

Gedeon Richter

**Report to the Budapest Stock Exchange
6 months to June 2020**



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

Detailed explanations to selected items presented in the tables are offered in the two ‘Notes’ sections as numbered in the respective tables.

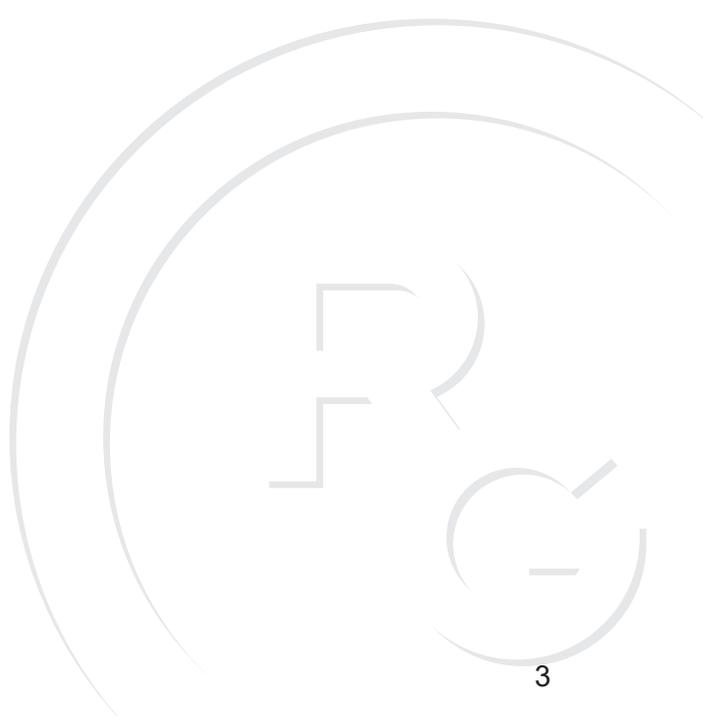
„For the first time in history, an original molecule invented by a CEE headquartered pharmaceutical company reached blockbuster status in the USA in the first half of 2020. Thanks to the outstanding performance of our trusted partner Abbvie, Vraylar’s turnover exceeded USD 1 billion in Q2, which triggered the receipt of a sales related milestone. Royalty revenues also grew on the back of robust sales dynamics in this period, putting the US at the top of our list of most important markets.

Our specialty business is well on the track with increasing sales of our core Women’s Health franchise and promising performance of our first biosimilar, teriparatide.

We posted strong results so far in 2020 despite weaker demand for drugs due to less frequent patient-doctor in-person encounters in the context of the pandemic. Limitations on visits by sales staff and on direct promotional activities pose further challenges.

Richter’s goal remains to ensure a sustainable supply of high quality and affordable medication worldwide, so we redouble our efforts to keep our team safe while striving for operational excellence. Our corporate culture of trust and our vertically integrated business model remain key to successfully navigating through these challenging times.”

Gábor Orbán



Executive Summary

Consolidated sales	HUFm				EURm	
	2020	2019	Change		2020	2019
	6 months to June				6 months to June	
Total	278,692	241,522	37,170	15.4	806.2	753.9

Pharma sales	HUFm				Notes	EURm	
	2020	2019	Change			2020	2019
	6 months to June					6 months to June	
Hungary	20,436	20,159	277	1.4	6)	59.1	62.9
EU*	66,927	61,820	5,107	8.3	7)	193.6	193.0
EU 12	33,655	30,740	2,915	9.5		97.4	96.0
Poland	13,711	12,719	992	7.8		39.7	39.7
Romania	6,007	5,392	615	11.4		17.4	16.9
EU 15**	33,272	31,080	2,192	7.1		96.2	97.0
CIS	61,758	58,390	3,368	5.8	8)	178.6	182.2
Russia	41,441	41,362	79	0.2		119.9	129.1
Ukraine	6,220	4,784	1,436	30.0		18.0	14.9
Other CIS	14,097	12,244	1,853	15.1		40.7	38.2
USA	52,948	32,225	20,723	64.3	9)	153.2	100.6
China	9,432	9,102	330	3.6	10)	27.3	28.4
Latin America	3,903	3,383	520	15.4	11)	11.3	10.6
RoW	14,448	9,293	5,155	55.5	12)	41.8	29.0
Total	229,852	194,372	35,480	18.3		664.9	606.7

* excluding Hungary

** including UK

Specialty sales	HUFm				Notes	EURm	
	2020	2019	Change			2020	2019
	6 months to June					6 months to June	
cariprazine	45,103	25,070	20,033	79.9	1)	130.5	78.3
Vraylar royalty	35,298	16,904	18,394	108.8		102.1	52.8
Vraylar milestone	7,946	7,072	874	12.4		23.0	22.1
Reagila	1,859	1,094	765	69.9		5.4	3.4
WHC	76,374	69,333	7,041	10.2	2)	220.9	216.4
Bemfola	6,887	8,382	-1,495	-17.8	3)	19.9	26.2
OCs	56,553	47,088	9,465	20.1		163.6	147.0
teriparatide	4,005	1,215	2,790	229.6	5)	11.6	3.8
Total	125,482	95,618	29,864	31.2		363.0	298.5
Proportion to Pharma sales (%)	54.6	49.2					

