows HUFm	Carrying amount HUFm
Non-derivatives								
Trade payables	37	66,902	5,025	404	-	-	**72,331**	**72,331**
Borrowings	36	-	-	-	58	1,560	**1,618**	**1,618**
Lease liabilities	33	1,597	3,993	6,865	3,023	10,273	**25,752**	**20,125**
Debt on the issue of bonds	32,39	-	1,225	1,225	17,553	57,837	**77,840**	**54,135**
Total non-derivatives		**68,499**	**10,243**	**8,494**	**20,634**	**69,670**	**177,541**	**148,209**
Derivatives								
Interest rate swap	11	-	(691)	(675)	(1,711)	(2,602)	**(5,680)**	**2,560**
Gross settled (foreign currency forwards – cash flow hedges) – gross outflows	11	34,349	67,399	17,709	-	-	**119,457**	**(7,987)**
Trading derivatives (foreign currency forwards) – gross outflows	11	32,440	-	-	-	-	**32,440**	**(211)**
Total derivatives		**66,788**	**66,708**	**17,034**	**(1,711)**	**(2,602)**	**146,217**	**(5,638)**

Contractual maturities of financial liabilities 31 December 2023	Notes	Less than 3 months HUFm	Between 3 months and 1 year HUFm	Between 1 and 2 years HUFm	Between 2 and 5 years HUFm	Over 5 years HUFm	Total contractual cash-flows HUFm	Carrying amount HUFm
Non-derivatives								
Trade payables	37	48,165	2,427	693	(72)	88	**51,301**	**51,301**
Borrowings	36	4	13	61	-	118	**196**	**182**
Lease liabilities	33	1,504	3,806	6,865	3,301	10,217	**25,694**	**18,245**
Debt on the issue of bonds	32,39	-	1,225	1,225	10,675	65,940	**79,065**	**53,840**
Total non-derivatives		**49,673**	**7,471**	**8,844**	**13,904**	**76,363**	**152,256**	**123,568**
Derivatives								
Interest rate and commodity swap	11	(359)	(1,037)	(788)	(2,058)	(4,601)	**(8,843)**	**3,700**
Gross settled (foreign currency forwards and commodity swaps– cash-flow hedges) – gross outflows	11	29,196	75,953	32,245	-	-	**137,394**	**9,967**
Trading derivatives (foreign currency forwards) – gross outflows	11	29,000	-	-	-	-	**29,000**	**(26)**
Total derivatives		**57,837**	**74,916**	**31,457**	**(2,058)**	**(4,601)**	**157,551**	**13,641**

For the year 2024, 82% of cash outflows of the Parent Company are treated under hedge accounting. The intention is to cover 50% of the foreign currency denominated cash in-flows (mostly royalty income) therefore the cash outflows occurring during this period do not represent an actual risk for the Company.

9.2 Capital management

The capital structure of the Group consists of net debt (borrowings as detailed in Note 36, debt on issue of bond detailed in Note 32 and 39, furthermore the related derivative financial instruments detailed in Note 11 offset by cash and bank balances in Note 28 and the government securities and corporate bonds invested from the received amount of issue of bond detailed in Note 17, and related derivative financial instruments detailed in Note 11) and equity of the Group (comprising share capital, retained earnings, other reserves and non-controlling interests). The net debt structure presents the main changes in financial liabilities and related financial assets. Net debt is presented and detailed in Note 41.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is also monitoring the individual entities to meet their statutory capital requirements.
The Company is pursuing constant dividend policy, providing dividend from the profit to the owners every year. The Board of Directors recommends for the Annual General Meeting the payment of dividend calculated from the Group's IFRS consolidated profit attributable to the owners of the parents, and also taking into account the Company's net cash-flow and the financing needs of the ongoing acquisition projects.
At the time of the approval of the Annual Report, no dividend has been proposed and will be proposed by the Board of Directors at a later date.

The capital risk of the Group was still limited in both 2024 and 2023, since the net cash position calculated as presented in Note 41, shows surplus in the balance sheet.

The gearing at end of the reporting period was as follows:

	31 December 2024 HUFm	31 December 2023 HUFm
Net cash (Note 41)	**118,878**	**66,830**
Total equity	1,303,862	1,142,581
Total capital	**1,422,740**	**1,209,411**
EBITDA	304,892	234,931
Net debt to EBITDA ratio	**0.39**	**0.28**
Net debt to equity ratio	**0.09**	**0.06**

The Group defines EBITDA as operating profit increased by depreciation and amortization expense. From 1 January 2019 the Group applies the IFRS 16 Leases standard. As a result of the new 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.

	2024 HUFm	2023 HUFm
Profit from operations	261,157	189,364
Depreciation (except for right-of-use asset)	43,735	45,567
EBITDA	**304,892**	**234,931**

10. Fair value of financial instruments

Accounting policy

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses unobservable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the Consolidated Balance Sheet at the end of each reporting period.

The Group recognizes certain corporate bonds, a portion of government securities and related interest rate swaps at fair value through profit or loss due to eliminate or materially reduce recognition or measurement inconsistencies (accounting mismatch) which would have existed, if the Group had not selected the fair value option. The Group has derivative financial instruments on balance sheet, which can be found in Note 11.

The Group has debt instruments managed under a different business model as a non-current financial asset at fair value through other comprehensive income, based on that the business model is achieved by both collecting contractual cash-flows and selling financial assets (“hold & sell” business model), and the contractual terms of the financial asset give rise on specified dates to cash-flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Group recognised equity instruments as financial asset at FVOCI in current year and applies the fair value option for these instruments.

In 2021 the Company held a successful auction for qualified investors and received funding from the issued bonds. The Company decided to apply the fair value option and designated the financial liability from the bond issuance as subsequently measured at fair value through profit or loss. This accounting policy choice significantly reduces a recognition and measurement inconsistency that would arise from the accounting treatment of the bond at fixed interest rate and the interest rate swaps (IRS) aiming to manage the fair value risk of the underlying financial instrument. The issue of bond at fixed interest rate and the deal of interest rate swaps took place at the same time. For detailed information please see Note 32.

There were no changes in valuation method neither for Level 1, nor for Level 2 and Level 3 recurring fair value measurements during the year ended 31 December 2024 and 2023.

b) Non-recurring fair value measurements

The Group did not have non-recurring fair value measurement of any assets or liabilities.

c) Valuation processes for recurring and non-recurring Level 3 fair value measurements

Level 3 valuations are reviewed annually by the Group's financial director who reports to the Board of Directors. The financial director considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques. In selecting the most appropriate valuation model the director performs back testing and considers which model's results have historically aligned most closely to actual market transactions.

Contingent consideration arising from business combination is classified as an Other financial liability and initially recognized at fair value. If based on R&D milestones or performance targets, it is classified as Level 3 under the fair value hierarchy due to use of significant unobservable inputs.

The fair value is determined using Management's estimates of the probability of achieving milestones and a risk-adjusted discount rate. The liability is remeasured at each reporting date, with changes recognized in profit or loss. Key unobservable inputs include probability estimates for predefined milestones achievement and discount rates reflecting related risk.

d) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value is presented at Note 9. The fair value of the financial assets and liabilities carried at amortised cost does not significantly differ from its carrying amount, because in this type of transactions the Group does not apply any incremental cost, either based on fixed rates or has short-term nature.

The levels in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

	Notes	31 December 2024				31 December 2023			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm
Financial assets									
Non-current financial assets at FVTPL	**17**	**63,112**	**8,419**	**-**	**71,531**	**67,585**	**8,254**	**-**	**75,839**
Debt instruments		63,112	8,419	-	71,531	67,585	8,254	-	75,839
Financial assets at FVOCI	**18,26**	**77,966**	**-**	**1,913**	**79,879**	**71,502**	**-**	**1,691**	**73,193**
Debt instruments		19,575	-	929	20,504	27,521	-	825	28,346
Equity instruments		58,391	-	984	59,375	43,981	-	866	44,847
Derivative financial instruments	**11**	**-**	**15,021**	**-**	**15,021**	**-**	**25,989**	**-**	**25,989**
Interest rate and commodity swaps		-	14,993		14,993	-	15,054	-	15,054
Foreign currency forwards – trading derivatives		-	-	-	-	-	21	-	21
Foreign currency forwards and commodity swaps – cash-flow hedges		-	28	-	28	-	10,914	-	10,914
Total financial assets held at fair value		**141,078**	**23,440**	**1,913**	**166,431**	**139,087**	**34,243**	**1,691**	**175,021**
Financial liabilities									
Financial liabilities at FVTPL	**32,39**	**-**	**60,085**	**1,230**	**61,315**	**-**	**54,864**	**-**	**54,864**
Debt on issue of bonds		-	54,135	-	54,135	-	53,840	-	53,840
Other financial liabilities at fair value		-	5,950	1,230	7,180	-	1,024	-	1,024
Derivative financial instruments	**11**	**-**	**20,659**	**-**	**20,659**	**-**	**12,348**	**-**	**12,348**
Interest rate and commodity swaps		-	12,433	-	12,433	-	11,354		11,354
Foreign currency forwards – trading derivatives		-	211	-	211	-	47		47
Foreign currency forwards and commodity swaps – cash-flow hedges		-	8,015		8,015	-	947	-	947
Total financial liabilities held at fair value		**-**	**80,744**	**1,230**	**81,974**	**-**	**67,212**	**-**	**67,212**

The valuation technique, inputs used in the fair value measurement for most significant Level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows at 31 December 2024:

	Fair value at 31 December 2024 HUFm	Valuation technique	Unobservable inputs	Range of inputs (weighted average)		Sensitivity of fair value measurement
Liabilities at fair value						
Other financial liability-Contingent consideration from business combination	1,230	Probability weighted discounted cash-flows (DCF)	· Estimated future milestone payment	6	EURm	The lower estimated future milestone payment, the lower the fair value.
			· Probability*	65.72	%	The higher the probability, the higher the fair value
			· Foreign currency rate	410.09	HUF/EUR	The higher the FX rate the higher the fair value
			· Discount rate	4.85	%	The higher the discount rate the lower the fair value
Total recurring fair value measurements at Level 3	**1,272**					

* Unobservable input

The contingent consideration is payable to the previous owners of the acquired company following the acquisition date upon reaching certain milestones, such as progress in the R&D trial approval process. This is recognized at fair value as part of the consideration transferred for the acquired company and is generally recognized as an Other financial liability. All changes in fair value after the acquisition date are recognized in profit or loss.

The contingent consideration is classified as a financial liability under Level 3, is based on predefined milestone payments tied to R&D progress. The fair value is determined using unobservable inputs, including probability estimates of milestone achievement, which are inherently uncertain and require management judgement. Changes in these estimates may lead to significant increases or decreases in fair value.

11. Derivative financial instruments

Accounting policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at the end of each reporting period to their fair value. The resulting gain or loss is immediately recognized in the Consolidated Income Statement. Except in the event that the given derivative transaction has been classified as a hedging instrument by the Group and the hedging instrument is effective, since in this case the timing of settlement against the result depends on the nature of the hedging relationship. The cumulative change in the fair value of the hedging instrument appears in Other comprehensive income (OCI) until the time of recognition of the hedged item (royalty income and cash outflows related to natural gas and electricity). The Group uses the option of hedge accounting, the purpose of which is to reduce the impact of volatility arising from exchange rate changes in very likely future foreign currency (USD and EUR) and market prices (TTF) cash-flows. The Group accounts for the effect of the hedged item and the hedging instrument (EUR, USD - foreign exchange transactions and TTF - commodity swaps) against each other in the income statement.

Derivative financial instruments are classified under “Non-current assets” and “Non-current liabilities”, depending on whether the instruments have a positive or negative year-end fair value. Other derivative contracts are presented under “Other current assets” and “Other current liabilities and accruals”.

Government bonds and corporate bonds purchased by the Parent Company are fixed interest rate debt securities. In order to manage the market risk arising from fixed interest rates, the Parent has entered into interest rate swaps in the case of debt instruments, during which it exchanges fixed interest rates for variables. The maturity and currency data of these transactions are summarized in the table below.

Assets

Name	Nominal value	Maturity date	Carrying value HUFm
Interest rate swap (HUF)	7,000,000,000	2028	786
Interest rate swap (HUF)	10,000,000,000	2029	1,629
Interest rate swap (HUF)	3,500,000,000	2030	631
Interest rate swap (HUF)	49,000,000,000	2031	9,873
Interest rate swap (EUR)	2,000,000	2026	16
Interest rate swap (EUR)	10,000,000	2027	299
Interest rate swap (EUR)	25,000,000	2035	1,759
Total	**-**	**-**	**14,993**

Liabilities

Name	Nominal value	Maturity date	Carrying value HUFm
Interest rate swap (HUF)	7,000,000,000	2028	(786)
Interest rate swap (HUF)	10,000,000,000	2029	(1,459)
Interest rate swap (HUF)	3,500,000,000	2030	(631)
Interest rate swap (HUF)	49,000,000,000	2031	(9,557)
Total	**-**	**-**	**(12,433)**

The Group’s derivative instruments are interest rate-, commodity swaps (certain parts of them – TTF swap short positions to manage hedging inefficiency) and foreign currency forwards.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as “held for trading” for accounting purposes and are accounted for at fair value through profit or loss.

In 2021 the Group recognized the corporate bonds and related interest rate swaps at fair value through profit or loss due to eliminate or materially reduce recognition or measurement inconsistencies (accounting mismatch) which would have existed, if the Group had not selected the fair value option based on IFRS 9. The fair value option was selected at initial measurement and recognition.

	31 December 2024	31 December 2023
	HUFm	HUFm
Assets		
Long-term derivative financial instruments		
Interest rate swaps	14,993	14,935
Foreign currency forwards and commodity swaps – cash flow hedges	19	1,392
Short-term derivative financial instruments		
Interest rate and commodity swaps	-	119
Foreign currency forwards – trading derivatives	-	21
Foreign currency forwards and commodity swaps – cash flow hedges	9	9,522
Total derivative financial assets	**15,021**	**25,989**
Liabilities		
Long-term derivative financial instruments		
Interest rate swaps	(12,433)	(11,354)
Foreign currency forwards and commodity swaps – cash flow hedges	(727)	(59)
Short-term derivative financial instruments		
Foreign currency forwards – trading derivatives	(211)	(47)
Foreign currency forwards and commodity swaps – cash flow hedges	(7,288)	(888)
Total derivative financial liabilities	**(20,659)**	**(12,348)**

The transactions managed by the Company under cash-flow hedge accounting are described in detail in the following subsections:

Foreign currency risk (USD Vraylar royalty income)

Amounts recognised in profit or loss

There were reclassifications from the Cash-flow hedge reserve to profit or loss (Revenues) as gain of HUF 1,260 million during the year 2024 in relation to royalty incomes and foreign currency forwards.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency royalty income, the Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Company therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency royalty income, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the company or the derivative counterparty.

The Company enters into foreign currency forwards that have similar critical terms as the hedged item, such as maturity, notional amount or currency (USD). The Company hedges the currency risk exposure inherent in its foreign currency cash-flows from forecasted royalty revenue. The Company's strategy is to hedge up to 50% coverage on the royalty exposure. As all critical terms matched during the year, there is an economic relationship.

In 2024, there was no ineffective portion booked in P&L following the measurement of the hedge effectiveness. Open cash-flow hedging transactions are measured at fair value. The revaluation difference of these transactions is reported with the derivative financial instruments. The net liability in 2024 is HUF 7,949 million (HUF 10,914 million net asset in 2023). This resulted in an decrease in asset of HUF 18,863 million. The effects of hedge accounting on financial position and performance are detailed below and in Note 29 (Cas-flow hedge reserve).

Effects of hedge accounting on the financial position and performance
The effects of the foreign currency-related hedging instruments on the Group's financial position and performance are as follows:

Foreign currency forward	31 December 2024	31 December 2023
Carrying amount of the hedging instrument (HUFm)	(7,949)	10,914
Notional amount (USD)	319,250,000	338,950,000
Maturity date	2024/2025/2026	2024/2025
Hedge ratio*	100%	100%
Change in the fair value of outstanding hedging instruments since inception of the hedge (HUFm)	(18,863)	12,618
Weighted average forward rate for outstanding hedging instruments (including forward points) USD/HUF	397.32	351.95

* The foreign currency forward is denominated in the same currency (USD) as the highly probable royalty income, therefore the hedge ratio is 1:1.

Energy market and foreign price risk

Natural gas – market price risk (TTF)

Amounts recognised in profit or loss
There were reclassifications from the Cash-flow hedge reserve to profit or loss (general expenses) as loss of HUF 316 million during the year 2024 (HUF 52 million in 2023) in relation to outflows of natural gas expenses and TTF commodity swap contracts.

Hedge effectiveness
Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of market-priced (TTF) natural gas expenses, the Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Company therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness.

In hedges of natural gas expenses, ineffectiveness may arise if the timing of the forecast transaction and physical quantities (MWh) changes from what was originally estimated, or if there are changes in the credit risk of the company or the derivative counterparty.