Wholesale and retail sales	HUFm				Notes	EURm	
	2020	2019	Change			2020	2019
	6 months to June					6 months to June	
Total	54,647	51,435	3,212	6.2		158.1	160.5

Exchange rate gain at consolidated sales level:

HUF 16,217m

Selected exchange rates – period averages

	2020 H1	2019 H1
EURHUF	345.67	320.38
USDHUF	312.79	283.62
RUBHUF	4.47	4.36
CNYHUF	44.91	41.77

Selected consolidated business metrics

	HUFm	
	2020	2019
	6 months to June	
Gross margin %	58.3	56.9
Operating margin %	18.8	14.2
Profit margin attributable to owners of the parent %	21.7	16.4

COVID 19 pandemic – crisis management

Subsequent to our update on the situation around the COVID 19 pandemic as reported in the first quarter 2020 we provide below a brief follow-up on the second quarter. The information presented below is in line with Management's latest information available at the time of publication.

Richter's vertically integrated operating model and our corporate culture of trust and cooperation have allowed us to service our customers on time and in full also into the second quarter. Some of the extraordinary safety measures put in place in March were gradually relaxed in the second quarter. We continue to prioritise the health and wellbeing of our team, while ensuring a sustainable supply of high quality and affordable medication worldwide.

While most of the operations directly impacted by the pandemic slowly reverted to business as usual, promotional activities were discontinued in March in practically all of our markets and remain on hold partly or fully in key areas. Russia is affected most with both in person and remote medical visits remaining entirely suspended. Doctor-patient contacts also remain subdued, which affects adversely the number of prescriptions for the time being.

Our balance sheet remains strong and our cashflow positive, while our cautious approach to receivables management further adds to our resilience during the global economic turbulence. No disruption to the usual payment procedures occurred neither in the reported period nor thereafter prior to the publication of this quarterly report.

Notes to Specialty Sales

1) Cariprazine – Central Nervous System

Vraylar® royalty income due to Richter in the first half 2020 amounted to HUF 35,298m (USD 112.8m). This amount contributed materially to the sales levels achieved during the reported period.

In accordance with the terms of the contract between our companies AbbVie / Allergan is due to pay a one-off sales related milestone upon exceeding for the first time USD 1,000m worth of net **Vraylar®** sales realised during any 12 consecutive months. According to IFRS regulations such incomes are to be presented at the top line as turnover proceeds linked to regular operations.

Sales related **milestones** in respect of **Vraylar®** sales recorded in the USA by our partner, AbbVie/Allergan amounted to HUF 7,946m (USD 25.4m) when compared to the amount received on a similar ground during the first quarter 2019 of HUF 7,072m (USD 24.9m).

Proceeds from Reagila® amounted to HUF 1,859m (EUR 5.4m) during the reported period.

Figures in respect of **Vraylar®** shown in the following table are figures actually incurred.

	Turnover (Royalties included)				
	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2
USDm / Vraylar® (royalty+API)	58.8	54.1	57.4	44.3	35.5
EURm / Reagila® (royalty+product sales)	3.0	2.3	2.8	2.3	1.8

Recent developments

USA

Despite certain difficulties related to pandemic developments which impacted the promotion and sales of **Vraylar®** during the second quarter 2020 the product achieved some quarter on quarter growth in sales.

Two Phase III clinical trials are ongoing in the USA to determine efficacy, safety and tolerability of cariprazine as an adjunctive treatment of Major Depressive Disorder (MDD).

Europe – EU

Reagila® has already been launched by Recordati with reimbursement in 10 Western European countries (including the UK) and in Belgium without reimbursement.

Richter has earlier launched **Reagila®** with reimbursement in the following countries of the Central and Eastern European region: Hungary, Czech Republic, Slovakia, Bulgaria, Slovenia and Latvia.

The product has been already on the market in Romania, in Poland and in Lithuania without reimbursement.

Europe – Non EU

Reagila® has earlier been launched by Recordati with reimbursement in Switzerland and Norway.

The product was launched by Richter with reimbursement in Montenegro and without reimbursement in Serbia.

CIS

In the CIS region the product has been launched in Belarus, Georgia, Kazakhstan, Moldavia, Russia, Ukraine and Uzbekistan. In Russia Reagila® can be prescribed with reimbursement to certain patients with effect from 1 January 2020 as it achieved Essential Drug List (EDL) status.

Other markets

Following the initial launch of cariprazine in the USA and its introduction to the EU and CIS markets over the past few years, Richter has succeeded through several bilateral agreements to ensure cariprazine's near global presence.

Following the end of the reported period, Reagila® received regulatory approval in Jordan, where Hikma, is preparing for the launch of the product.

In June 2020 Reagila® was launched in Singapore and Thailand by Richter's local partner, Mitsubishi Tanabe Pharma Corporation.

2) Women's Healthcare – Core Business

WHC sales by region

	HUFm				EURm	
	2020	2019	Change		2020	2019
	6 months to June				6 months to June	
				%		
Hungary	2,105	2,640	-535	-20.3	6.1	8.2
EU*	31,612	32,406	-794	-2.5	91.4	101.1
EU 12	7,185	7,994	-809	-10.1	20.7	24.9
Poland	2,481	2,973	-492	-16.5	7.2	9.3
Romania	878	962	-84	-8.7	2.5	3.0
EU 15**	24,427	24,412	15	0.1	70.7	76.2
CIS	19,572	15,907	3,665	23.0	56.6	49.7
Russia	15,720	12,647	3,073	24.3	45.4	39.5
Ukraine	1,371	1,154	217	18.8	4.0	3.6
Other CIS	2,481	2,106	375	17.8	7.2	6.6
USA	6,738	6,424	314	4.9	19.5	20.0
China	7,255	4,759	2,496	52.4	21.0	14.9
Latin America	2,652	2,584	68	2.6	7.7	8.1
RoW	6,440	4,613	1,827	39.6	18.6	14.4
Total	76,374	69,333	7,041	10.2	220.9	216.4

* excluding Hungary

** including UK

WHC sales were higher in the first half 2020 across most of the relevant markets with the exception of Hungary and the EU12 region. Turnover of WHC products increased primarily in Russia as a result of higher sales levels recorded by our [oral contraceptives](#). In addition notable growth in the sales of [emergency contraceptives](#) was reported in China, while increasing proceeds from [oral contraceptives](#) were achieved in the ROW countries.

Proportion of WHC sales to total pharmaceutical turnover – by region

	%	
	2020	2019
	6 months to June	
Hungary	10.3	13.1
EU*	47.2	52.4
EU 12	21.3	26.0
EU 15**	73.4	78.5
CIS	31.7	27.2
USA	12.7	19.9
China	76.9	52.3
Latin America	67.9	76.4
RoW	44.6	49.6
Total	33.2	35.7

* excluding Hungary

** including UK

EU15 Top 5 markets

	MEUR	
	2020	2019
	6 months to June	
Germany	17.3	17.4
Spain	11.5	13.1
Italy	11.0	11.1
France	8.1	11.3
UK	8.1	10.2
Total Top 5 Sales	56.0	63.1
Total EU15 Sales	70.7	76.2
Total Top 5 Sales %	79.2	82.8

3) Bemfola® – Women’s Healthcare

	HUFm				EURm	
	2020	2019	Change		2020	2019
	6 months to June				6 months to June	
				%		
Hungary	284	625	-341	-54.6	0.8	2.0
EU*	5,162	6,449	-1,287	-20.0	14.9	20.1
EU 12	616	620	-4	-0.6	1.7	1.9
EU 15**	4,546	5,829	-1,283	-22.0	13.2	18.2
RoW	1,440	1,308	132	10.1	4.2	4.1
Total	6,886	8,382	-1,496	-17.8	19.9	26.2

* excluding Hungary

** including UK

The decline in Bemfola® sales was primarily due to the pandemic situation as most of the fertility centres were closed for almost three months.

4) Esmya® – Women’s Healthcare

A new PRAC review procedure was initiated in March 2020 in respect of Esmya®, which resulted in a suspension of sales. We cannot exclude the possibility that no further sales will be recorded during the remainder of 2020.

5) Teriparatide – biosimilar portfolio

Total sales proceeds from teriparatide amounted to HUF 4,005m (EUR 11.6m) in the first half 2020. Following the patent expiry of the original product, Richter launched its biosimilar, Terrosa® in the EU in August 2019. Furthermore, in co-operation with Mochida Pharmaceuticals the product was licensed out for commercialisation in Japan, where it was launched in late November 2019.

Notes to Pharmaceutical Sales

6) Hungary

The underlying market experienced a growth rate of 4.8% and retail sales of Richter products achieved an increase of 2.4% according to the latest available IQVIA (successor of IMS) data. The Company is now ranked No. 4 amongst players in the Hungarian pharmaceutical market with a market share of 5.0%. Taking into account the prescription drugs retail market alone, Richter qualifies for second place with a market share of 7.4%.

7) European Union

The EU12 region sales represented 50% of total EU sales of the Group’s pharmaceutical segment.

The significantly higher sales of our antiviral product, Groprinosin contributed primarily to the performance achieved in Poland.

In **Romania** sales of well established branded generic products materially increased during the reported period.

Turnover in the **EU15** region increased by 7.1% in HUF terms and declined by 0.8% in EUR terms. This performance was impacted by a 7.9% depreciation of HUF against EUR. Turnover recorded in Germany, Spain, and Italy contributed the most to the sales level achieved during the reported period. As far as the product portfolio is concerned higher sales of **oral contraceptives** and **Terrosa®** could not offset the decline experienced in the turnover of **Bemfola®** and the loss of **Esmya®** sales. The region contributed 50%, to total EU pharmaceutical sales.