The Company enters into TTF commodity swap that have similar critical terms as the hedged item, such as maturity, notional amount (MWh) or currency (TTF Argus month-ahead). The Company hedges the market price risk exposure inherent in its TTF price cash-flows from forecasted natural gas consumption. The Company's strategy is to hedge up to 80% - 100% coverage on the TTF market-priced natural gas exposure. As all critical terms matched during the year, there is an economic relationship.

In 2023 and in 2024, there was an ineffective portion booked in P&L following the measurement of the hedge effectiveness (the ineffective negative fair value difference was HUF 271 million in 2023 and HUF 16 million in 2024). Open cash-flow hedging transactions are measured at fair value. The revaluation difference of these transactions is reported with the derivative financial instruments. The net liability in 2024 is HUF 0 million due to the hedge transactions were expired (HUF 604 million net liability in 2023). This resulted in an decrease in liability of HUF 604 million. The effects of hedge accounting on financial position and performance are detailed below and in Note 29 (Cash-flow hedge reserve).

Effects of hedge accounting on the financial position and performance
The effects of the TTF commodity SWAP related hedging instruments on the Company's financial position and performance are as follows:

TTF SWAP commodity hedge	31 December 2024	31 December 2023
Carrying amount of the hedging instrument (HUFm)	-	(604)
Notional amount (MWh)	-	87,888
Maturity date	-	2024
Hedge ratio*	100%	100%
Change in the fair value of outstanding hedging instruments since inception of the hedge (HUFm)	604	(604)
The ineffective portion of the change in the fair value of the hedging instrument (HUFm)	(16)	(271)
Weighted average forward rate for outstanding hedging instruments (including forward points) EUR/MWh	-	34.45

*The TTF commodity swap is denominated in the same TTF prices (TTF Argus month-ahead) as the highly probable natural gas expenses, therefore the hedge ratio is 1:1.

Natural gas – foreign currency risk (EUR)

Amounts recognised in profit or loss
There were reclassifications from the Cash-flow hedge reserve to profit or loss (general expenses) as loss of HUF 52 million during the year 2024 (HUF 13 million in 2023) in relation to outflows of natural gas expenses and foreign currency forwards.

Hedge effectiveness
Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency natural gas expenses, the Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Company therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign natural gas expenses, ineffectiveness may arise if the timing of the forecast transaction and physical quantities (MWh) changes from what was originally estimated, or if there are changes in the credit risk of the company or the derivative counterparty.

The Company enters into foreign currency forwards that have similar critical terms as the hedged item, such as maturity, notional amount or currency (EUR). The Company hedges the currency risk exposure inherent in its foreign currency cash-flows from forecasted natural gas consumption. The Company's strategy is to hedge up to 50% -100% coverage on the foreign currency exposure of natural gas expenses. As all critical terms matched during the year, there is an economic relationship.

In 2023 and in 2024, there was an ineffective portion booked in P&L following the measurement of the hedge effectiveness (the ineffective negative fair value difference was HUF 1 million in 2024). Open cash-flow hedging transactions are measured at fair value. The revaluation difference of these transactions is reported with the derivative financial instruments. The net liability in 2024 is HUF 8 million (HUF 80 million net liability in 2023). This resulted in an decrease in liability of HUF 72 million. The effects of hedge accounting on financial position and performance are detailed below and in Note 29 (Cash-flow hedge reserve).

Effects of hedge accounting on the financial position and performance
The effects of the foreign currency-related hedging instruments on the Company's financial position and performance are as follows:

Foreign currency forward	**31 December 2024**	**31 December 2023**
Carrying amount of the hedging instrument (HUFm)	(8)	(80)
Notional amount (EUR)	288,344	2,634,504
Maturity date	2025	2024
Hedge ratio*	100%	100%
Change in the fair value of outstanding hedging instruments since inception of the hedge (HUFm)	72	(80)
The ineffective portion of the change in the fair value of the hedging instrument (HUFm)	(1)	(6)
Weighted average forward rate for outstanding hedging instruments (including forward points) EUR/HUF	410.53	389.69

*The foreign currency forward is denominated in the same currency (EUR) as the highly probable natural gas expenses, therefore the hedge ratio is 1:1.

Electricity – foreign currency risk (EUR)

Amounts recognised in profit or loss
There were reclassifications from the Cash-flow hedge reserve to profit or loss (general expenses) as loss of HUF 208 million during the year 2024 in relation to outflows of electricity expenses and foreign currency forwards.

Hedge effectiveness
Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign electricity expenses outcome, the company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The company therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign electricity expenses outcome, ineffectiveness may arise if the timing of the forecast transaction and physical quantities (MWh) changes from what was originally estimated, or if there are changes in the credit risk of the company or the derivative counterparty.

The Company enters into foreign currency forwards that have similar critical terms as the hedged item, such as maturity, notional amount or currency (EUR). The Company hedges the currency risk exposure inherent in its foreign currency cash-flows from forecasted electricity consumption. The Company's strategy is to hedge up to 50% -100 % coverage on the foreign currency exposure of electricity expenses. As all critical terms matched during the year, there is an economic relationship.

In 2023 and 2024, there was no ineffective portion booked in P&L following the measurement of the hedge effectiveness. Open cash-flow hedging transactions are measured at fair value. The revaluation difference of these transactions is reported with the derivative financial instruments. The net liability in 2024 is HUF 30 million (HUF 263 million net liability in 2023). This resulted in an decrease in liability of HUF 233 million. The effects of hedge accounting on financial position and performance are detailed below and in Note 29 (Cash-flow hedge reserve).

Effects of hedge accounting on the financial position and performance

The effects of the foreign currency-related hedging instruments on the Company's financial position and performance are as follows:

Foreign currency forward	**31 December 2024**	**31 December 2023**
Carrying amount of the hedging instrument (HUFm)	(30)	(263)
Notional amount (EUR)	1,553,565	9,986,912
Maturity date	2025	2024
Hedge ratio*	100%	100%
Change in the fair value of outstanding hedging instruments since inception of the hedge (HUFm)	233	(263)
The ineffective portion of the change in the fair value of the hedging instrument (HUFm)	0	-
Weighted average forward rate for outstanding hedging instruments (including forward points) EUR/MWh	410.98	392.04

*The foreign currency forward is denominated in the same currency (EUR) as the highly probable electricity expenses, therefore the hedge ratio is 1:1.

12. Property, plant and equipment

Accounting policy

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss.

The Group uses the following depreciation rates on a straight-line basis:

Name	Depreciation
Land	0%
Buildings	1-4.5%
Plant and equipment	
Plant and machinery	*5-33.33%*
Vehicles	*10-20%*
Office equipments	*8-33.33%*

The Group accounts full depreciation for the low value assets (having lower gross value than HUF 200,000) at recognition, so when the asset is available for use.

Depreciation is calculated monthly and recognised as Cost of sales, Sales and marketing expenses or Administration and general expenses or Research and development expenses depending on the purpose of usage of underlying assets, in the Consolidated Income Statement or recognised as Inventories in the Consolidated Balance Sheet.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

The residual value of property, plant and equipment with the exception of cars is not material, because of the nature of the activity of the Group. Residual value of cars is 20% of their initial cost.

Impairment of tangible assets

An impairment loss is recognised immediately in profit or loss as “Other expenses”, a reversal of an impairment loss for an asset shall be recognized immediately in profit or loss and presented as “Other income”.

	31 December 2024 HUFm	31 December 2023 HUFm
Property, plant and equipment without Right-of-use assets	359,607	329,617
Right-of-use assets	19,253	17,777
Total	**378,860**	**347,394**

12.1 Property, plant and equipment without Right-of-use assets

	Land and buildings	Plant and equipment	Construction in progress	Total
	HUFm	HUFm	HUFm	HUFm
Gross value				
at 31 December 2022	**221,430**	**368,423**	**58,865**	**648,718**
Translation differences	(5,292)	(5,445)	(922)	**(11,659)**
Effect of newly acquired companies	-	51	-	**51**
Additions	17,792	27,556	(45,348)	**-**
Transfers and capital expenditure	3,808	1,649	61,979	**67,436**
Disposals	(2,700)	(7,228)	(197)	**(10,125)**
Disposal of subsidiary	(859)	(2,876)	(5)	**(3,740)**
at 31 December 2023	**234,179**	**382,130**	**74,372**	**690,681**
Accumulated depreciation				
at 31 December 2022	**76,043**	**271,197**	**-**	**347,240**
Translation differences	(894)	(3,737)	-	**(4,631)**
Effect of newly acquired companies	-	26	-	**26**
Current year depreciation	6,493	19,608	-	**26,101**
Net foreign currency exchange differences	(13)	(42)	-	**(55)**
Disposals	1,083	(6,230)	-	**(5,147)**
Disposal of subsidiary	(446)	(2,024)	-	**(2,470)**
at 31 December 2023	**82,266**	**278,798**	**-**	**361,064**
Net book value				
at 31 December 2022	**145,387**	**97,226**	**58,865**	**301,478**
at 31 December 2023	**151,913**	**103,332**	**74,372**	**329,617**

	Land and buildings HUFm	Plant and equipment HUFm	Construction in progress HUFm	Total HUFm
Gross value				
at 31 December 2023	**234,179**	**382,130**	**74,372**	**690,681**
Translation differences	1,619	4,138	2,105	**7,862**
Effect of newly acquired companies	-	353	-	**353**
Additions	33,626	21,684	(55,310)	**-**
Transfers and capital expenditure	3,552	1,611	52,929	**58,092**
Disposals	(4,372)	(13,492)	(106)	**(17,970)**
at 31 December 2024	**268,604**	**396,424**	**73,990**	**739,018**
Accumulated depreciation				
at 31 December 2023	**82,266**	**278,798**	**-**	**361,064**
Translation differences	875	2,825	-	**3,700**
Effect of newly acquired companies	-	176	-	**176**
Current year depreciation	6,200	18,641	-	**24,841**
Net foreign currency exchange differences	16	86	-	**102**
Disposals	(211)	(10,261)	-	**(10,472)**
at 31 December 2024	**89,146**	**290,265**	**-**	**379,411**
Net book value				
at 31 December 2023	**151,913**	**103,332**	**74,372**	**329,617**
at 31 December 2024	**179,458**	**106,159**	**73,990**	**359,607**

All items of Property, plant and equipment are free from liens and charges. The amount of Land and buildings does not contain any Investment property.

12.2 Right-of-use assets

Accounting principles of Right-of-use assets are described in Note 33.

Set out below are the carrying amount of right-of-use assets recognised and the movements during the year:

	Building	Land	Machinery	Office equipment	Vehicles	Total
	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm
Net book value as at 1 January 2023	**7,969**	**1,628**	**1**	**117**	**4,756**	**14,471**
Additions/(disposals)	4,740	369	5	(76)	3,509	8,547
Current year depreciation	(2,672)	(27)	(3)	(15)	(2,524)	(5,241)
Net book value as at 31 December 2023	**10,037**	**1,970**	**3**	**26**	**5,741**	**17,777**
Additions/(disposals)	2,881	80	1	17	4,283	7,262
Current year depreciation	(2,656)	(30)	(2)	(15)	(3,083)	(5,786)
Net book value as at 31 December 2024	**10,262**	**2,020**	**2**	**28**	**6,941**	**19,253**

13. Goodwill

Accounting policy

The recoverable amount of the cash generating unit is the higher of fair value less cost of disposal or its value in use, which is determined by Discounted Cash-Flow method.

The impairment loss is recognised in the "Other expenses" line in the Consolidated Income Statement.

When in the case of a bargain purchase, the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Income Statement within "Other income".

Goodwill arising on acquisitions are recorded in the functional currency of the acquired entity and translated at year end closing rate.

	Goodwill
	HUFm
Cost	
At 1 January 2023	**35,101**
Exchange differences	(3,198)
at 31 December 2023	**31,903**
At 1 January 2024	31,903
Increase deriving from acquisition of subsidiary	6,208
Exchange differences	3,366
Impairment charged for the year	(2,700)
at 31 December 2024	**38,777**

In 2024 the impairment was charged in pharmaceutical segment related to GRMed Company Ltd..

Closing goodwill on Cash Generating Units (Companies)

	31 December 2024 HUFm	31 December 2023 HUFm
Pharmaceuticals segment		
Gedeon Richter Polska Sp. z o.o.	1,435	1,316
Richter BioLogics GmbH & Co. KG	131	122
GRMed Company Ltd.	29,655	29,358
Gedeon Richter do Brasil Importadora, Exportadora e Distribuidora S.A.	53	59
Gedeon Richter Mexico, S.A.P.I. de C.V	917	987
Estetra SRL and Neuralis SA	4,926	-
BCI Pharma SA	1,599	-
Other segment		
Pesti Sas Holding Kft.	61	61
Total	**38,777**	**31,903**

Impairment tests of the goodwill are based on the following assumptions:

GRMed Company Ltd.

GRMed Company Ltd. was acquired in 2013, which transaction supported the Group's stronger presence in China. The realised goodwill has been tested for impairment for the previous years. Considering that the future cash-flows from continued use of the assets were considerable, the return has been determined for a cash generating unit (CGU) by means of the income-based method with a fair value less cost of disposal approach, whereby the result of the test indicated that the fair value less cost of disposal was higher than the carrying amount, therefore no impairment was recorded.

The Company announced on 22 January 2016 that it acquired from its partner, Rxmidas Pharmaceuticals Holdings Ltd. its outstanding 50% stake in Gedeon Richter Rxmidas Joint Venture Co. Ltd. following the setting up of a joint venture with an initial 50% share of equity announced in December 2010. Subsequent to the acquisition, the Company now holds 100% of Gedeon Richter Rxmidas Joint Venture Co. Ltd., consequently, is in full charge of its Rx and OTC business in China.

The Group has restructured its operation in China and merged the activity of Gedeon Richter Rxmidas Joint Venture Co. Ltd. to GRMed Company Ltd. As a result of reorganisation (in 2017) of the business and the reporting structure, both of the goodwill presented before the transaction are allocated to the merged GRMed Company Ltd.

The goodwill impairment was tested as of the balance sheet date of 31 December 2024 and the Management concluded that it was necessary to recognize an impairment loss in the amount of HUF 2,700 million.

Since the goodwill has been allocated to the traditional products, the Group disregarded the cash-flows and assets connected to products launched or planned to be launched after the acquisition when determining the recoverable amount and the carrying value.

The calculations were based on the long-term turnover projection and cost plan adopted by the Management, the underlying cash-flows of which are expected to reflect market participant assumptions as well. The present value of cash-flows beyond this was determined by means of the terminal value formula.

A slow increase in cash-flows is envisioned for the projection period (2025-2034) due to the average annual 0.2% growth in turnover.

The present value of the 2025-2034 cash-flows and (by applying a conservative estimate of) residual value reckoning with 0% growth results in cash flow decrease of 0.8%. This partially explains the need to calculate impairment for the goodwill. Additionally, the difference between the carrying value and recoverable amount is -6.1%, further indicating impairment. These factors together justify the impairment calculation for goodwill as of 31 December 2024. The book value of goodwill as of 31 December 2024 amounts to HUF 29,655 million (HUF 29,358 million in 2023).

The discount rate (post tax 2024: 11.0%; 2023: 8.4%) applied reflects current market assessments of the time value of money and the risks specific to the CGU for which future cash-flow estimates have not been adjusted.

A decrease in post-tax discount rate to 10.3% or a 1.9% increase in forecasted sales volumes would remove the difference between the carrying value of goodwill and the recoverable amount of the CGU.

14. Other intangible assets

Accounting policy

Intangible assets initially are measured at cost.

The Group regularly enters into licensing agreements that requires the Group to pay certain license fees. A typical license agreement contains:

- Upfront payments;
- Regulatory milestones; and
- Sales based royalties.

The upfront payments generally meet the definition of an intangible acquired in a purchase transaction and meets the recognition criteria of IAS 38. All the milestone payments based on regulatory approval are recognised as part of the intangible asset when those payments become payable.

The sales-based royalty payments made to the licensor based on the revenue of the Group are recognized as expense in the same period as the revenue for the sale of pharmaceutical product is recognized.

The Group is using the straight-line method to amortize the cost of intangible assets over their estimated useful lives as follows:

Name	Amortization
Rights	
Property rights (connected with properties)	*5%*
Other rights (licenses)	*5-50%*
Intellectual property	4-50%
Research and development	5-50%
ESMYA, BEMFOLA	4%

The purchased licenses are amortised based on the contractual period, resulting in amortization rates within the range presented in the table above.

Amortization is recognised as Cost of sales, Sales and marketing expenses, Administration and general expenses and Research and development expenses in the Consolidated Income Statement depending on the function of the intangible assets.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The Group is using the straight-line method to amortize R&D over the estimated useful life.