8) CIS

Currency exchange rate fluctuations, primarily the appreciation of USD and the depreciation of the HUF impacted positively the HUF denominated turnover in this region.

Sales to **Russia** at HUF 41,441m (RUB 9,271.0m) remained virtually flat in HUF terms. The performance was impacted by a slight, 2.5% relative appreciation of RUB against HUF. A volatile market environment was further aggravated by sales turbulences in connection with the pandemic while deteriorating purchasing power characterised the reported period all of which resulted in a slight decline of revenues when reported in RUB terms. Direct promotional activities were suspended by the Authorities in April 2020 and have not recommenced to date. Prices of drugs included in the Essential Drug List will be reviewed by the Authority and they are expected to come into effect no later than 1 January 2021. A price adjustment of approximately 4% on average impacted positively our overall portfolio during the first half 2020.

Sales levels during the reported period at EUR 119.9m declined by 7.1% when compared to the first half 2019 having been impacted primarily by the weakening of EURRUB exchange rate and by lower sales levels achieved in RUB terms as explained above.

As a result of the ongoing restructuring of the Russian wholesaling market and deteriorating liquidity at pharmacy chains Richter continues to place special emphasis on conducting a cautious credit policy.

Sales reported in **Ukraine** at USD 19.9m were higher primarily due to a more than threefold turnover achieved by antiviral **Groprinosin** as a result of pandemic related forestalling in the first half 2020 emphasised by an overall low base figure. Sales to **Other CIS** markets also reported growth primarily due to an exceptional performance of **Groprinosin** complemented by a good performance of **oral contraceptives** sales levels. Worsening exchange rates experienced in certain countries of this group were broadly offset by limited price increases applied across the region.

9) USA

The significant year-on-year growth was primarily due to the accelerating royalty income based on turnover achieved by our partner, AbbVie/Allergan. Additionally, similar to the base period a one-off sales related milestone income linked to [Vraylar](#)[®] of HUF 7,946 (USD 25.4m) was accounted in the reported period. Sales of steroid APIs and income related to profit sharing agreements also contributed to sales levels achieved. As far as the revenues are concerned the USA became number one market due to the above developments.

10) China

Delisting of [Cavinton](#) injectable announced in the second half of 2019 by Chinese authorities came into effect from 1 January 2020 and resulted in a significant loss of sales of this product, which was offset by higher sales of emergency contraceptive [Escapelle](#) and other generic products. Sales of [Escapelle](#) included certain preshipments.

11) Latin America

The year-on-year increase was mainly due to pandemic related forestalling.

12) Rest of the World

Vietnam with [oral contraceptives](#), Japan with [teriparatide](#) and Australia with [Bemfola](#)[®] contributed materially to the sales performance achieved during the reported period. Certain one-off [oral contraceptives](#) shipments also impacted positively the sales growth achieved in this region.



Background Information on Pharmaceutical Sales

by region in currencies of invoicing

	Currency (million)	2020 6 months to June	2019	Change %
Hungary	HUF	20,436	20,159	1.4
EU*	EUR	193.6	193.0	0.3
EU 12	EUR	97.4	96.0	1.5
Poland	PLN	175.1	170.3	2.8
Romania	RON	83.9	79.6	5.4
EU 15**	EUR	96.2	97.0	-0.8
CIS	EUR	178.6	182.2	-2.0
	USD	197.5	205.8	-4.0
Russia	RUB	9,271.0	9,486.8	-2.3
Ukraine	USD	19.9	16.9	17.8
Other CIS	EUR	40.7	38.2	6.5
	USD	45.1	43.1	4.6
USA	USD	169.3	113.6	49.0
China	CNY	210.0	217.9	-3.6
Latin America	USD	12.5	11.9	5.0
RoW	EUR	41.8	29.0	44.1
	USD	46.2	32.8	40.9

* excluding Hungary

** including UK

to Top 10 markets

	HUFm				EURm	
	2020 6 months to June	2019	Change	%	2020 6 months to June	2019
USA	52,948	32,225	20,723	64.3	153.2	100.6
Russia	41,441	41,362	79	0.2	119.9	129.1
Hungary	20,436	20,159	277	1.4	59.1	62.9
Poland	13,711	12,719	992	7.8	39.7	39.7
China	9,432	9,102	330	3.6	27.3	28.4
Germany	8,756	8,421	335	4.0	25.3	26.3
Ukraine	6,220	4,784	1,436	30.0	18.0	14.9
Romania	6,007	5,392	615	11.4	17.4	16.9
Spain	5,567	4,567	1,000	21.9	16.1	14.3
Italy	4,063	3,907	156	4.0	11.7	12.1
Total Top 10	168,581	142,638	25,943	18.2	487.7	445.2
Total Sales	229,852	194,372	35,480	18.3	664.9	606.7
Total Top 10 / Total Sales %					73.3	73.4

of Top 10 products

	HUFm				EURm	
	2020	2019	Change		2020	2019
	6 months to June				6 months to June	
				%		
Oral contraceptives Vraylar® / Reagila® / cariprazine	56,553	47,088	9,465	20.1	163.6	147.0
Cavinton	45,141	25,174	19,967	79.3	130.6	78.6
Panangin	8,545	11,870	-3,325	-28.0	24.7	37.0
Mydeton	7,854	6,592	1,262	19.1	22.7	20.6
Groprinosin	7,821	8,774	-953	-10.9	22.6	27.4
Verospiron	7,564	3,027	4,537	149.9	21.9	9.4
Bemfola®	7,098	6,914	184	2.7	20.6	21.6
Lisonorm	6,887	8,382	-1,495	-17.8	19.9	26.2
Aflamin	5,551	3,860	1,691	43.8	16.1	12.0
	4,743	5,425	-682	-12.6	13.7	16.9
Total Top 10	157,757	127,106	30,651	24.1	456.4	396.7
Total Sales	229,852	194,372	35,480	18.3	664.9	606.7
Total Top 10 / Total Sales %					68.6	65.4

Background Information on Wholesale and Retail Sales

	HUFm				EURm	
	2020	2019	Change		2020	2019
	6 months to June				6 months to June	
				%		
EU*	43,555	41,410	2,145	5.2	126.0	129.2
EU 12	43,555	41,410	2,145	5.2	126.0	129.2
Romania	43,555	41,410	2,145	5.2	126.0	129.2
CIS	8,749	7,838	911	11.6	25.3	24.5
Other CIS	8,749	7,838	911	11.6	25.3	24.5
Latin America	2,343	2,187	156	7.1	6.8	6.8
Total	54,647	51,435	3,212	6.2	158.1	160.5

* excluding Hungary

Information on Business Segments

	Pharmaceuticals		Wholesale and retail		Other		Eliminations		Group total	
	6 months to June		6 months to June		6 months to June		6 months to June		6 months to June	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
P&L items HUFm										
Revenues	229,852	194,372	54,647	51,435	3,421	3,060	(9,228)	(7,345)	278,692	241,522
Cost of sales	(72,680)	(62,408)	(49,018)	(46,290)	(2,891)	(2,621)	8,370	7,288	(116,219)	(104,031)
Gross profit	157,172	131,964	5,629	5,145	530	439	(858)	(57)	162,473	137,491
Profit from operations	52,794	34,229	156	107	180	114	(808)	(40)	52,322	34,410
Net financial income	10,344	8,497	(666)	(365)	7	1	(234)	(997)	9,451	7,136
Miscellaneous items										
Capital expenditure HUFm	33,256	15,187	336	130	105	87	-	-	33,697	15,404
Number of employees at the end of the period	11,134	10,926	1,453	1,510	416	433	-	-	13,003	12,869
Business metrics %										
Gross margin	68.4	67.9	10.3	10.0	15.5	14.3	-	-	58.3	56.9
Operating margin	23.0	17.6	0.3	0.2	5.3	3.7	-	-	18.8	14.2

Consolidated Financial Statements

Company name: Gedeon Richter Plc.
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 Sector: Pharmaceutical
 Reporting period: January-June 2020

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Consolidated Balance Sheet

	30 June 2020 Unaudited HUFm	Notes	31 December 2019 Audited HUFm	Change %
ASSETS	907,347		858,651	5.7
Non-current assets	451,366	13)	449,071	0.5
Property, plant and equipment	242,636		244,754	-0.9
Investment property	119		111	7.2
Goodwill	30,964		29,503	5.0
Other intangible assets	141,116		127,635	10.6
Investments in associates and joint ventures	17,133		16,192	5.8
Other financial assets	6,852		19,030	-64.0
Deferred tax assets	8,603		6,988	23.1
Loans receivable	2,075		2,021	2.7
Long term receivables	1,868		2,837	-34.2
Current assets	455,981	14)	409,580	11.3
Inventories	112,926		98,995	14.1
Contract assets	2,680		3,466	-22.7
Trade receivables	155,470		154,426	0.7
Other current assets	20,836		21,376	-2.5
Investments in securities	7,442		1,545	381.7
Current tax asset	567		1,199	-52.7
Cash and cash equivalents	156,060		128,573	21.4
EQUITY AND LIABILITIES	907,347		858,651	5.7
Capital and reserves	777,243	15)	724,873	7.2
Share capital	18,638		18,638	0.0
Treasury shares	(3,886)		(3,870)	0.4
Share premium	15,214		15,214	0.0
Capital reserves	3,475		3,475	0.0
Foreign currency translation reserves	24,788		22,213	11.6
Revaluation reserves for securities at FVOCI	957		8,620	-88.9
Retained earnings	709,900		653,691	8.6
Non-controlling interest	8,157		6,892	18.4
Non-current liabilities	21,905	16)	24,216	-9.5
Deferred tax liability	1,060		1,925	-44.9
Other non-current liabilities and accruals	16,533		18,004	-8.2
Provisions	4,312		4,287	0.6
Current liabilities	108,199	17)	109,562	-1.2
Trade payables	53,325		61,770	-13.7
Contract liabilities	-		745	-100.0
Current tax liabilities	212		382	-44.5
Other current liabilities and accruals	51,122		42,721	19.7
Provisions	3,540		3,944	-10.2