Impairment of intangible assets

An impairment loss is recognised immediately in profit or loss as "Other expenses", a reversal of an impairment loss for an asset shall be recognized immediately in profit or loss and presented as "Other income".

The Group does not recognise amortization for intangible assets with indefinite useful lives or intangible assets that are not yet available for use but based on indicators annually reviews the necessity of impairment.

	31 December 2024 HUFm	**31 December 2023** HUFm
Other intangible assets	126,070	180,656
Intangibles acquired in a business combination	180,119	49,727
Total	**306,189**	**230,383**

14.1 Other intangible assets

	Rights	Intellectual property	Research and development	Total other intangible assets
	HUFm	HUFm	HUFm	HUFm
Gross value				
at 31 December 2022	**312,637**	**6,826**	**423**	**319,886**
Translation differences	(128)	(55)	-	**(183)**
Effect of newly acquired companies	14,142	-	-	**14,142**
Additions	41,324	1,135	-	**42,459**
Disposals	(6,846)	395	-	**(6,451)**
Disposal of subsidiary	(3,570)	(558)	-	**(4,128)**
at 31 December 2023	**357,559**	**7,743**	**423**	**365,725**
Accumulated depreciation				
at 31 December 2022	**159,649**	**5,233**	**423**	**165,305**
Translation differences	105	(48)	-	**57**
Current year amortisation	15,947	376	-	**16,323**
Net foreign currency exchange differences	3	2	-	**5**
Impairment and reversal of impairment (net)	4,127	-	-	**4,127**
Disposals	(252)	303	-	**51**
Disposal of subsidiary	(441)	(358)	-	**(799)**
at 31 December 2023	**179,138**	**5,508**	**423**	**185,069**
Net book value				
at 31 December 2022	**152,988**	**1,593**	**-**	**154,581**
at 31 December 2023	**178,421**	**2,235**	**-**	**180,656**

	Rights	Intellectual property	Research and development	Total other intangible assets
	HUFm	HUFm	HUFm	HUFm
Gross value				
at 31 December 2023	**357,559**	**7,743**	**423**	**365,725**
Translation differences	1,118	183	-	**1,301**
Effect of newly acquired companies	-	-	-	**-**
Additions	16,039	551	-	**16,590**
Disposals*	(66,225)	(56)	-	**(66,281)**
at 31 December 2024	**308,491**	**8,421**	**423**	**317,335**
Accumulated depreciation				
at 31 December 2023	**179,138**	**5,508**	**423**	**185,069**
Translation differences	748	124	-	**872**
Current year amortisation	10,847	482	-	**11,329**
Net foreign currency exchange differences	(2)	15	-	**13**
Impairment and reversal of impairment (net)	491	48	-	**539**
Disposals*	(6,557)	-	-	**(6,557)**
at 31 December 2024	**184,665**	**6,177**	**423**	**191,265**
Net book value				
at 31 December 2023	**178,421**	**2,235**	**-**	**180,656**
at 31 December 2024	**123,826**	**2,244**	**-**	**126,070**

* Mainly due to the derecognition of pre-existing relationship (please see more detailed in Note 48).

All intangible assets are free from liens and charges. The intangible assets of the Group, except for R&D, are not own produced.

The average remaining useful life of the intellectual properties does not exceed 5 years, in 2023 it was more than 5 years.

The most significant Rights are described below, with related impairment test where applicable:

Net book value	**31 December 2024**	**31 December 2023**
	HUFm	HUFm
EVRA	61,705	65,536
Relugolix	23,629	24,390
Mithra/Drovelis*	-	18,492
Mithra/Donesta*	-	21,141
Grünenthal	7,334	8,149
Bio-Thera/Ustekinumab	3,661	-
Other, individually not significant rights **	8,454	10,857
Total commercial rights	**104,783**	**148,565**
Marketing authorization and TM***	-	12,660
Other, individually not significant rights	19,043	17,196
Total	**123,826**	**178,421**

* The effect of acquisition of Estetra SRL. and Neuralis SA see. in Note 48.

** The effect of acquisition of Richter BioTec GmbH&Co KG. see in Note 48.

*** In the course of the merger in the current year the asset was reclassified to the Intangibles acquired in a business combination

The following details the other intangible assets considered to be most significant by Management.

Rights – Evra

In December 2020 Richter signed an asset purchase agreement with Janssen Pharmaceutica NV, a wholly owned subsidiary of Johnson & Johnson, in respect of Janssen's Outside US Evra® transdermal contraceptive patch. The deal was closed in January 2021 and in accordance with a transitional business license agreement signed together with the asset purchase contract Janssen has been providing post-closing transitional support to facilitate the transfer of the Outside US marketing authorizations. The purchase price paid for the assets on the closing of the deal, amounted to USD 263.5 million. By adding a patch to our existing contraceptive delivery methods such as oral contraceptives, emergency contraceptives and intra-uterine device, enabled Richter to proudly offer the widest selection of family planning solutions to women. EVRA® is approved as a once-a-week contraceptive for women. It is the first transdermal hormonal patch to be approved, as well as the first non-invasive form of birth control that, when used correctly, is 99 % effective. Royalty type revenues linked to sales of Evra® by Janssen during this transitional period are being reported as sales. The book value of the intangible asset as of 31.12.2024 is HUF 61,705 million.

Rights – Relugolix

On 31 March 2020, the Company announced that it had entered into an exclusive agreement with Myovant Sciences GmbH to market the combination tablet of Relugolix® (containing 40 mg relugolix, 1.0 mg estradiol and 0.5 mg norethindrone acetate) in the indications for uterine fibroids and endometriosis. The geographic scope of the agreement covers Europe, CIS countries including Russia, Latin America, Australia and New Zealand. Myovant is a healthcare company developing innovative products in the field of gynecology and prostate cancer. Under the agreement, Myovant will receive USD 40 million milestone revenue at the time of the contract and will be entitled to additional milestone revenue of up to USD 40 million tied to the achievement of each milestone of regulatory approvals. The milestone revenues tied to post-authorization sales levels could amount to USD 107.5 million and the parties will also tie the amount of royalty to be paid in band to the level of sales. Myovant reserves all rights in the United States with respect to Relugolix® combination tablets, as well as its rights to non-gynecological indications for Relugolix. During 2021 the amortization period has started. The net book value of the intangible assets put in use is HUF 14,082 million as of 31 December 2024. For the part of intangible assets which are not in use (net book value at 31.12.2024 is HUF 9,547 million) we performed impairment test based on quantitative indicators, whereby the value in use was assessed. The Management concluded that there was no need to recognize any impairment loss.

Rights – Grünenthal

The product rights acquired from Grünenthal in 2010 containing manufacturing rights (amounted to EUR 600 thousand) and market authorization (amounted to EUR 235.9 million) together with the value of the established products brand are presented as Rights. The intial estimated useful life for both assets was 15 years and the amortization period started in 2010. However, this has been revised to further 10 years based on recent assessments, with no any impairment. Net book value of the rights in relation to Grünenthal is HUF 7,334 million as of 31 December 2024 and HUF 8,149 million as of 31 December 2023.

Rights – Bio-Thera/ Ustekinumab

On 9 October, 2024 Richter announced it has signed an exclusive commercialization and license agreement with Bio-Thera Solutions for BAT2206, a biosimilar candidate to Stelara® (ustekinumab). Under the agreement, Bio-Thera will maintain responsibility for development, manufacturing, and supply of BAT2206 and Bio-Thera has filed BAT2206 for regulatory approval with EMA on 1 July 2024. Richter have exclusive rights to commercialize the product in the European Union (EU), the UK, Switzerland and selected other countries. Richter made upon signature of the contract an upfront payment totalling USD 8 million, as well as Bio-Thera Solution is entitled to further commercial milestone payments according to further development and commercial milestones of up to USD 101.5 million, subject to the fulfilment of certain conditions. The Management concluded that there was no need to recognize any impairment loss. As a result the intangible asset's net book value as of 31 December 2024 is HUF 3,661 million.

14.2 Intangibles acquired in a business combination

Net book value	31 December 2024 HUFm	31 December 2023 HUFm
DROVELIS	48,488	-
DONESTA	34,220	-
BEMFOLA	35,382	37,527
GISKIT	9,998	10,429
COLIEF	1,470	1,771
E4 Development Programme	2,684	-
IP R&D	2,330	-
TERIPARATIDE	33,477	-
Marketing authorization and TM*	12,070	-
Total	**180,119**	**49,727**

* In the course of the merger in the current year the asset was reclassified to the Intangibles acquired in a business combination

BEMFOLA

The intangible asset was recognised at the acquisition transaction of Finox in the value of HUF 50,916 million with 25 years useful life. The amortisation of this asset started in 2016.

Started in 2017 and completed by the end of 2018, Richter's integration of the company's operations into Richter's system took over the full distribution of Bemfola®, the Western European marketing of the product and the secondary packaging of the product. As a result, the business model of the product has changed, and the profit center has been moved from Finox to the Parent Company. Finox has transferred the commercial rights of Bemfola® under an agreement, so that from the date of the contract all profits/losses will be realized at the Parent Company. Accordingly, the BEMFOLA intangible asset recognized at the acquisition, at the consolidated level, also owned by the Parent Company, which means that the value previously recorded in EUR - Finox Group currency - was converted into the currency of the Parent (HUF) at the date of the transfer. Net book value of BEMFOLA intangible is HUF 34,305 million as of 31 December 2024.

Another intangible asset was recognised during the acquisition in the amount of HUF 1,597 million, as Customer Relationship. The value of this intangible was considerably smaller compared to BEMFOLA. Net book value after amortisation, started in 2016, is HUF 1,077 million as of 31 December 2024.

GISKIT

The Parent Company announced on 20 July 2023 that they signed a Share Purchase Agreement to acquire 100% of the Giskit MD B.V. shares. Giskit MD B.V. is the owner of ExEm Foam® and GisKit assets and patent rights globally, excluding the US, China and South Korea (where they are pharma products). Both Women's Health Care products are used in more patient-friendly ultrasound examinations, ExEm® Foam for the examination of the fallopian tubes and Gis-Kit for the examination of the uterine cavity. They have been successfully commercialised for several years in more than 40 countries globally. During the acquisition an intangible asset has been recognised, which had a net book value at the time of acquisition of HUF 10,765 million. The estimated useful life for the rights is 10 years. The amortization period started in 2023. Net book value of the rights in relation to Giskit is HUF 9,998 million as of 31 December 2024.

COLIEF

The intangible asset was recognised at the acquisition of SHE Healthcare Company Ltd. in an amount of HUF 2,793 million (CNY 50.7 million) with an approximately 6 years useful life. The amortization started in May 2022. Net book value is HUF 1,470 million as of 31 December 2024.

TERIPARATIDE

As of 31 May 2024, the Company acquired the remaining 50% of the shares in Richter BioTec GmbH&Co KG. (Richter BioTec) from the non-controlling external owner (HELM AG). RBT is a northern-Germany based leading microbial CDMO company with three sites, an experienced management, more than 300 employees and around EUR 60 million annual revenues. RHB is expected to complete in 2024 a major, close to EUR 100 million investment to significantly expand its manufacturing capacity enabling further growth and strengthening its service offering to its pharmaceutical clients.The transaction will consolidate Richter's ownership and control of the German biological assets and will further support the Biotechnology Business Unit's revenues and profitability. The transaction qualifies as an asset deal, the cost of acquisition was generally allocated to a new intangible asset at the value of HUF 33,764 million. The estimated useful life for the rights is 10 years. The amortization period started in June 2024. Net book value of the rights is HUF 33,477 million as of 31 December 2024.

DROVELIS, DONESTA, E4 DEVELOPMENT PROGRAMME

As of 11 June 2024, Gedeon Richter acquired 100% of the shares in Estetra SRL („Estetra") and Neuralis SA („Neuralis") from Mithra Pharmaceuticals SA. The key acquired assets are the own-developed lead platform, based on Estetrol (E4), a unique, native estrogen, a key asset to Richter's WHC's Business Unit. The transfer includes the related intellectual property rights, current contracts as well as the commitments related to Estelle® (already marketed) and Donesta® (in development, ahead of filing for marketing authorization).

The estimated useful life for the intangible related to DROVELIS is 20 years. The amortization period started in June 2024. The net book value of the intangible assets which were put in use is HUF 28,163 million and which are not in use is HUF 20,325 million as of 31 December 2024.

DONESTA and E4 development programme are not in use. The amortization period had not started. The net book value of DONESTA intangible is HUF 34,220 million and related to E4 Development Programme is HUF 2,684 million as of 31 December 2024.

15. Investments in associates and joint ventures

Accounting policy

A joint venture is a contractual arrangement whereby the Group and the parties undertake an economic activity that is subject to joint control.

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss.

Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. Gains and losses arising on sale or partial sale of investments in associates and joint ventures are recognised in the Consolidated Income Statement.

	2024 HUFm	2023 HUFm
At 1 January	**15,177**	**9,281**
Acquisition/capital increase	-	2,654
Disposal of associates and joint ventures	(7)	-
Share of profit of associates and joint ventures	7,018	6,134
Net investments*	86	(416)
Dividend	(1,435)	(938)
Reclassification to subsidiary*	(4,414)	-
Impairment	-	(1,624)
Exchange difference	(46)	86
At the end of 31 December	**16,378**	**15,177**
out of investment in associates	15,151	13,853
out of investment in joint ventures	1,227	1,324

* The effect of acquisition of Richter BioTec GmbH&Co KG. see in Note 48

In 2019 the Company increased its shares in its associate company, Evestra Inc. On the one hand a convertible loan was converted into shares and on the other hand the Company purchased further shares. In 2020, Richter has terminated its license agreements for two products under development with Evestra Inc. Due to unfavourable market conditions and license agreements terminated the expected future cash flows have significantly worsened. Based on the previous assumptions the recoverable amount of the investment is significantly lower than the book value therefore, an additional impairment loss of HUF 1,624 million was recognized in 2023, bringing the total impairment to 100%. There was no indication of an impairment reversal in 2024, confirming that the impairment recognized in the previous year was justified. The net book value of the investments in Evestra is HUF 0 as of 31 December 2024 and 2023 as well.

Reconciliation of the summarised financial information presented to the carrying amount of the associates, highlighting the most significant associate of the Group (Hungaropharma Zrt.). Since Hungaropharma Zrt. is a group preparing IFRS consolidated financial statements, therefore in the net asset figure below, the “preliminary consolidated net asset attributable to the owner of the parent” was taken into account.

	2024 HUFm	2023 HUFm
Opening net assets at 1 January of Hungaropharma Zrt.	**36,266**	**32,113**
Profit for the year*	4,995	5,096
Dividends	(1,319)	(943)
Closing net assets at 31 December of Hungaropharma Zrt.	**39,942**	**36,266**
Interest in associate (at 30.85%)	12,350	11,209
Unrealised profit elimination	(131)	(233)
Interest in other associates	2,932	2,877
Carrying value at 31 December	**15,151**	**13,853**

* The profit for the year was adjusted to reflect the difference between the audited and non-audited balance of the associate as of the previous year. The adjustment was not material.

Similar reconciliation of the investment in joint ventures is not performed since they are considered to be not significant.

At 31 December the following associates have been accounted for by the equity method:

Name	Place of incorporation	Principal activity	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Profit / (loss)	Interest held
			HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	%
2024									
Hungaropharma Zrt.	Hungary	Pharmaceutical wholesale	20,589	107,145	6,129	79,823	567,873	8,039	30.85
Salvia-Med Bt.	Hungary	Pharmaceutical retail	1	108	-	51	1,032	45	32.79
Szondi Bt.	Hungary	Pharmaceutical retail	29	157	-	26	622	26	33.00
Pharmatom Kft.	Hungary	Biotechnological research, development	438	0	-	448	-	(1)	24.00
Pesti Sas Patika Bt.	Hungary	Pharmaceutical retail	1	13	-	18	150	(4)	49.00
Evestra Inc.	USA	Biopharmaceutical research, development	1,564	4,573	-	2,554	-	539	35.31
Prima Temp Inc.	USA	Pharmaceutical research, development	310	112	1,732	299	2,080	1,940	22.99
Procare Health Iberia, S.L.	Spain	Pharmaceutical wholesale	5,271	6,513	2,061	5,454	11,101	(313)	16.00

Name	Place of incorporation	Principal activity	Non-current assets HUFm	Current assets HUFm	Non-current liabilities HUFm	Current liabilities HUFm	Revenues HUFm	Profit / (loss) HUFm	Interest held %
2023									
Hungaropharma Zrt.	Hungary	Pharmaceutical wholesale	20,606	92,009	4,239	70,373	522,260	7,230	30.85
Salvia-Med Bt.	Hungary	Pharmaceutical retail	1	100	-	50	898	38	32.79
Szondi Bt.	Hungary	Pharmaceutical retail	30	144	-	29	513	10	33.00
Top Medicina Bt.	Hungary	Pharmaceutical retail	24	51	-	40	421	(0)	20.00
Pharmatom Kft.	Hungary	Biotechnological research, development	438	0	-	448	-	(1)	24.00
Pesti Sas Patika Bt.	Hungary	Pharmaceutical retail	1	14	-	16	155	(1)	49.00
Evestra Inc.	USA	Biopharmaceutical research, development	1,564	4,573	-	2,554	-	539	35.31
Prima Temp Inc.	USA	Pharmaceutical research, development	310	112	1,732	299	2,080	1,940	22.99
Procare Health Iberia, S.L.	Spain	Pharmaceutical wholesale	4,420	4,663	1,917	3,282	8,443	(39)	16.00

The financial statements for 2024 of Hungaropharma Zrt, the most significant associate of the Group have not been audited yet. Corresponding data for year 2023 has not been amended in 2024 Consolidated Financial Statements as there were no material differences between the audited and unaudited figures of 2023.