Prepared in accordance with IAS 34 Interim Financial Reporting

Company name: Gedeon Richter Plc.
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Consolidated Statement of Changes in Equity

HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Foreign currency translation reserve	Retained earnings	Revaluation reserves for securities at FVOCI	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 1 January 2019	18,638	15,214	3,475	(2,186)	14,182	626,052	4,810	680,185	5,560	685,745
Profit for the period	-	-	-	-	-	39,536	-	39,536	33	39,569
Exchange differences arising on translation of foreign operations	-	-	-	-	4,642	-	-	4,642	80	4,722
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	26	-	-	26	-	26
Changes in the fair value of equity investments measured at FVOCI	-	-	-	-	-	-	2,177	2,177	-	2,177
Comprehensive income at 30 June 2019	-	-	-	-	4,668	39,536	2,177	46,381	113	46,494
Ordinary share dividend for 2018	-	-	-	-	-	(18,637)	-	(18,637)	-	(18,637)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(8)	(8)
Recognition of share-based payments	-	-	-	-	-	855	-	855	-	855
Balance at 30 June 2019	18,638	15,214	3,475	(2,186)	18,850	647,806	6,987	708,784	5,665	714,449

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HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Foreign currency translation reserve	Retained earnings	Revaluation reserves for securities at FVOCI	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2019	18,638	15,214	3,475	(3,870)	22,213	653,691	8,620	717,981	6,892	724,873
Profit for the period	-	-	-	-	-	60,531	-	60,531	765	61,296
Exchange differences arising on translation of foreign operations	-	-	-	-	2,817	-	-	2,817	534	3,351
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	(242)	-	-	(242)	-	(242)
Changes in the fair value of equity investments measured at FVOCI	-	-	-	-	-	-	(1,094)	(1,094)	-	(1,094)
Comprehensive income at 30 June 2020	-	-	-	-	2,575	60,531	(1,094)	62,012	1,299	63,311
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	6,569	(6,569)	-	-	-
Transfer of treasury shares	-	-	-	(16)	-	16	-	-	-	-
Recognition of share-based payments	-	-	-	-	-	834	-	834	-	834
Ordinary share dividend for 2019	-	-	-	-	-	(11,741)	-	(11,741)	-	(11,741)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(34)	(34)
Balance at 30 June 2020	18,638	15,214	3,475	(3,886)	24,788	709,900	957	769,086	8,157	777,243

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Consolidated Income Statement – HUF

For the year ended 31 December 2019 Audited HUFm		For the period ended 30 June			
		2020 Unaudited HUFm	Notes	2019 Unaudited HUFm	Change %
507,794	Revenues	278,692		241,522	15.4
(224,500)	Cost of sales	(116,219)		(104,031)	11.7
283,294	Gross profit	162,473	18)	137,491	18.2
(121,819)	Sales and marketing expenses	(58,186)	19)	(63,277)	-8.0
(28,977)	Administration and general expenses	(13,973)	20)	(13,703)	2.0
(48,860)	Research and development expenses	(29,489)	21)	(24,604)	19.9
(44,793)	Other income and other expenses (net)	(8,346)	22)	(1,578)	428.9
1,051	Net impairment losses on financial and contract assets	(157)		81	n.a.
39,896	Profit from operations	52,322	23)	34,410	52.1
20,500	Finance income	20,209		10,541	91.7
(10,206)	Finance costs	(10,758)		(3,405)	215.9
10,294	Net financial income	9,451	24)	7,136	32.4
658	Share of profit of associates and joint ventures	1,348		549	145.5
50,848	Profit before income tax	63,121		42,095	49.9
2,275	Income and deferred tax	555	25)	(467)	n.a.
(4,693)	Local business tax and innovation contribution	(2,380)		(2,059)	15.6
48,430	Profit for the period	61,296		39,569	54.9
	Profit attributable to:				
47,135	Owners of the parent	60,531	26)	39,536	53.1
1,295	Non-controlling interest	765		33	n.a.
	Statement of comprehensive income				
48,430	Profit for the period	61,296		39,569	54.9
(640)	Actuarial loss on retirement defined benefit plans	-		-	n.a.
3,810	Changes in the fair value of equity investments measured at FVOCI	(1,094)		2,177	n.a.
3,170	Items that will not be reclassified to profit or loss (net of tax)	(1,094)		2,177	n.a.
8,460	Exchange differences arising on translation of foreign operations	3,351		4,722	-29.0
(179)	Exchange differences arising on translation of associates and joint ventures	(242)		26	n.a.
8,281	Items that may be subsequently reclassified to profit or loss (net of tax)	3,109		4,748	-34.5
11,451	Other comprehensive income for the period	2,015		6,925	-70.9
59,881	Total comprehensive income for the period	63,311		46,494	36.2
	Attributable to:				
58,336	Owners of the parent	62,012		46,381	33.7
1,545	Non-controlling interest	1,299		113	n.a.
	HUF Earnings per share (EPS)	HUF		HUF	%
253	Basic	326		212	53.8
253	Diluted	326		212	53.8