Amounts of assets, liabilities, revenues and profit/loss are presented at 100%.

The associates did not have any item in Other Comprehensive Income (in 2024 and 2023).

At 31 December the following joint ventures have been accounted for using the equity method:

Name	Place of incorporation	Principal activity	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Profit / (loss)	OCI	Interest held
			HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	%
2024										
Medimpex Irodaház Kft. *	Hungary	Renting real estate	1,924	275	74	128	528	9	-	50.00

Name	Place of incorporation	Principal activity	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Profit / (loss)	OCI	Interest held
			HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	%
2023										
Medimpex Irodaház Kft. *	Hungary	Renting real estate	2,020	398	116	116	433	155	-	50.00
Richter BioTec Management GmbH	Germany	Asset management	-	5	-	2	-	(1)	-	50.00
Richter BioTec GmbH & Co. KG	Germany	Trading of biotech products, Marketing services	-	5,235	13,443	1,967	9,778	7,334	(80)	50.00

* The balance of Medimpex Irodaház Kft. contains adjustment of the fair value of the Investment property to be in line with the Accounting Policy of the Group.

Amounts of assets, liabilities, revenues and profit/loss are presented at 100%.
Neither the individual nor the cumulated figures of the joint ventures are material therefore no further disclosures are considered to be relevant.

16. Non-current financial assets at amortised cost

Accounting principles of Non-current financial assets at amortised cost are described more specifically in Note 9.

16.1 Loan receivables

	31 December 2024 HUFm	31 December 2023 HUFm
Loans given to related parties and other investments	455	2,934
Other loans given	2	363
Total	**457**	**3,297**

The Group accounted for HUF 158 million loss allowance, which is in Stage 3, and the remaining HUF 3 million is classified as Stage 2.

Movements on the Group allowances of loan receivables are as follows:

	Loans given to related parties and other investments Level3	Other loans given Level2
Balance at 1 January 2023	161	-
Loss allowances	-	7
Reversal of impairment	(3)	-
Balance at 31 December 2023	**158**	**7**
Balance at 1 January 2024	158	7
Reversal of impairment	-	(4)
Balance at 31 December 2024	**158**	**3**

16.2 Government securities, corporate bonds and long-term deposits measured at amortised cost

The Group accounts for the part of securities at amortised cost model because the business model is hold to collect, and the contractual terms of the financial asset give rise on specified dates to cash-flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

	31 December 2024 HUFm	31 December 2023 HUFm
Government securities, corporate bonds	878	823

17. Non-current financial assets at FVTPL

Accounting principles of Non-current financial assets at FVTPL are described more specifically in Note 9.

	31 December 2024 HUFm	31 December 2023 HUFm
Government securities, corporate bonds	71,531	75,839

The Group initially recognizes the corporate bonds, government securities and related interest rate swaps at fair value through profit or loss due to eliminate or materially reduce recognition or measurement inconsistencies (accounting mismatch) which would have existed, if the Group had not selected the fair value option. On this basis government securities and corporate bonds are subsequently measured at FVTPL.

There was no significant change in the balance of government securities and corporate bonds.

18. Non-current financial assets at FVOCI

Accounting principles of Non-current financial assets at FVOCI are described more specifically in Note 9.

	31 December 2024 HUFm	31 December 2023 HUFm
Government securities, corporate bonds	20,504	26,892
Equity instruments	7,301	36,326
Investments	52,074	8,521
Total	**79,879**	**71,739**

The Company recognised equity instruments as financial assets at fair value through other comprehensive income and applies the fair value option for these instruments, which are investments in Exchange Traded Funds. The received dividend was HUF 796 million related to ETFs.

Based on the management valuation, there are signs to make impairment for assets presented in FVOCI model because significant increase in credit risk. Due to the Russian-Ukrainian war, financial instruments which are affected by Russian and Ukrainian involvement were also reviewed by the Group. The Group has three Russian financial instruments that are directly or indirectly affected. One of these are recorded at other comprehensive income (OCI) as non-current financial assets. During the calculation of the expected credit loss (ECL), the Group applied the DCF model. No quoted market price was available for the debt instrument from the first quarter of 2023, in the absence of the limited observable input data, we used a DCF model with a market yield curve and calculated an ECL according to the “sanction” risk premium. differences between the present values of the expected future cash-flows and the fair values quoted in the market. The additional risk premium parts were reclassified from other comprehensive income (OCI) to impairment (P&L). There are currently no delays in coupon payments, mainly the change in the market environment affected the settlements of ECL. The ECL is registered in Stage 1, the impairment loss was initially accounted for in Q1 2022, and since then it has been continuously reviewed based on the mentioned DCF model. In 2024 impairment was booked due to the FX effect (HUF 21 million) accordingly the total amount of impairment was HUF 259 million.

The portfolio of government securities and equity instruments was restructured during the year. The balance of government securities decreased approximately HUF 7 million compared to previous year, and the balance of equity instruments, which are investments in Exchange Traded Funds was also decreased by HUF 30,000 million, as they were sold.

On 29 January 2024 Richter announced that the Company becomes strategic investor in Formycon via cash capital increase from authorized capital in the amount of 9.08% of Formycon's share capital. The investment is valued at fair value based on the closing stock exchange price. Since there was a increase in the share price a revaluation gain (HUF 2,686 million) was recorded against revaluation reserve for securities at FVOCI in 2024. The closing fair value is HUF 34,926 million.

9.63% ownership in Themis Medicare Ltd. measured at fair value based on the closing stock exchange price. Since there was an increase in the share price, therefore HUF 2,872 million revaluation gain was recorded against revaluation reserve for financial assets at FVOCI in 2024. The closing fair value is HUF 10,704 million.

In 2023 and 2024 the Group acquired stake in GranataBio Corporation totalling 13.23%. Since there was an increase in the share price, therefore HUF 3,801 million revaluation gain was recorded against revaluation reserve for financial assets at FVOCI in 2024. The closing fair value is HUF 6,422 million.

19. Deferred tax assets and liabilities

Accounting policy

A deferred tax liability or asset is recognized if the recovery of the carrying amount of an asset or the settlement of a liability will result in higher (or lower) tax payments in the future then if that recovery or settlement had no consequences. A deferred tax liability or asset is recognized for all such tax consequences that have originated but have not reversed by the balance sheet date, subject to certain exceptions.

Deferred tax assets

are the amounts of income taxes recoverable in future periods arising from:

- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits
- temporary differences

Deferred tax liabilities

are the amounts of income tax payable in future periods due to taxable temporary differences.

Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated by the balance sheet method based on the temporary differences. Deferred tax assets and liabilities in the Consolidated Balance Sheet are as follows:

	31 December 2024	31 December 2023
	HUFm	HUFm
Deferred tax assets	45,660	29,244
Deferred tax liabilities	(13,331)	(3,824)

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax assets	**PPE and intangible assets**	**Provision**	**Impairment**	**Tax credit**	**Other temporary differences**	**Unrealised profit elimination**	**Total**
	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm
1 January 2023	**1,062**	**709**	**101**	**13,495**	**2,347**	**11,659**	**29,373**
(Debited)/credited to the income statement	(297)	(54)	6	(299)	(101)	659	**(86)**
(Debited)/credited to other comprehensive income	-	187	-	-	(151)	-	**36**
Exchange differences	(13)	(5)	-	-	17	-	**(1)**
Transfer	(48)	(1)	(8)	-	(21)	-	**(78)**
31 December 2023	**704**	**836**	**99**	**13,196**	**2,091**	**12,318**	**29,244**
Effect of newly acquired companies	-	-	-	-	15,952	-	**15,952**
(Debited)/credited to the income statement	991	(10)	73	(14)	(5,837)	4,486	**(311)**
(Debited)/credited to other comprehensive income	-	(48)	-	-	73	-	**25**
Exchange differences	(45)	28	1	-	84	-	**68**
Transfer	(41)	(9)	2	-	730	-	**682**
31 December 2024	**1,609**	**797**	**175**	**13,182**	**13,093**	**16,804**	**45,660**

Deferred tax liabilities	PPE and intangible assets	Provision	Impairment	Intangibles acquired in a business combination	Other temporary differences	Total
	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm
1 January 2023	**(221)**	**(10)**	**(4)**	**3,630**	**533**	**3,928**
(Debited)/credited to the income statement	42	(1)	-	(250)	26	**(183)**
(Debited)/credited to other comprehensive income	-	-	-	-	218	**218**
Exchange differences	1	(2)	-	(39)	(21)	**(61)**
Transfer	(47)	(5)	(9)	-	(17)	**(78)**
31 December 2023	**(225)**	**(18)**	**(13)**	**3,341**	**739**	**3,824**
Effect of newly acquired companies	-	-	-	11,333	583	**11,915**
(Debited)/credited to the income statement	68	-	-	(3,969)	(12)	**(3,913)**
(Debited)/credited to other comprehensive income	-	-	-	-	773	**773**
Exchange differences	1	1	-	26	22	**50**
Transfer	(41)	(9)	2	-	730	**682**
31 December 2024	**(197)**	**(26)**	**(11)**	**10,731**	**2,835**	**13,331**

In 2024 deferred tax assets and liabilities (debited)/credited to other comprehensive income was HUF 748 million (loss) out of which HUF 846 million (loss) accounted through Revaluation reserve (see Note 29) and HUF 98 million gain presented through Retained earnings.

In 2023 deferred tax assets and liabilities (debited)/credited to other comprehensive income was HUF 182 million (loss) out of which HUF 369 million (loss) accounted through Revaluation reserve (see Note 29) and HUF 187 million (gain) presented through Retained earnings.

From the deferred tax balance presented above it is expected that HUF 10,508 million (in 2023 HUF 3,098 million) of the liabilities and HUF 2,406 million (in 2023 HUF 1,540 million) of the assets will reverse after 12 months.

In the former years significant tax loss carried forward was at AO Gedeon Richter RUS (in the amount of HUF 10,626 million, with unrealised DTA HUF 2,657 million) on which no deferred tax assets had been recognized as of 31 December 2024, nor in the former years since the recovery was not assured.

Temporary differences arising in connection with interest in associates and joint ventures are insignificant.

20. Other long-term receivables

Accounting policy

Government grants related to costs are deferred and recognised in the Consolidated Income Statement over the period necessary to match them with the costs that they are intended to compensate. Government grants related to property, plant and equipment are included in Other non-current liabilities and accruals in the Consolidated Balance Sheet and credited to the Consolidated Income Statement as "Other income" on a straight-line basis over the expected useful life of the related assets.

The Group was granted government grant related to property, plant and equipment and research and development activities. As at the end of 2024 HUF 7,240 million was approved but not financially settled, due over one year as long-term receivables (at the end of 2023 it was HUF 3,135 million). Current portion of related asset is disclosed in Note 24.

	31 December 2024 HUFm	31 December 2023 HUFm
Government grants	7,240	3,135
Loans given to employees	682	755
Other long-term receivables	391	288
Total	**8,313**	**4,178**

21. Inventories

Accounting policy

Inventories shall be measured at the lower of net realizable value or initial cost. Carrying value is the initial cost less impairment and increased by reversed impairment. Goods produced shall be measured at actual (post calculated) production cost. Goods purchased shall be measured by using the weighted average purchased price.

The cost of self-manufactured inventories is the calculated actual production cost. Costs of own produced inventories include the direct cost of raw materials, the actual cost of direct production labour, the related maintenance and depreciation of production machinery and related direct overhead costs.

	31 December 2024 HUFm	31 December 2023 HUFm
Raw materials, packaging and consumables	121,792	89,027
Production in progress	3,153	4,357
Semi-finished and finished goods	90,466	84,383
Total	**215,411**	**177,767**

Inventories include impairment and scrapping in value of HUF 14,053 million and reversal of impairment in value of HUF 777 million in 2024 (HUF 7,746 million impairment and scrapping and HUF 654 million reversal was made in 2023).
The main reasons for impairment and scrapping are the obsolescence of the inventory and the unfavourable changes of the market conditions of the particular product. The reversal of impairment is due to the change of market conditions.
As of 31 December 2024, the total carrying amount of inventories that are valued at net realisable value amounts to HUF 10,665 million (in 2023 it was HUF 7,625 million).
All items of Inventories are free from liens and charges.

22. Trade receivables

Accounting policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowances as described in accounting policy section in Note 9 above. Realized exchange gains or losses arising on the settlement of foreign currency receivables are recognized directly in the net financial income/(loss) using the exchange rate applicable on the date of the financial settlement. At the end of the period, outstanding amounts of receivables are revalued at the foreign exchange rate, and unrealized gains or losses are recognized in the net financial income/(loss). In case of receivables, cost value is the transaction value according to the related invoice less the value of the expected discounts and adjusted by discounting in the case of outstanding long-term receivables. Receivables adjusted with estimated discounts should be classified in accordance with its substance, therefore in case of credit balance it is presented as liability in the Consolidated Balance Sheet.

	31 December 2024 HUFm	31 December 2023 HUFm
Trade receivables (3rd parties)	237,675	200,916
Amounts due from related companies and other investments	2,652	4,052
Total	**240,327**	**204,968**

Movements on the Group allowances of trade receivables are as follows:

	2024 HUFm	2023 HUFm
At 1 January	**2,116**	**1,854**
Loss allowances for receivables	806	522
Reversal of impairment for trade receivables	(532)	(233)
Exchange difference	(26)	(27)
At 31 December	**2,364**	**2,116**

The reversal of impairment is explained with the financial settlement of overdue receivables.

There was no individually significant impairment loss accounted for customers neither in 2024 nor in 2023.

Impairment of trade receivables (HUFm)

31 December 2024	Current	1-30 days past due	31-90 days past due	91-180 days past due	181-360 days past due	>360 days past due	Total
Expected loss rate	0.12%	0.70%	4.00%	9.02%	10.70%	85.50%	**0.97%**
Gross carrying amount – trade receivables	221,184	13,535	3,225	2,462	402	1,883	**242,691**
Loss allowance	265	95	129	222	43	1,610	**2,364**

31 December 2023	Current	1-30 days past due	31-90 days past due	91-180 days past due	181-360 days past due	>360 days past due	Total
Expected loss rate	0.26%	0.34%	0.51%	12.22%	68.74%	66.10%	**1.02%**
Gross carrying amount – trade receivables	186,187	9,147	8,418	1,227	515	1,590	**207,084**
Loss allowance	485	31	43	150	354	1,051	**2,116**

23. Contract assets

Accounting policy

The Group's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance), less allowances.

The Group has recognised the following assets related to the contracts with customers based on IFRS 15:

	31 December 2024 HUFm	31 December 2023 HUFm
Contract assets	6,721	8,103

The amount of allowance for impairment is not material, therefore it is not presented.

24. Other current assets

	31 December 2024 HUFm	31 December 2023 HUFm
Loans given to employees	296	307
Other receivables	16,722	14,096
Tax and duties recoverable	11,267	16,142
Advances	5,091	8,253
Prepayments	6,916	5,740
Total	**40,292**	**44,538**

The Group presents approved but not financially settled government grants amount of HUF 438 million due within 1 year, related to acquisition of property, plant and equipment and research and development activities (in 2023 it was HUF 1,832 million). Accounting principles of Government grants are described in Note 20.

25. Current financial assets at amortised cost

Accounting principles of Current financial assets at amortised cost are described more specifically in Note 9.

	31 December 2024 HUFm	31 December 2023 HUFm
Loans given to related parties and other investments	403	380
Other loans given	582	542
Government securities, corporate bonds	9	5,317
Total	**994**	**6,239**

The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition, and reviews it in every year. Based on the management valuation, there are signs to make impairment for assets presented in AC model because of significant increase in credit risk.

Due to the Russian-Ukrainian war, financial instruments which are affected by Russian and Ukrainian involvement were also reviewed by the Group. The Group has three Russian financial instruments that are directly or indirectly affected. One of these is recorded at amortised cost as current asset. During the calculation of the expected credit loss (ECL), the Company applied the DCF model with market yield curve and “sanction” risk premium. The calculated ECL is the difference between the present value of the expected future cash-flows and book value at amortised cost. The difference was impaired in the P&L. There are currently no delays in coupon payments, mainly the change in the market environment affected the settlements of ECL. The ECL is registered in stage III. (significantly changed the probility of default in 2023), the impairment loss was initially accounted for in Q1 2022, and since then it has been continuously reviewed based on the mentioned DCF model. In 2023 an impairment was booked in amount of HUF 689 million as a result of this the bond was impaired 100% (HUF 710 million). No further impairment was recognized in 2024.

The loss allowance related to current loan receivables is detailed in Note 16.

26. Current financial assets at FVOCI

Accounting principles of Current financial assets at FVOCI are described more specifically in Note 9.

	31 December 2024 HUFm	31 December 2023 HUFm
Government securities, corporate bonds	-	1,454

The Group accounts for the government securities and corporate bonds at fair value through OCI model because the business model is hold to collect and sell and SPPI test is met.

Based on the management valuation, there are signs to make impairment for assets presented in FVOCI model because of significant increase in credit risk.

Due to the Russian-Ukrainian war, financial instruments which are affected by Russian and Ukrainian involvement were also reviewed by the Group. The Group has three Russian financial instruments that are directly or indirectly affected. One of these are recorded at other comprehensive income (OCI) as current financial asset. During the calculation of the expected credit loss (ECL), the Group applied the DCF model. No quoted market price was available for the debt instrument from the first quarter of 2023, in the absence of the limited observable input data, we used a DCF model with a market yield curve and calculated an ECL according to the “sanction” risk premium. The additional risk premium parts were reclassified from other comprehensive income (OCI) to impairment (P&L). There are currently delays in principal and coupon payments (more than 90 days), mainly the change in the market environment affected the settlements of ECL. The ECL is registered in stage III. (significantly changed the probility of default in 2023), the impairment loss was initially accounted for in Q1 2022, and since then it has been continuously reviewed based on the mentioned DCF model. In 2023 an impairment was booked in amount of HUF 1,696 million as a result of this the bond was impaired 100% (HUF 1,723 million). No further impairment was recognized in 2024.

27. Current tax assets and liabilities

	31 December 2024 HUFm	31 December 2023 HUFm
Current tax assets	1,676	1,689
Current tax liabilities	(25,246)	(1,974)

28. Cash and cash equivalents

Accounting policy

In the Consolidated Cash-Flow Statement Cash and cash equivalents comprise: cash in hand, bank deposits, and cash equivalents: in practice, they are securities that are used to settle short-term financial liabilities, and are not held for investment or other purposes, typically have an expiration date of up to 3 months from the date of purchase (e.g. debt securities). In the Consolidated Balance Sheet bank overdrafts are shown within "Borrowings" in current liabilities.

	31 December 2024 HUFm	31 December 2023 HUFm
Bank deposits	135,476	80,411
Cash on hand	151	82
Total	**135,627**	**80,493**

The total amount of Cash and cash equivalents at the balance sheet date was mainly (more than 70%) held by the Parent Company out of which major part is short-term demand deposit and bank deposit. It is denominated in EUR, USD, HUF and other currencies as disclosed in more details in Note 9.

Reconciliation to Consolidated Cash-Flow Statement

The above figures reconcile to the amount of cash shown in the statement of cash-flows at the end of the financial year as follows:

	31 December 2024 HUFm	31 December 2023 HUFm
Balances as above	135,627	80,493
Cash and cash equivalents of disposal groups classified as held for sale (Note 49)	-	(960)
Balances per statement of cash flows	**135,627**	**79,533**

29. Share capital and reserves

	31 December 2024		31 December 2023	
Share capital	Number	HUFm	Number	HUFm
Ordinary shares of HUF 100 each	186,374,860	18,638	186,374,860	18,638

Detailed ownership structure of the Parent 31 December 2024:

Ordinary shares	**Ownership** number	**Voting rights*** %	**Share capital** %
Domestic ownership	**64,323,718**	**35.18**	**34.51**
State ownership total	126	0.00	0.00
out of which Municipality	126	0.00	0.00
Institutional investors	56,366,732	30.83	30.24
out of which Maecenas Universitatis Corvini Foundation	18,637,486	10.19	10.00
out of which Mathias Corvinus Collegium Foundation (MCC)	18,637,486	10.19	10.00
out of which Foundation for National Health and Education of Medical Doctors	9,777,658	5.35	5.25
Retail investors	7,956,860	4.35	4.27
International ownership	**118,043,784**	**64.56**	**63.34**
Institutional investors	117,695,393	64.37	63.15
out of which FMR LLC	9,457,941	5.17	5.07
Retail investors	348,391	0.19	0.19
Treasury shares and shares transferred to ESOT**	**3,993,621**	**0.25**	**2.14**
Undisclosed ownership	**13,737**	**0.01**	**0.01**
Share capital	**186,374,860**	**100.00**	**100.00**

* Article 13.8 of the Statutes restricts the voting rights of shareholders, alone or together with other related persons to no more than 25%.

** The treasury shares, except for the ones owned by Employee Share Ownership Trust's (ESOT), have no voting rights.

Detailed ownership structure of the Parent 31 December 2023:

Ordinary shares	Ownership number	Voting rights* %	Share capital %
Domestic ownership	**61,831,855**	**33.75**	**33.18**
State ownership total	126	0.00	0.00
out of which Municipality	126	0.00	0.00
Institutional investors	54,883,394	29.96	29.45
out of which Maecenas Universitatis Corvini Foundation	18,637,486	10.17	10.00
out of which Mathias Corvinus Collegium Foundation (MCC)	18,637,486	10.17	10.00
out of which Foundation for National Health and Education of Medical Doctors	9,777,658	5.34	5.25
Retail investors	6,948,335	3.79	3.73
International ownership	**120,929,497**	**66.02**	**64.88**
Institutional investors	120,585,433	65.83	64.70
out of which FMR LLC	9,457,941	5.16	5.07
Retail investors	344,064	0.19	0.18
Treasury shares and shares transferred to ESOT**	**3,601,971**	**0.22**	**1.93**
Undisclosed ownership	**11,537**	**0.01**	**0.01**
Share capital	**186,374,860**	**100.00**	**100.00**

* Article 13.8 of the Statutes restricts the voting rights of shareholders, alone or together with other related persons to no more than 25%.

** The treasury shares, except for the ones owned by Employee Share Ownership Trust's (ESOT), have no voting rights.

Data in the above table were compiled based on the share registry amended with information provided by KELER Zrt. as clearing company, global custodians and nominees.

The Group does not have any (ultimate) controlling party.

Foreign currency translation reserves

Exchange differences related to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss, when the foreign operation is sold or partially sold.

Changes of foreign currency translation reserves are presented in the Consolidated Statement of Changes in Equity.

Revaluation reserve for financial assets at FVOCI (based on IFRS 9)

When measuring financial assets measured at fair value through OCI (Note 18 and 26), the difference shall be recognized as Revaluation reserve for financial assets at FVOCI. It shall not be recycled to the Consolidated Income Statement subsequently.

	Revaluation reserves for financial assets at FVOCI
	HUFm
At 1 January 2023	**(339)**
Changes in fair value of debt instruments at FVOCI	149
Changes in the fair value of equity instruments at FVOCI	2,558
Deferred tax effect	(369)
At 31 December 2023	**1,999**
Changes in fair value of debt instruments at FVOCI	648
Changes in the fair value of equity instruments at FVOCI	8,536
Reserve of derecognised debt instrument	417
Reserve of derecognised equity instrument	250
Deferred tax effect	(846)
At 31 December 2024	**11,004**

Deferred tax is accounted for, related to the taxable temporary difference of the investments carried at FVOCI (see details in Note 19).

During the year, the Group realized cumulative losses of HUF 417 million through the derecognition of debt instruments classified as fair value through other comprehensive income. This derecognition arose from both the sale and contractual maturity of these debt instruments, consistent with the Group's financial asset management strategy. In accordance with IFRS 9, the cumulative amounts previously recognized in other comprehensive income were transferred to profit or loss upon derecognition.

In addition, the Group disposed of equity instruments held as Exchange-Traded Funds (ETF) that were designated at fair value through other comprehensive income. The cumulative losses associated with these disposals, totalling HUF 250 million, were directly reclassified from other comprehensive income to Retained Earnings, reflecting the irrevocable election under IFRS 9 to present changes in fair value of such equity instruments through OCI.

Cash-flow hedge reserve

The Cash-flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash-flow hedges, as described in Note 11.
The effective portion is accounted at fair value on the balance sheet date. At the recognition of hedged items (royalty income/payments for natural gas and electricity) the accumulated result is reclassified from cash-flow hedge reserve to profit or loss (revenue/operating expenses). The subsequent financial exchange rate effects on the foreign exchange transaction are recognized in the unrealized financial result of the cash-flow hedging transaction until the transaction is closed, when it is reclassified to realized financial result. The ineffective portion of the change in the fair value of the hedging instrument is recognised directly in P&L. The maturity value of the commodity TTF swap transaction is entirely affecting the operating expenses, except for the ineffective part, which is presented in the financial result.

	Foreign exchange risk
	HUFm
At 1 January 2023	**820**
Change in fair value of hedging instrument recognised in OCI	18,093
Reclassified from OCI to profit or loss - hedged item has affected profit or loss	(12,367)
from this reclassified to operating profit or loss (correction of the royalty revenue)	*(9,172)*
from this reclassified to the realised finance loss	*(3,195)*
At 31 December 2023	**6,546**
Change in fair value of hedging instrument recognised in OCI	(13,489)
Reclassified from OCI to profit or loss - hedged item has affected profit or loss	1,217
from this reclassified to operating profit or loss (correction of the royalty revenue)	*684*
from this reclassified to the realised finance loss	*(1,901)*
at 31 December 2024	**(5,726)**

In 2024, an amount of HUF 5,726 million fair value difference was accumulated in Other comprehensive income. From this reserve, HUF 684 million was transferred to revenue and operating cost correction during the current financial year, and a gain of HUF 1,901 million to the unrealized and realized financial result at the time when the foreign in- and outflow cash was settled. The ineffective part related to natural gas hedging instruments (commodity swaps and forward currency transactions) was loss of HUF 20 million (HUF 277 million in 2023).

Share-based payment presented within retained earnings

Accounting policy

Equity settled share-based payments

The Group is granting treasury shares to certain employees in its employee share bonus programs (see Note 30). These bonus programs are accounted for as equity-settled share-based payments and from year 2018 cash-settled share-based payments.

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

Cash-settled share-based payments

The Group operates an Employee's Share Ownership Programme (ESOP) that qualifies to be a cash-settled share-based payment. The fair value of the liability for cash-settled transactions is re-measured at each reporting date and at the date of settlement. Any changes in fair value are recognised in the Consolidated Income Statement for the period.

Equity-settled employee benefits reserve is presented within Retained earnings. The reserve contains equity-settled share-based payments to employees measured at the fair value of the equity instruments at the grant date. Details are set out in Note 30.

	2024 HUFm	2023 HUFm
Expense recognized in current year	3,494	1,954
Treasury share given (Note 30)	3,067	1,940
Total changes in reserve presented in the Consolidated Statement of Changes in Equity	**427**	**14**

The cost of the cash-settled share-based payment program was HUF 2,221 million, while in 2023 it was HUF 1,632 million.

30. Treasury shares

It is the intention of the Company to grant Treasury shares to Management and employees as part of its remuneration policy. The Company is operating three share-based payment programs, described below in more details.

Bonus program

Richter operates a bonus share program since 1996 to further incentivise managers and key employees of the Company. In 2017, the program was redesigned: the bonus for managers was paid in cash. As a result in 2024, 3,150 shares were granted to 115 key employees of the Company while in 2023 5,270 shares were granted to 178 employees.

Employee's Share- Ownership Program (ESOP)

In order to strengthen the performance and loyalty of senior executives and senior employees, the Company started Employee's Share- Ownership Programme (ESOP) in 2018.

The Company established the ESOP Organization and approved the ESOP Organization's Remuneration Policy for two years in 2024 and in 2023 as well. The total amount related to the Remuneration Policy was HUF 2.3 billion in 2024, and HUF 1.8 billion in 2023. Since Management considers the amount not to be material in compared to the financial statements as whole, therefore further IFRS 2 disclosures are not presented.

Regarding each participant, the Company transferred a certain number of shares to the ESOP Organization, determined by the market value of the transferred shares and the determined amount of the remuneration. The shares cannot be disposed until the end of the evaluation period.

The benefit is only vested if the remuneration condition is met. Remuneration condition: the level of the unweighted average consolidated revenues realized in the measurement period shall exceed the consolidated revenues of the comparative period.

Staff Stock Bonus Plan

Pursuant to the program related to employee share bonuses (Staff Stock Bonus Plan 2024), the Company granted 356,817 treasury shares to 4,974 employees in 2024. The shares will be deposited on the employees' security accounts with UniCredit Bank Hungary Ltd. until 2 January 2027 which means the end of vesting period. In 2023 256,596 shares were granted to 4,881 employees deposited on their accounts until 2 January 2026.

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 741,291 treasury shares at an average price of 9,327 HUF/share (average price excluding fees) in 2024 (in 2023: 3,339,591 treasury shares at an average price of 8,719 HUF/share).

Treasury shares	**2024** Numbers	**2023** Numbers
at 1 January	**3,601,971**	**428,650**
Out of these, number of shares owned by subsidiaries	-	*3,000*
Share purchase	742,906	3,416,948
Transferred as part of bonus program	(3,150)	(5,270)
Individual bonuses	(13,976)	-
Granted pursuant to employee share bonuses	(356,817)	(256,596)
Shares of the employees share bonus that have not vested	22,687	18,239
at 31 December	**3,993,621**	**3,601,971**

Book value	**2024** HUFm	**2023** HUFm
at 1 January	**29,982**	**2,123**
Share purchase	6,937	29,799
Transferred as part of bonus program	(26)	(40)
Individual bonuses	(117)	-
Granted pursuant to employee share bonuses	(3,148)	(2,053)
Shares of the employees share bonus that have not vested	224	153
at 31 December	**33,852**	**29,982**

31. Non-controlling interest

Accounting principles of Non-controlling interest are described more specifically in Note 2.

The total non-controlling interest as of 31 December 2024 is HUF 3,400 million (in 2023 HUF 11,767 million), of which HUF 2,006 million (in 2023 HUF 1,778 million) is for Medimpex West Indies Ltd., HUF 1,065 million is attributed to Richter-Lambron SP OOO (in 2023 HUF 853 million). The impact of other owners of the remaining subsidiaries with non-controlling interests are insignificant on the Group.

As of 31 May 2024, the Company acquired the remaining 30% of the shares in Richter BioLogics GmbH & Co. KG (Richter BioLogics) and Richter BioLogics Management GmbH from the non-controlling external owner. See the effect of the event in Note 48. In 2023 the non-controlling interest was HUF 8,985 million for Richter BioLogics,

Amounts of assets, liabilities, revenues, profit/loss and dividends are presented at 100%, before intercompany eliminations.

2024	**Medimpex West-Indies Ltd. (12*)** HUFm	**Richter-Lambron SP OOO (30*)** HUFm
Accumulated non-controlling interest	2,006	1,065
Non-current assets	1,132	37
Current assets	3,941	4,970
Non-current liabilities	4	1,242
Current liabilities	1,318	1,848
Revenues	3,809	5,341
Profit/(loss)	92	145
Total cash-flow	159	(41)

2023	**Medimpex West-Indies Ltd. (12*)** HUFm	**Richter BioLogics GmbH & Co. KG (21*)** HUFm
Accumulated non-controlling interest	1,778	8,985
Non-current assets	1,500	42,413
Current assets	3,255	21,665
Non-current liabilities	14	26,228
Current liabilities	648	8,528
Revenues	5,457	25,614
Profit/(loss)	574	4,608
Dividends paid	420	-
Total cash-flow	(572)	(2,437)

* Number indicates to line number of Note 31.1

In case of subsidiaries with material non-controlling interest Other comprehensive income is not material (see the Consolidated Statement of Changes in Equity), therefore not disclosed individually.

The non-controlling interest is recognised to the extent the risks and rewards of ownership of those shares remain with them. For each acquisition the terms of the contracts are analysed in detail. In case of complex scenarios (e.g when contingent-deferred purchase prices are also involved), factors considered includes, the pricing of the forward contract, any ability to avoid future payment, whether share price movements during the contract period result in benefits and losses being borne by the Group or by the non-controlling shareholder.