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Consolidated Income Statement – EUR

For the year ended 31 December 2019 Audited EURm		For the period ended 30 June		
		2020 Unaudited EURm	2019 Unaudited EURm	Change %
1,560.7	Revenues	806.2	753.9	6.9
(690.0)	Cost of sales	(336.2)	(324.7)	3.5
870.7	Gross profit	470.0	429.2	9.5
(374.4)	Sales and marketing expenses	(168.3)	(197.5)	-14.8
(89.1)	Administration and general expenses	(40.4)	(42.9)	-5.8
(150.2)	Research and development expenses	(85.3)	(76.8)	11.1
(137.6)	Other income and other expenses (net)	(24.1)	(4.9)	391.8
	Net impairment losses on financial and contract assets	(0.5)	0.3	n.a.
122.6	Profit from operations	151.4	107.4	41.0
63.0	Finance income	58.4	32.9	77.5
(31.3)	Finance costs	(31.1)	(10.6)	193.4
31.7	Net financial income	27.3	22.3	22.4
2.0	Share of profit of associates and joint ventures	3.9	1.7	129.4
156.3	Profit before income tax	182.6	131.4	39.0
7.0	Income and deferred tax	1.6	(1.5)	n.a.
(14.4)	Local business tax and innovation contribution	(6.9)	(6.4)	7.8
148.9	Profit for the period	177.3	123.5	43.6
	Profit attributable to:			
144.9	Owners of the parent	175.1	123.4	41.9
4.0	Non-controlling interest	2.2	0.1	n.a.
325.36	Average exchange rate (EURHUF)	345.67	320.38	7.9
	Statement of comprehensive income			
148.9	Profit for the period	177.3	123.5	43.6
	Actuarial loss on retirement defined benefit plans	-	-	n.a.
(2.0)	Changes in the fair value of equity investments measured at FVOCI	(3.2)	6.8	n.a.
11.7	Items that will not be reclassified to profit or loss (net of tax)	(3.2)	6.8	n.a.
9.7	Exchange differences arising on translation of foreign operations	9.7	14.7	-34.0
26.0	Exchange differences arising on translation of associates and joint ventures	(0.7)	0.1	n.a.
(0.5)	Items that may be subsequently reclassified to profit or loss (net of tax)	9.0	14.8	-39.2
25.5	Other comprehensive income for the period	5.8	21.6	-73.1
35.2	Total comprehensive income for the period	183.1	145.1	26.2
184.1	Attributable to:			
179.4	Owners of the parent	179.4	144.8	23.9
4.7	Non-controlling interest	3.7	0.4	825.0
	EUR Earnings per share (EPS)	EUR	EUR	%
0.78	Basic	0.94	0.66	42.4
0.78	Diluted	0.94	0.66	42.4

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Consolidated Income Statement – 3 months to June HUF, EUR

			April-June 3 months			Change %
	2020 HUFm	2019 HUFm	Change %	2020 EURm	2019 EURm	
Revenues	137,266	119,910	14.5	390.4	370.9	5.3
Cost of sales	(56,494)	(52,366)	7.9	(160.6)	(162.0)	-0.9
Gross profit	80,772	67,544	19.6	229.8	208.9	10.0
Sales and marketing expenses	(25,990)	(31,555)	-17.6	(73.7)	(97.6)	-24.5
Administration and general expenses	(6,981)	(7,282)	-4.1	(19.8)	(22.7)	-12.8
Research and development expenses	(14,375)	(12,903)	11.4	(40.9)	(39.9)	2.5
Other income and other expenses (net)	(6,044)	1,359	n.a.	(17.3)	4.3	n.a.
Net impairment losses on financial and contract assets	(259)	49	n.a.	(0.8)	0.2	n.a.
Profit from operations	27,123	17,212	57.6	77.3	53.2	45.3
Finance income	5,343	2,995	78.4	14.7	9.1	61.5
Finance costs	(1,609)	(1,100)	46.3	(4.2)	(3.3)	27.3
Net financial income	3,734	1,895	97.0	10.5	5.8	81.0
Share of profit of associates and joint ventures	364	224	62.5	1.0	0.7	42.9
Profit before income tax	31,221	19,331	61.5	88.8	59.7	48.7
Income and deferred tax	2,156	(357)	n.a.	6.3	(1.2)	n.a.
Local business tax and innovation contribution	(1,191)	(1,037)	14.9	(3.4)	(3.2)	6.3
Profit for the period	32,186	17,937	79.4	91.7	55.3	65.8
Profit attributable to:						
Owners of the parent	31,530	17,523	79.9	89.8	54.0	66.3
Non-controlling interest	656	414	58.5	1.9	1.3	46.2
Average exchange rate (EURHUF)				350.99	324.36	8.2
Earnings per share (EPS)	HUF	HUF	%	EUR	EUR	%
Basic	170	94	80.9	0.48	0.29	65.5
Diluted	170	94	80.9	0.48	0.29	65.5