31.1 Consolidated companies

Details of the Group's subsidiaries at 31 December are as follows:

	Name	Place of incorporation (or registration) and operation	Proportion of ownership %		Proportion of voting rights held %		Principal activity
			2024	2023	2024	2023	
1	AO Gedeon Richter - RUS	Russia	100.00	100.00	100.00	100.00	Pharmaceutical manufacturing
2	Gedeon Richter Romania S.A.	Romania	99.92	99.92	99.92	99.92	Pharmaceutical manufacturing
3	Gedeon Richter Polska Sp. z o.o.	Poland	99.86	99.86	99.86	99.86	Pharmaceutical manufacturing, Marketing services
4	Richter Themis Medicare (India) Pvt. Ltd.	India	55.72	55.72	55.72	55.72	Pharmaceutical manufacturing
5	Gedeon Richter Pharma GmbH.	Germany	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
6	Gedeon Richter USA Inc.	USA	100.00	100.00	100.00	100.00	Pharmaceutical trading
7	RG Befektetéskezelő Kft.	Hungary	100.00	100.00	100.00	100.00	Financial-accounting and controlling activities
8	Gedeon Richter UA TOV	Ukraine	100.00	100.00	100.00	100.00	Pharmaceutical trading
9	Gedeon Richter UK Ltd.	UK	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
10	Gedeon Richter Iberica S.A.U.	Spain	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
11	Medimpex Jamaica Ltd.	Jamaica	60.00	60.00	60.00	60.00	Pharmaceutical trading
12	Medimpex West-Indies Ltd.	Jamaica	60.00	60.00	60.00	60.00	Pharmaceutical trading
13	Humanco Kft.	Hungary	100.00	100.00	100.00	100.00	Social, welfare services
14	Pesti Sas Holding Kft.	Hungary	100.00	100.00	100.00	100.00	Portfolio management
15	Richter Szolgáltató Kft.	Hungary	100.00	100.00	100.00	100.00	Catering services
16	Reflex Kft.	Hungary	100.00	100.00	100.00	100.00	Transportation, carriage
17	Chemitechnik Pharma Kft.	Hungary	66.67	66.67	66.67	66.67	Engineering services
18	GYEL Kft.	Hungary	66.00	66.00	66.00	66.00	Quality control services
19	Armedica Trading S.R.L. [1]	Romania	-	99.92	-	99.92	Portfolio management
20	Gedeon Richter France S.A.S.	France	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
21	Richter BioLogics GmbH & Co. KG	Germany	100.00	70.00	100.00	70.00	Biotechnological manufacturing and research
22	Richter BioLogics Management GmbH	Germany	100.00	70.00	100.00	70.00	Asset management
23	Medimpex UK Ltd.	UK	100.00	100.00	100.00	100.00	Pharmaceutical trading
24	Farnham Laboratories Ltd. [2]	UK	100.00	100.00	100.00	100.00	Pharmaceutical trading
25	Gedeon Richter Aptyeka SP OOO	Armenia	51.00	51.00	51.00	51.00	Pharmaceutical trading
26	LLC "Gedeon Richter Ukraine"	Ukraine	100.00	100.00	100.00	100.00	Pharmaceutical retail
27	Gedeon Richter Italia S.R.L.	Italy	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
28	Gedeon Richter Marketing ČR s.r.o.	Czech Republic	100.00	100.00	100.00	100.00	Marketing services
29	Gedeon Richter Slovakia s.r.o.	Slovak Republic	100.00	100.00	100.00	100.00	Marketing services
30	Richter-Lambron SP OOO	Armenia	51.00	51.00	51.00	51.00	Pharmaceutical trading
31	Gedeon Richter Austria GmbH	Austria	100.00	100.00	100.00	100.00	Marketing services
32	Gedeon Richter (Schweiz) AG	Switzerland	100.00	100.00	100.00	100.00	Marketing services
33	Gedeon Richter Portugal S.A.	Portugal	100.00	100.00	100.00	100.00	Marketing services

	Name	Place of incorporation (or registration) and operation	Proportion of ownership %		Proportion of voting rights held %		Principal activity
			2024	2023	2024	2023	
34	PregLem France S.A.S.	France	100.00	100.00	100.00	100.00	Management services
35	Gedeon Richter, trženje, d.o.o.	Slovenia	100.00	100.00	100.00	100.00	Marketing services
36	Gedeon Richter Benelux	Belgium	100.00	100.00	100.00	100.00	Marketing services
37	Gedeon Richter Nordics AB	Sweden	100.00	100.00	100.00	100.00	Marketing services
38	Gedeon Richter KZ TOO	Kazakhstan	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
39	GRmed Company Ltd. (Hongkong)	Hong-Kong	100.00	100.00	100.00	100.00	Marketing services, distribution
40	Gedeon Richter Pharmaceutical (China) Co. Ltd.	China	100.00	100.00	100.00	100.00	Marketing services
41	Gedeon Richter Colombia S.A.S.	Columbia	100.00	100.00	100.00	100.00	Pharmaceutical trading
42	Gedeon Richter Croatia d.o.o.	Croatia	100.00	100.00	100.00	100.00	Marketing services
43	Gedeon Richter Mexico, S.A.P.I. de C.V	Mexico	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
44	Gedeon Richter do Brasil Importadora, Exportadora e Distribuidora S.A.	Brazil	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
45	Gedeon Richter Chile SpA	Chile	100.00	100.00	100.00	100.00	Pharmaceutical trading
46	Mediplus (Economic Zone) N.V.	Curaçao	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
47	Gedeon Richter Peru S.A.C.	Peru	100.00	100.00	100.00	100.00	Pharmaceutical trading
48	GEDEONRICHTER Ecuador S.A.	Ecuador	100.00	100.00	100.00	100.00	Pharmaceutical trading
49	Gedeon Richter Bolivia SRL [3]	Bolivia	-	100.00	-	100.00	Pharmaceutical trading
50	Gedeon Richter Australia PTY Ltd.	Australia	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
51	Finox AG	Switzerland	100.00	100.00	100.00	100.00	Biotechnological services
52	Finox Biotech AG	Lichtenstein	100.00	100.00	100.00	100.00	Biotechnological services
53	Finox Biotech Germany GmbH	Germany	100.00	100.00	100.00	100.00	Marketing services
54	Gedeon Richter Ireland Ltd.	Ireland	100.00	100.00	100.00	100.00	Marketing services
55	Gedeon Richter Bulgaria Ltd.	Bulgaria	100.00	100.00	100.00	100.00	Marketing services
56	Gedeon Richter Farma O.O.O.	Russia	100.00	100.00	100.00	100.00	Marketing services
57	Forhercare Kft.	Hungary	100.00	100.00	100.00	100.00	Pharmaceutical retail
58	Gedeon Richter Vietnam Ltd	Vietnam	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
59	SHE Healthcare Company Limited	Hong-Kong	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
60	SHE Healthcare (Shanghai) Company Limited	China	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
61	Farmage Dominicana S.R.L.	Dominican Republic	100.00	100.00	100.00	100.00	Pharmaceutical trading, Marketing services
62	OC Distributors Ltd. [4]	Ireland	-	100.00	-	100.00	Marketing services
63	Giskit B.V.	The Netherlands	100.00	100.00	100.00	100.00	Sales and marketing of medical equipment

(1) Armedica Trading S.R.L. merged into Gedeon Richter Romania S.A. in the second half of 2024.
(2) The company's principal activity has been suspended.
(3) The company was liquidated in 2024.
(4) OC Distributors Ltd. merged into Gedeon Richter Ireland Ltd. in the second half of 2024.

Subsidiaries newly included in the consolidation

	Name	Date of establishment / acquisition	Place of incorporation (or registration) and operation	Proportion of ownership %		Proportion of voting rights held %		Principal activity
				2024	2023	2024	2023	
64	Richter BioTec GmbH	May 2024	Germany	100.00	50.00	100.00	50.00	Trading of biotech products, Marketing services
65	Richter BioTec Management GmbH	May 2024	Germany	100.00	50.00	100.00	50.00	Asset management
66	Estetra SRL.	June 2024	Belgium	100.00	0.00	100.00	0.00	Pharmaceutical manufacturing and research
67	Neuralis SA.	June 2024	Belgium	100.00	0.00	100.00	0.00	Research and development, manufacturing, marketing services
68	BCI Pharma SA	June 2024	Belgium	100.00	0.00	100.00	0.00	Biotechnological manufacturing and research
69	BCI Pharma SAS	June 2024	France	100.00	0.00	100.00	0.00	Biotechnological manufacturing and research

32. Non-current financial liabilities at FVTPL

Accounting policy

The Group may hold a variety of derivative financial instruments to manage its interest rate and foreign currency risk, including forward foreign exchange contracts, interest rate swaps and cross currency swaps and options.

Derivatives are initially recognized at fair value at the inception of the contract and are remeasured to fair value at the end of each reporting period. The accounting policy and current year changes regarding derivative financial instruments are detailed in Note 11.

Changes in the fair value of (nonderivative) liabilities within the FVTPL category mainly included changes in the fair value of obligations for contingent consideration and deferred purchase price in connection with business acquisitions (IFRS 3). All resulting changes in value are recognized in profit or loss.

Obligations arising from stock-based programs that involve cash settlement pursuant to IFRS 2 (Share-based Payment) are disclosed as other financial liabilities in the amount of the fair value of the obligations existing as of the closing date. All resulting changes in value are recognized in profit or loss.

Accounting principles of Non-current financial liabilities at FVTPL are described more specifically in Note 9.

	31 December 2024 HUFm	31 December 2023 HUFm
Debt on issue of bonds	52,910	52,615
Other financial liabilities at FVTPL	8,222	1,852
Total	**61,132**	**54,467**

Debt on issue of bonds

On 2 June 2021 the Company held a successful auction for qualified investors and received funding in the amount of HUF 70,273 million from the issued bonds. The issuance was held in the frame of the Bond Funding for Growth Scheme ("NKP") of the Hungarian National Bank that aims to improve the efficiency of monetary policy transmission and increasing the liquidity of the corporate bond market.

The "RICHTER 2031 HUF Bonds" (short name: RICHTER31) were issued with following terms:

- Total face value: HUF 70,000 million
- Maturity: 10 years
- Repayment schedule of the principal: 10-10-10% in 2028, 2029 and 2030, 70% at maturity in 2031
- Coupon amount: 1.75% per annum
- Settlement date of interest and principal: 4th June respectively.

Financial liability derived from the issuance of bonds was initially recognised at fair value (HUF 63,213 million) that amount was calculated based on the price offered by independent market participants on the closed auction. The amount of premium received at issuance (HUF 7,060 million) is presented among Other non-current liabilities and accruals in the Consolidated Balance Sheet and subsequently recognized in the profit or loss as financial income on a systematic basis over the term of the bond.

The Company decided to apply the fair value option and designated the financial liability from the bond issuance as subsequently measured at fair value through profit or loss. This accounting policy choice significantly reduces a recognition and measurement inconsistency that would arise from the accounting treatment of the bond at fixed interest rate and the interest rate swaps (IRS) aiming to manage the fair value risk of the underlying financial instrument. For detailed information please see Note 11.

The balance of debt on issue of bonds was HUF 54,135 million on 31 December 2024 of which HUF 1,225 million was transferred to Current liabilities at FVTPL (can be found in Note 39). In 2024, the Company paid HUF 1,225 million interest (HUF 1,225 million in 2023).

The fair value of the financial liability derived from the issuance of bonds was classified as Level 2 because of the lack of an active market. The Company used the discounted cash-flow method to determine the fair value of the liability and discounted the cash-flows from payments of interest and principal. The discount rate was calculated based on the relevant zero-coupon rates as at the date of valuation and considered a margin between the commercial bank offers at the auction and the yield of the government bonds.

Other non-current financial liabilities at FVTPL

As at 31 December 2024, the deferred purchase price liability related to the Richter BioTec GmbH&Co KG. asset acquisition was recognized at HUF 5,950 million (previous year: HUF 0). During the period, the liability was initially recognized at initial fair value amount (HUF 5,394 million) and subsequently adjusted by HUF 556 million loss, with changes arising from updates to the discount rates and foreign exchange rate fluctuations. These adjustments were recognized in profit or loss.

The Group has recognized contingent consideration related to the acquisition of BCI Pharma. The liability is classified as a financial liability and is measured at fair value through profit or loss. As at 31 December 2024, the fair value of the contingent consideration liability was HUF 1,230 million (previous year: HUF 0). Changes in fair value of HUF 34 million gain were recognized in profit or loss during the period, this movement primarily reflects the subsequent remeasurements based on updates to probability-weighted cash flows, discount rates and foreign exchange rate fluctuations.

Other non-current financial liabilities at FVTPL contains the fair value of IFRS 2 Share-based payments in amount of HUF 1,042 million.

33. Lease liability

Accounting policy

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group applies comparative pricing method for calculating interest rate. The reference interest rate is determined based on public data related to the specific market taking into consideration the amount, currency, maturity date of the transaction, the borrower's business sector and the purpose of the financing.

Depreciation is allocated between cost of sales, operating expenses. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Exemptions

Contracts may contain both lease and non-lease components. The Group applies the practical expedient and does not separate non-lease components from lease components and accounts for any lease components and associated non-lease components as a single lease component.

Payments associated with short-term leases for all assets and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Low-value assets (that the underlying assets, when new, are individually low value that is under HUF 1.5 million) comprise IT and office equipment.

	31 December 2024 HUFm	31 December 2023 HUFm
Lease liability (long-term)	14,624	13,817
Lease liability (short-term)	5,501	4,428
Total	**20,125**	**18,245**

In 2024 and in 2023 the Group leases various offices, warehouses, land, parking places, energy systems, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of 11 months to 95 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments
Some real estate leases contain variable leasing elements that are related to sales on the business premises. The leasing fee for individual stores includes a fixed part that is payable periodically in each case. If 5% of the net sales revenue of the periodic sales of the business exceeds the fixed part, then the difference is paid in the form of a variable lease payment. The variable payment terms that are not based on an index or a rate are not part of the lease liability. Such variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Consolidated Income Statement includes HUF 2,031 million expenses from short-term, low-value and variable lease payments (in 2023 it was HUF 1,797 million).

34. Other non-current liabilities and accruals

Accounting principles of Government grants are described more specifically in Note 20.

	31 December 2024 HUFm	31 December 2023 HUFm
Government grants - deferred income	7,778	8,106
Government grants - prepayments received	1,635	1,302
Premium of Bond Funding for Growth Scheme	3,712	4,458
Other non-current liabilities 3rd parties	37	-
Total	**13,162**	**13,866**

Government grants relate to property, plant and equipment and research and development activities.

The amount of premium received at bond issuance is presented among Other non-current liabilities and accruals in the Consolidated Balance Sheet and subsequently recognized in the profit or loss as financial income on a systematic basis over the term of the bond. For detailed information please see Note 32.

35. Provisions

Accounting policy

Provisions should be made for:

- sanctions and remediation costs related to environmental damage, which will lead to outflow of resources representing economic benefits regardless of the Group's future actions. The Group is exposed to environmental liabilities related to its past operations and purchases of property, mainly in respect of soil and groundwater remediation costs.
- the expected liabilities in respect of non-closed litigation cases, if it is probable that the Group will have a payment obligation as a result of the decision
- as a guarantee and guarantee commitment if the amount of the expected payment can be estimated from previous practice
- long-term defined (retirement) benefit plans
- for other long-term employee benefits (jubilee bonus)
- reorganization costs if the general conditions for provisioning are met
- an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which the underlying asset is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Pension program and other long-term employee benefits

The Group operates a post-employment benefit program. Beside the Parent Company some subsidiaries pay benefits to retiring employees according to their Collective Agreements as defined benefit. As an additional benefit, these companies financially reward the employees who had been employed for significant period. This amount is paid in the subsequent year the employee reaches the end of the specific jubilee period and it is accounting for as other long-term employee benefit through profit or loss.

Defined benefit pension plan

The Group operates a post-employment defined benefit program, which is presented as Provision in the Consolidated Balance Sheet. In line with IAS 19 for post-employment retirement benefit plans the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

The estimated amount of the benefit is accounted in equal amounts each period until maturity date (straight line method) and valued at present value by using actuarial discount rate. Service costs and interest expense are recognised in the profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions regarding defined benefit plans are charged to the Retained Earnings (presented on Other Comprehensive Income as item that is not reclassified later in profit and loss).

Defined contribution plans

For defined contribution plans the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Termination benefit

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

	31 December 2024 HUFm	31 December 2023 HUFm
Short-term provisions	3,408	2,961
Long-term provisions*	7,225	6,559
from this defined retirement benefit plans at the Parent	*4,310*	*3,873*
from this defined retirement benefit plans at GR Polska	*1,401*	*1,235*
from this defined retirement benefit plans at GR Schweiz	*171*	*162*
from this defined retirement benefit plans at GR Ecuador	*72*	*51*
from this defined retirement benefit plans at GR Mexico	*270*	*264*
from this defined retirement benefit plans at GR Bulgaria	*29*	*17*
Total	**10,633**	**9,520**

* The balance of long-term provisions contains jubilee and similar long-term benefits and asset retirement obligation.

From the defined benefit plans of the Group, it is considered that only the pension plan operated by the Parent Company is significant, therefore further disclosures are provided only related to that. Since the plan is operated in Hungary the benefits and the disclosures below are determined in Hungarian Forint.

Defined retirement benefit plans at the Parent

Actuarial valuation related to retirement benefit plans

According to the Collective Agreement of Gedeon Richter Plc., if the Employee is eligible for an old-age pension or disability care and his/her employment is being terminated for that reason by either parties unilaterally or by mutual consent, or the Employee retire in the end of a fix-term employment contract, the Employer may provide

a) 1 month's absentee pay after an uninterrupted employment relationship of at least 15 years at the Employer
b) 2 months' + 45 days' absentee pay after an uninterrupted employment relationship of at least 30 years at the Employer
c) 3 months' + 45 days' absentee pay after an uninterrupted employment relationship of at least 35 years at the Employer
d) 4 months' + 45 days' absentee pay after an uninterrupted employment relationship of at least 40 years at the Employer

in addition to his/her other emoluments, if the following exclusion does not arise.

As a prior obligatory condition of payment, the Employee shall not engage in any misconduct which may lead to the immediate termination of his/her employment, until the closing of the employment.
For renumerations defined in subsections b)-d) above, the Employee is entitled to an additional absentee pay equal to 45 calendar days, except if the Employee is exempted from work for a longer period.
Provided that the exemption period is longer than 45 days, the entitlement period for the absentee pay (for the "uninterrupted employment relationship at the Employer") determined at subpoints a)-d) shall be reduced by the amount exceeding the 45 days of the exemption period.

The valuation method

In line with IAS 19, defined benefit obligation was calculated by using Projected Unit Credit Method. The estimated amount of the benefit shall be accounted in equal amounts for each period until the maturity date (straight line method) and valued at present value by using actuarial discount rate.

Any reasonable change in the key assumptions is not expected to result in a significant change in the value of provision therefore a detailed sensitivity analysis is not required for the variables of the valuation model.

The calculation is applied for all employees employed at the balance sheet date.

	2024 HUFm	2023 HUFm
Opening value of retirement benefit	3,873	2,835
Interest costs (charged to the P&L)	230	355
Current service costs (charged to the P&L)	185	141
Settlement	(144)	(173)
Actuarial loss (charged to the OCI)	166	715
Retirement benefit liability	**4,310**	**3,873**

The principal actuarial assumptions were as follows:

The increase in the amount of the underlying benefit reflected long-term risk-free rates.

Discount rate

The discount calculation is made "on the basis of available high-quality corporate bonds or, in the absence thereof, of government securities in the given market."

The applied discount curve was determined on the basis of the reference yields of Hungarian government securities using a Nelson-Siegel curve fitting, based on the market yields at the end of 2024 and 2023.

Year	Discount rate	Year	Discount rate	Year	Discount rate	Year	Discount rate	Year	Discount rate
1	5.42%	11	6.72%	21	6.89%	31	6.95%	41	6.98%
2	5.76%	12	6.75%	22	6.90%	32	6.96%	42	6.99%
3	6.01%	13	6.77%	23	6.91%	33	6.96%	43	6.99%
4	6.20%	14	6.79%	24	6.91%	34	6.96%	44	6.99%
5	6.33%	15	6.81%	25	6.92%	35	6.97%	45	6.99%
6	6.44%	16	6.83%	26	6.93%	36	6.97%	46	6.99%
7	6.52%	17	6.84%	27	6.93%	37	6.97%	47	7.00%
8	6.59%	18	6.86%	28	6.94%	38	6.97%	48	7.00%
9	6.64%	19	6.87%	29	6.94%	39	6.98%	49	7.00%
10	6.68%	20	6.88%	30	6.95%	40	6.98%	50	7.00%

Distribution of probability of resigning in terms of the age of employees and the duration of their employment

The exit rates used were determined by analyzing the historical data of the Company.
Annual average rate of fluctuation used in the calculation for 2024 and 2023:

Age	Annual average rate of fluctuation	
	2024	2023
0-25	12.7%	12.8%
26-30	11.8%	11.6%
31-35	9.5%	9.2%
36-40	8.0%	8.3%
41-45	7.3%	7.1%
46-50	5.9%	5.7%
51-55	4.9%	4.7%
56-60	3.9%	3.9%
61-	3.7%	3.9%

Sensitivity analyses

The following sensitivity analyses have been carried out in conjunction with employee benefits:

- Shifting the discount curve by -50 basis points (-0.5%)
- Shifting the discount curve by 50 basis points (+0.5%)
- 50 basis points lower inflation rate (-0.5%)
- 50 basis points higher inflation and index rate (+0.5%)
- 25% decline in annual resignation rates (-25%)
- 25% increase in annual resignation rates (+25%)
- For mortality rates, value calculated without the 50% selection factor (population mortality data)

	Sensitivity	Retirement benefit liability	Change (%)
Value of liability		**4,310**	
Reduced discount curve	-0.50%	4,527	5%
Increased discount curve	0.50%	4,109	-5%
Lower inflation rate	-0.50%	4,107	-5%
Higher inflation and index rate	0.50%	4,549	6%
Reduced rate of fluctuation	75.00%	5,614	30%
Increased rate of fluctuation	125.00%	3,446	-20%
Mortality data	100.00%	4,052	-6%

A 50-basis point shift in the discount curve results in a 5% higher or 5% lower liability value. A 50-basis point decrease in wage inflation results in a 5% decrease in the provision, while a 50-basis point increase in the inflation rate and indexation results in a 6% increase in the provision with all other assumptions held constant.
The model is sensitive to the value of the resignation rate, as illustrated by the fact that a reduction in the rates to 75% results in a 30% increase in the liability, while an increase in the rates to 125% results in a 20% decrease in the year-end value of provisions.
In addition, using population mortality data instead of applying a 50% selection factor would result in a 6% lower provision value.

36. Borrowings

Accounting policy

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

The Group recognize refundable grants as financial liabilities under IFRS 9, as they represent obligations to repay. These advances, which include both fixed and variable components linked to future revenues, are measured at fair value through profit or loss (FVTPL). Changes in fair value are recognized in profit or loss at each reporting date, reflecting the variability in repayment based on future revenue performance.

	31 December 2024 HUFm	31 December 2023 HUFm
Borrowings (long-term)	1,253	182
Borrowings (short-term)	365	-
Total	**1,618**	**182**

The Group has long-term borrowings, repayable liability related refundable grants, arbitrage and short-term financing transactions.

37. Trade payables

Accounting policy

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	31 December 2024 HUFm	31 December 2023 HUFm
Trade payables (3rd parties)	71,851	51,037
Amount due to related companies and other investments	480	264
Total	**72,331**	**51,301**

38. Contract liabilities

Accounting policy

If a customer pays consideration or an entity has a right to an amount of consideration that is unconditional before the entity transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made, or the payment is due. A contract liability is an obligation of the Group to transfer goods and services to a customer for which the entity has received consideration from the customer.

	31 December 2024 HUFm	31 December 2023 HUFm
Contract liabilities	2,530	2,347

39. Current financial liabilities at FVTPL

	31 December 2024 HUFm	31 December 2023 HUFm
Debt on issue of bonds	1,225	1,225
Other current financial liabilites at FVTPL	3,200	1,497
Total	**4,425**	**2,722**

The Group recognises the coupon payment of „RICHTER31" bond, that is due in 2025 as a current liability at fair value in amount of HUF 1,225 million (HUF 1,225 million in 2023). The applied accounting policy and measurement method can be found in Note 32.

Other current financial liabilities at FVTPL contains the fair value of IFRS 2 Share-based payments in amount of HUF 2,005 million.

40. Other current liabilities and accruals

	31 December 2024 HUFm	31 December 2023 HUFm
Short-term accruals	24,021	19,854
Premium	745	740
Other current liabilities	9,148	9,041
Dividend payable	188	176
Wages and payroll taxes payable	12,435	12,309
Other taxes	3,735	1,911
Deposits from customers	3,665	3,809
Total	**53,937**	**47,840**

Hungarian Government decided on 23 December 2022 an extraordinary tax to be levied on the pharmaceutical industry, as a result of which HUF 28,259 million extraordinary tax was accounted as Other expense in 2023. The legislation on the supplementary pharmaceutical tax has been amended, requiring pharmaceutical manufacturers to pay an extra profit and special tax for the 2024 year. As a special tax HUF 1,303 million was accounted for in Other expenses. The extra profit tax is accounted for as an income tax.

41. Net cash position

Net cash position represents the cash and cash equivalents, lease liabilities and the net cash position of all relevant financial assets and financial liabilities related to the debt on issue of bonds.

Net cash	31 December 2024 HUFm	31 December 2023 HUFm
Cash and cash equivalents	135,627	80,493
Cash and cash equivalents of disposal groups classified as held for sale	-	(960)
Non-current financial assets at FVTPL	58,644	59,082
Derivative financial assets (interest rate swap)	12,918	11,836
Debt on issue of bonds	(54,135)	(53,840)
Derivative financial liabilities (interest rate swap)	(12,433)	(11,354)
Borrowings	(1,618)	(182)
Lease liability	(20,125)	(18,245)
Total	**118,878**	**66,830**

	Other assets			Liabilities from financing activities			
	Cash/bank overdraft	Financial assets carried at fair value through profit or loss	Derivative financial assets (interest rate swap)	Borrowings, REPO, Debt on issue of bonds	Derivative financial liabilities (interest rate swap)	Lease liability	
	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm	HUFm
Net cash as at 1 January 2023	**80,679**	**45,983**	**27,909**	**(41,068)**	**(25,484)**	**(15,226)**	**72,793**
Changes from financing cash flow	(140)	-	-	-	-	2,142	**2,002**
Debt on issue of bonds, Repurchase Agreement (Repo)- borrowings	-	-	-	(35,748)	-	-	**(35,748)**
Debt on issue of bonds, Repurchase Agreement (Repo)- payments	-	-	-	35,748	-	-	**35,748**
Borrowings				(182)			**(182)**
New lease liability	-	-	-	-	-	(5,200)	**(5,200)**
Effect of foreign exchange changes	(46)	-	-	-	-	39	**(7)**
Other non-cash movements	-	13,099	(16,073)	(12,772)	14,130	-	**(1,616)**
Cash and cash equivalents of disposal groups classified as held for sale	(960)	-	-	-	-	-	**(960)**
Net cash as at 31 December 2023	**79,533**	**59,082**	**11,836**	**(54,022)**	**(11,354)**	**(18,245)**	**66,830**
Changes from financing cash flow	55,389	-	-	-	-	3,537	**58,926**
Effect of newly acquired companies	-	-	-	(7,808)	-	-	**(7,808)**
Debt on issue of bonds, Repurchase Agreement (Repo)- borrowings	-	-	-	(218,959)	-	-	**(218,959)**
Debt on issue of bonds, Repurchase Agreement (Repo)- payments	-	-	-	218,959	-	-	**218,959**
Borrowings	-	-	-	6,836	-	-	**6,836**
New lease liability	-	-	-	-	-	(5,379)	**(5,379)**
Effect of foreign exchange changes	(255)	-	-	(464)	-	(38)	**(757)**
Other non-cash movements	960	(438)	1,082	(295)	(1,079)	-	**230**
Net cash as at 31 December 2024	**135,627**	**58,644**	**12,918**	**(55,753)**	**(12,433)**	**(20,125)**	**118,878**

42. Dividend on ordinary shares

Accounting policy

Dividend distribution to the Company's shareholders is recognised as a liability and debited against equity (retained earnings) in the Group's financial statements in the period in which the dividends are approved by the shareholders of the Company.

	2024 HUFm	2023 HUFm
Dividend on ordinary shares	78,837	72,686

A dividend of HUF 423 per share (HUF 78,837 million) was declared in respect of the 2023 results, approved at the Company's Annual General Meeting on 25 April 2024 and paid during the year.

43. Agreed capital commitments and expenses related to investments

	31 December 2024 HUFm	31 December 2023 HUFm
Contractual capital commitments of Parent	9,764	18,612
Contractual capital commitments of AO Gedeon Richter -RUS	166	205
Contractual capital commitments of Richter BioLogics GmbH	1,751	4,856
Contractual capital commitments of RG Themis	476	-

The above commitments were not recorded either in the Consolidated Income Statement or in the Consolidated Balance Sheet.

44. Guarantees to third parties provided by the Group

The banks of the Group issued the guarantees detailed below, enhancing the liquidity in a way that the Group did not have to provide for these cash amounts:

	31 December 2024 HUFm	31 December 2023 HUFm
Bank guarantee for National Tax and Customs Administration of Hungary – collaterals for customs and excise duty related liabilities	272	272
Other, individually not significant bank guarantees	277	161

45. Employee information

	2024	2023
Average number of people employed during the year	11,784	11,901

Employee information is also disclosed in section S1-6 of the Group's Sustainability Statement.

46. Social security and pension schemes

The Group has provided in relation to the employees in Hungary social contribution tax amounting to 13% of gross salaries which is paid during 2024 to the National Tax and Customs Administration by the Group. The Group has no further obligations beyond the statutory rates in force during the year. In relation to employees employed in abroad, the social insurance contributions have been paid in accordance with the laws of each country.

The Parent Company contributes 6% of the monthly gross wages (maximum 50% of the current minimum wage) for those employees who decided to participate in the voluntary pension fund. In addition, one-off contribution is made in respect of employees who are reaching the age limit of 55, 57, 59, 61, 63, 65 years in the amount of HUF 50,000. The total cost of the contributions made by the Parent Company was HUF 2,635 million in 2024 (in 2023 HUF 2,357 million).

Pension contribution paid by Hungary based subsidiaries in respect of their employees amounted to HUF 76 million in 2024 and HUF 68 million in 2023.

Foreign subsidiaries pay contributions to various pension funds in respect of their employees which amounted to HUF 813 million and HUF 672 million in 2024 and 2023, respectively.

The pension contribution paid by the Company and described above are considered as Defined Contribution Plan.

None of the subsidiaries of the Group operate any similar pension schemes.

47. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

47.1 Related parties

The Group has not provided any loans to its key management personnel.

The loans are in Hungarian Forint, all of them are short-term as at 31 December 2024.

Revenues from related parties almost exclusively represents sale of pharmaceutical products. The Group has open trading commitments with related parties in amount of HUF 8 million as of 31 December 2024.

	31 December 2024 HUFm	31 December 2023 HUFm
Loans to associated companies	158	158
Impairment on loans provided to associates (in the balance sheet)	(158)	(158)
Trade receivables (associates)	2,620	4,052
Trade payables (associates)	(35)	(8)
Revenue from joint ventures	-	141
Revenue from associates	23,415	21,468

According to the Memorandum of Understanding signed on 24 September 2010 with Helm AG, Richter had financing obligations related to costs of projects managed by Richter BioTec (joint ventures). In accordance with the request of the management, this funding was provided in the form of capital contribution and the company recorded these liabilities separately by owners. In 2024 the Richter acquired the remaining 50% of the shares in Richter BioTec from Helm AG, during the transaction the capital contribution was capitalized as an investment.

All related-party transactions were made on an arm's length basis.

47.2 Remuneration of the Board of Directors and the Supervisory Board

	Short-term benefits - Allowance	
	2024	**2023**
	HUFm	HUFm
Board of Directors	191	110
Supervisory Board	53	43
Total	**244**	**153**

47.3 Key management compensation

	2024	**2023**
	HUFm	HUFm
Salaries and other short-term employee benefits	2,549	2,146
Share-based payments	1,034	717
Total short-term compensation	**3,583**	**2,863**
Pension contribution paid by the employer	327	262
Total	**3,910**	**3,125**

From 2018 share-based payments were modified due to the introduction of the Employee's Share-Ownership Program, please see further details in Note 30.

The table above contains the compensation received by the chief executive officer, directors and other senior members of Management, considered as Key management, constituting 56 people.
There were no redundancy payments to key management members neither in 2024 nor in 2023.

48. Business combination

Richter BioTec GmbH&Co KG.

As of 31 May 2024, the Company acquired the remaining 50% of the shares in Richter BioTec GmbH&Co KG from the non-controlling external owner (HELM AG).

The transaction had been identified as asset acquisition, based on an asset concentration test.

Total consideration transferred in cash was EUR 85.6 million and EUR 13.8 million deferred purchase price had been stated in the agreement.

Acquisition-related costs of HUF 58.6 million were directly attributed to the acquisition of the shares.

	Richter BioTec HUFm
Consideration transferred	**33,391**
Investments	4
Trade receivables	1,796
Other current assets	1,306
Cash and cash equivalents	3,904
Trade payables	(52)
Other current liabilities and accruals	(542)
Net asset acquired	**6,416**
Asset value increasing adjustments	
Settlement of pre-existing relationship	(2,038)
Previously held equity interest	(4,751)
Cost of the identified asset acquired in the asset acquisition	**33,764**

The pre-existing relationship between the parties has been settled at the date of the acquisition. As part of this settlement the right of use intangible assets which were already recognized in the consolidated books based on the licence agreements agreed prior to the acquisition were derecognised. The cost of those right of use assets were also included as part of the cost of the acquisition.

The previously held equity interest in Richter BioTec by Gedeon Richter (50%) immediately before the acquisition date is not remeasured to its fair value based on our accounting policy choice according to the cost-based approach for an asset acquisition.

Richter BioTec was consolidated as a jointly controlled entity until 31 May 2024, so its whole year profit has been presented in the Consolidated Income Statement.

Richter BioLogics GmbH & Co. KG

As of 31 May 2024, the Company acquired the remaining 30% of the shares in Richter BioLogics GmbH & Co. KG.

Total consideration transferred in cash was EUR 40.6 million (HUF 15.810 million). No contingent consideration had been stated in the agreement.

Acquisition-related costs (mainly legal and audit fees) of HUF 58.6 million that were not directly attributable to the acquisition of the shares are included in administrative expenses in the Statement of profit or loss and in operating cash-flows in the Consolidated Cash-Flow Statement.

Richter BioLogics was consolidated as a subsidiary during the entire year so its whole year profit has been presented in the Consolidated Income Statement.

Estetra SRL and Neuralis SA

As of 11 June 2024, Gedeon Richter acquired 100% of the shares in Estetra SRL and Neuralis SA from Mithra Pharmaceuticals SA. The total amount of net cash consideration given and the total amount of liabilities assumed during the acquisition was EUR 94.2 million and neither deferred payment, nor contingent consideration was recognised as part of this transaction. Given that a purchase consideration (equity value)had been agreed upon for the acquisition of the assets that constitute the E4 platform, the acquired entities were treated as one CGU as the acquired assets are expected to be integrated into Gedeon Richter's existing operations.

The key acquired assets are the own-developed lead platform, based on Estetrol (E4), a unique, native estrogen, a key asset to Richter's WHC's Business Unit. The transfer includes the related intellectual property rights, current contracts as well as the commitments related to Estelle® (already marketed) and Donesta® (in development, ahead of filing for marketing authorization).

The pre-existing relationship between the parties has been settled at the date of the acquisition (in amount of EUR 100.9 million), separately from the business combination. As part of this settlement the right of use intangible assets which were already recognized in the Consolidated Financial Statements based on the licence agreements agreed prior to the acquisition were derecognised. The difference between the carrying value and the fair value of the right of use assets derecognised are recognised in the profit or loss in the value of EUR 2.2 million.

As the transaction dated June 2024, the measurement period has not yet been closed.

	Carrying value	**Fair value**
	HUFm	HUFm
Net cash consideration given	**894**	**894**
Property, plant and equipment	175	175
Right of use assets	78	78
Other intangible assets	9,045	81,263
Other long-term receivables	2,880	2,880
Deferred tax assets	15,084	15,084
Inventories	7,754	7,754
Trade receivables	1,648	1,648
Other current assets	4,878	4,878
Cash and cash equivalents	1	1
Borrowings (long- and short term)	(28,771)	(28,771)
Lease liabilities (long- and short term)	(78)	(78)
Contract liabilities	(2,051)	(2,051)
Trade payables	(1,738)	(1,738)
Provisions (short-term)	(141)	(141)
Deferred tax liability	-	(10,733)
Net asset acquired	**8,764**	**70,249**
Goodwill increasing adjustments		
Purchase consideration adjustments	-	35,694
Derecognised pre-existing relationship	(39,182)	(38,328)
Goodwill	**-**	**4,667**

As part of the purchase price allocation analysis, DROVELIS, DONESTA and the E4 Development Programme had been identified and recognized as intangible assets in the total value of EUR 209.2 million (DROVELIS EUR 119.2 million, DONESTA EUR 83.5 million, E4 EUR 6.5 million). The valuation method used to determine the fair value of DROVELIS and DONESTA is the Multi-Period Excess earnings Method. The E4 Development Programme has been valued using a cost-based approach, based on inflation-adjusted costs.

Factors that make up the goodwill recognised include expected synergies from the combining operations and potential future prospects. It will not be deductible for tax purposes.
As a result of the loss-making operations of previous years, Estetra and Neuralis, acquired in June 2024, accumulated a significant amount of carry-forward losses, for which, to the extent of future usability, both entities formed deferred tas asset in the opening financial statement prepared for the date of the acquisition based on the financial plans.

In addition to the significant purchase price, the acquisition also entailed high advisory costs due to the company's financial position and the complexity of the transaction.

The companies contributed to the Profit for the year of the Group HUF 5,427 million loss and to the Net sales of the Group HUF 2,421 million for the period from 11 July to 31 December 2024.

Disclosing revenue and profit information for the combined entities for the first half of 2024 is impracticable, since such data is not readily available and the costs of obtaining that information would exceed its utility to readers.

BCI Pharma

As of 19 June 2024, Gedeon Richter acquired 100% of the shares in BCI Pharma SA („BCI Belgium"), a limited liability company incorporated under the laws of Belgium, and in its 100% owned subsidiary BCI Pharma SAS („BCI France"), a simplified joint stock company incorporated under the laws of France. The total consideration was EUR 5.8 million out of EUR 2.6 million was paid at the date of acquisition and EUR 3.2 million is the net present value of the contingent consideration.

BCI Pharma is an R&D company which provides a drug discovery platform and proprietary screening technology for rapid identification & optimization of highly potent and selective kinase inhibitors.

As the transaction dated June 2024, the measurement period has not yet been closed, but based on our current knowledge, the Management does not consider a (significant) change in the presented deferred tax, goodwill and intangibles compared to the ones presented below to be likely:

	Carrying value HUFm	**Fair value** HUFm
Net cash consideration given	**2,303**	**1,039**
Contingent consideration	-	1,264
Total consideration	**2,303**	**2,303**
Property, plant and equipment	2	2
Other intangible assets	132	2,331
Other non-current receivables	226	226
Trade receivables	48	48
Other current assets	87	87
Cash and cash equivalents	18	18
Borrowings (long- and short term)	(990)	(990)
Trade payables	(256)	(256)
Other current liabilities and accruals	(122)	(122)
Deferred tax liability	-	(583)
Net asset acquired	**(855)**	**761**
Goodwill	**-**	**1,542**

As part of the preliminary purchase price allocation analysis, according to IFRS 3 an in-progress research and development ("IP R&D") asset was identified in the value of EUR 5.9 million which had been valued using a cost approach, based on inflation-adjusted costs.

Factors that make up the goodwill recognised include expected synergies from the combining operations and potential future prospects. It will not be deductible for tax purposes.

The amounts of revenue and profit or loss of BCI Belgium and BCI France since the acquisition date included in the consolidated statement of comprehensive income for the reporting period is not material on consolidated level.

The amount of acquisition-related costs recognised as an expense is HUF 242 million, which mainly relate to legal advice.

Disclosing revenue and profit information for the combined entities for the first half of 2024 is impracticable, since such data is not readily available and the costs of obtaining that information would exceed its utility to readers.

49. Contingent liabilities

The Group has no contingent liabilities.

Contingent consideration arising from business combinations is recognized as a financial liability under IFRS 3 and measured at fair value in accordance with IFRS 9. Unlike contingent liabilities under IAS 37, which may be off-balance sheet, contingent consideration is recorded on the balance sheet as it represents an obligation based on probability-weighted cash flows and discount rates. Subsequent remeasurement ensures the liability reflects current expectations, with changes recognized in profit or loss. The Company has contingent considerations from business combination on balance sheet, which can be found in Note 32.

50. Notable events in 2024

The Company's main objectives for 2024 were as follows: to expand sales despite a difficult market environment; to retain and improve market shares; and to strengthen the strategy of standing on multiple legs in the market; based on the strategic principles, to shift business to enhance the contribution of high value added products; to strengthen our position in our traditional markets in the General Medicines business unit to develop a new original CNS product; and to take further steps in the development of biosimilar products.

The biggest impact on Richter’s operating environment in 2024 was Russia-Ukraine war.

In 2024 major changes took place in the following areas:

Effective 1st of January 2024 Attila Szénási will be promoted to Chief Operations Officer. In this role he will lead the Production and Logistic organisations worldwide.

On 26 January 2024 Richter announced that, effective 26th January 2024, amendments have been made to Government Decree 197/2022. 4/A § pertaining to supplementary pharmaceutical tax, now requiring the payment of an extraordinary and supplementary tax for the 2024 tax year by the pharmaceutical manufacturer. According to the regulation, the Company is expected to pay approximately HUF 8 billion in extraordinary tax in 2024, which, due to the modified tax base, is now accounted for in the global minimum tax, thereby not imposing any additional burden beyond the obligations related to the global minimum tax. The tax is expected to be accounted for as an income tax.

On 29 January 2024 Richter and Formycon AG announced that Richter becomes strategic investor in Formycon via cash capital increase from authorized capital in the amount of 9.08% of Formycon’s share capital. Gross-proceeds in the amount of EUR 82.84m to maintain Formycon’s high development pace and operational progress.

The Board of Directors announced that Mr Erik Bogsch with effect from 1 March 2024 resigned from his position as Chairman of the Board of Gedeon Richter Plc., while remaining a member of the Board. The Board of Directors accepted the resignation at its regular meeting held on 26 February 2024. In acknowledgement of his commitment and paramount contribution to the company, the Board of Directors has decided to grant Mr Erik Bogsch the title of "Lifetime Honorary Chairman of Gedeon Richter Plc.". The Board of Directors on its meeting held on 26 February 2024 elected Prof Dr E. Szilveszter Vizi as Chairman of the Board of Directors and also elected Dr Ilona Hardy Dr Pintérné as deputy Chairman of the Board of Directors with effect from 1 March 2024 for a period until the date of the AGM in 2027.

On 6 March 2024 Richter announced that it has signed an agreement with HELM AG, a Germany-based stock corporation to buy 50% stake in Richter-Helm BioTec GmbH & Co. KG; and 30% stake in Richter-Helm BioLogics GmbH & Co. KG. to become 100% owner of both companies. Under the terms of the agreement Richter will pay EUR 112.4 million altogether. The purchase prices are due on the closure of the transaction pending the merger clearance by both the German and Hungarian competition authorities and other conditions set out in the agreement. On top of the purchase price of Richter-Helm BioTec GmbH & Co. KG, Richter will pay a further earnout scheme in respect of 2025-2029, subject to the performance of RHT. On 31 May 2024 the Company announced that the conditions of the closing of acquisition agreement concluded, the transaction was closed

On 3 May 2024 Richter announced that it has submitted an offer and entered into negotiations to acquire certain assets from Mithra Pharmaceuticals SA. And on 11 June 2024 Richter notified its shareholders that it has successfully concluded the negotiations and agreed to acquire certain assets from Mithra Pharmaceuticals SA and from its subsidiary Mithra Recherche et Développement SA in Belgium. The transaction includes the acquisition of 100% of the shares in Estetra SRL and Neuralis SA, as well as some assets and licences of Mithra R&D. The enterprise value implied by the transaction is EUR 175 million, including assumed net debt. Mithra's key asset is its own-developed lead platform, based on Estetrol (E4), a unique, native estrogen. The transaction aims to acquire exclusive rights of this molecule for multiple indications and several synthetic approaches thereof, as well as worldwide rights attached to the linked product/product candidates. The transfer includes the related intellectual property rights, current contracts as well as the commitments related to Estelle® (already marketed) and Donesta® (in development, ahead of filing for marketing authorization).

The Company announced Mr. Tibor Horváth, Commercial Director of Gedeon Richter Plc., will resign from his position for personal reasons with effect of 31 May 2024. From 1 June 2024, Mr. Tamás Szolyák will take charge of Commerce and Marketing and he will simultaneously hold his Global Regulatory Science director position.

On 13 June 2024, the Richter Centre, the Company's new headquarters building, was inaugurated. The iconic building is a worthy symbol of the Hungary-based global company. The primary objective of the HUF 20 billion investment, which was completed over two years at the site in Kőbánya, is to create an innovative working environment inspiring collaboration.

On 19 June 2024 Richter announced that it has acquired BCI Pharma a Belgium-based privately-owned biotech company, carrying out innovative research activity in a variety of Women's Health conditions. The enterprise value implied by the transaction is EUR 12 million payable over the next few years depending on achievement of development milestones.

With the aim of optimizing the executive governance structure and strengthening the strategic harmonization, Richter decided to move the Technical Directorate from CEO direct management to Katalin Erdei, currently HR Director as of the 1st of July.

On 18 July 2024 Richter notified its shareholders that the European Medicines Agency (EMA) has accepted Richter's two marketing authorization applications (MAAs) for its proposed biosimilar to denosumab. Denosumab is indicated for treating osteoporosis in postmenopausal women, preventing skeletal-related complications in cancer that has spread to the bone, and treating unresectable giant cell tumor of the bone. Richter's two MAAs include all indications covered by the reference biologics.

On 16 September 2024 Richter announced that its microbial biologics subsidiary, Richter BioLogics GmbH & Co KG, completed a major capacity expansion investment and officially opened its new cutting-edge biopharmaceutical cGMP (Current Good Manufacturing Practice) facility in Bovenau, Germany.

On 24 September 2024 Richter announced that its partner, Fuji Pharma Co., Ltd. has received marketing approval of Alyssa® combination tablets (Development code: FSN-013), developed in Japan, to the Ministry of Health, Labour and Welfare for the scheduled indication of dysmenorrhea. The approval triggers a milestone payment of EUR 10 million to Estetra SRL, a 100% subsidiary of Richter.

On 9 October 2024 Bio-Thera Solutions, a commercial-stage biopharmaceutical company developing a pipeline of innovative therapies and biosimilars, and Richter announced they have reached an exclusive commercialization and license agreement referring to biosimilar Stelara® (ustekinumab). Richter will have exclusive rights to commercialize the product in the European Union (EU), the UK, Switzerland and selected other countries. Bio-Thera will receive an upfront payment of USD 8.5 million, as well as further development and commercial milestones of up to USD 101.5 million, subject to the fulfilment of certain conditions.

On 24 October 2024 AbbVie and Richter announced a new discovery, co-development and license agreement to advance novel targets for the potential treatment of neuropsychiatric conditions. Companies will conduct research and development on new targets that could be used to treat neuropsychiatric diseases. Under the terms of the agreement, the collaboration includes both preclinical and clinical R&D activities with shared financing by the parties. Richter will receive an upfront cash payment of USD 25 million, along with potential future development, regulatory and commercialization milestones. In addition, Richter may also receive sales-based royalties. AbbVie will have worldwide commercialization rights except for traditional markets of Richter, such as geographic Europe, Russia, other CIS countries and Vietnam.

On 12 December 2024 Richter and Hikma Pharmaceuticals Plc. announced that the U.S. Food and Drug Administration (FDA) had accepted for review the Biologics License Applications (BLA) for RGB-14, a Denosumab biosimilar candidate comprising two biosimilar products referencing Prolia® and Xgeva®, a human monoclonal antibody for the treatment of osteoporosis and fractures due to bone metastasis.

51. Events after the date of the balance sheet

On 15 January 2025 the Company announced positive topline results from Phase I and Phase III clinical studies for its proposed biosimilar tocilizumab – development code: RGB-19 (co-development of Richter and Mochida Pharmaceutical). Based on the results of the studies Richter expects to file for marketing authorization applications for RGB-19 in major European markets in the coming months.

On 15 January 2025 Richter announced that the Board of Directors of the Company -confirming the practice set out in previous internal regulatory instruments and extending the scope of the same - has adopted guideline regarding the independence and composition of the members of the Company's Board of Directors and Supervisory Board in order to ensure as far as possible the principle of transparency in Richter's operations, the provisions. According to the guidelines, Richter evaluates compliance with its provisions on an annual basis. The purpose of the guidelines is to consolidate the rules regarding the independence and composition of the members of the Company's management and controlling bodies in order to ensure that in addition to the national and EU legal requirements applicable to the members the Company intends to nominate and beyond the Statute of the Company, the additional requirements expected by the Company due to its objectives, strategy and industry nature should also be reflected. According to the guidelines the membership of the Board of Directors and Supervisory Board should continue to be based primarily on ability, professional competence and merit.

On 24 February 2025, the EU adopted the 16th package of sanctions against Russia. A thorough analysis of the new package of sanctions will be necessary on the part of the Group in order to accurately identify whether the Group is specifically involved. This detailed analysis will take place in the coming weeks. At first glance, we have not identified any affected issues that could cause supply, delivery or payment problems, or that would cause a significant loss of revenue.

Management is not aware of other post-balance sheet date events that might be material to the Group's business.

52. Approval of financial statements

Current Consolidated Financial Statements have been approved by the Board of Directors and authorised for release at 12 March 2025.

These Consolidated Financial Statements of the Company were approved for issue by the Company's Board of Directors (the Board), however, the Annual General Meeting (AGM) of the owners, authorized to accept these financials, has the right to require amendments before acceptance. The probability of any potential change required by the AGM is extremely remote.

Disclosures

I, the undersigned declare, that Gedeon Richter Plc. takes full responsibility, that the Annual Report published today, which contains the Group's 12 months to December 2024 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 March 2025

Gábor Orbán

Chief Executive Officer