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Consolidated Cash flow Statement

A december 31-ével végződő évről 2019 Auditált M Ft		A június 30-ával végződő periódusról		
		2020 Nem auditált M Ft	Jegyzetek	2019 Nem auditált M Ft
Üzleti tevékenység				
50.848	Adózás előtti eredmény	63.121		42.095
39.320	Értékcsökkenés és amortizáció	19.861		17.505
	A konszolidált eredménykimutatásban elszámolt pénzmozgással nem járó tételek	(2.063)		148
(320)	Nettó kamat- és osztalékbevételek	(198)		(442)
	Meghatározott juttatási programokra képzett céltartalék	(28)		(35)
	Ingatlanok, üzemi berendezések, felszerelések és immateriális javak változásának eredményének átsorolása	256		389
1.725	Immateriális javak és üzleti vagy cégérték értékvesztése	4.202		-
38.055	Részvényalapú kifizetések elszámolásával kapcsolatos ráfordítások	834		855
1.636	<i>Működő tőke változásai</i>			
	Vevők és egyéb követelések csökkenése/(növekedése)	1.287		(9.009)
(33.063)	Készletek növekedése	(13.931)		(12.076)
(6.308)	Szállítók és egyéb kötelezettségek (csökkenése)/növekedése	(1.338)		9.880
13.452	Fizetett kamat	(19)		(1)
(1)	Fizetett nyereségadó	(2.983)		(2.950)
(7.360)	Üzleti tevékenységből származó nettó cash flow	69.001		46.359
98.214	Befektetési tevékenység			
	Ingatlanok, üzemi berendezések és felszerelések beszerzése	(11.339)	27	(15.404)
(39.507)	Immateriális javak beszerzése	(22.358)	28	-
(18.578)	Ingatlanok, üzemi berendezések, felszerelések értékesítésének bevétele	223		815
1.449	Beruházáshoz kapcsolódóan befolyt állami támogatások	-		-
2.428	Befektetett pénzügyi eszközök megszerzésére fordított pénzeszköz	(5.631)		17
(11.633)	Befektetett pénzügyi eszközök értékesítéséből, lejáratából származó bevétel	10.807		3.297
4.731	Adott kölcsönök törlesztése/(nyújtása)	231		(79)
492	Kamatbevételek	522		442
914	Osztalékbevételek	4		1
1	Befektetési tevékenységre felhasznált nettó cash flow	(27.541)		(10.911)
(59.703)	Pénzügyi tevékenység			
	Saját részvények vásárlása	-		-
(3.539)	Fizetett osztalék törzsrészvényekre	(11.775)		(18.645)
(18.850)	Lízingtörlesztés	(1.651)		-
(3.791)	Hiteltörlesztés (-)	-		-
(2)	Hitelfelvétel (+)	-		28
-	Pénzügyi tevékenységre felhasznált nettó cash flow	(13.426)		(18.617)
(26.182)	Pénz és pénzeszköz egyenértékes növekedése	28.034		16.831
12.329	Pénz és pénzeszköz egyenértékes év elején	128.573		113.021
113.021	Árfolyamváltozás hatása a külföldi pénznemben tartott egyenlegekre	(547)		2.023
3.223	Pénz és pénzeszköz egyenértékes időszak végén	156.060		131.875
128.573				

Prepared in accordance with IAS 34 Interim Financial Reporting.

Notes to Consolidated Financial Statements

Please note that changes for all balance sheet items (Notes 13 to 17) are reported in comparison to 31 December 2019 audited figures.

13) Non-current assets

Goodwill increased primarily as a result of the impact of revaluation carried out in respect of earlier acquisitions made in China.

The level of Other intangible assets increased primarily as a result of the recent acquisition of marketing rights associated with [Relugolix](#) amounting to HUF 16,442m. In addition a milestone amounting to HUF 2,070m was paid in respect of [LIDBREE™](#) (formerly known as SHACT). The above increase was partly offset by certain impairment losses as described below in Note 22.

The amount of Other financial assets declined as a result of the derecognition of Richter's investment in the Russian wholesaler and retail Group, Protek.

14) Current assets

Higher Inventories built up during the first half 2020 subsequent to a declining demand connected to market volatility during the pandemic.

Investments in securities increased as the Company acquired sovereign bonds during the reported period.

Cash and cash equivalents increased as a result of the positive net cash flow from operating activities of the Group.

15) Capital and reserves

Retained earnings amounted to HUF 709,900m and increased by HUF 56,209m. Revaluation reserves for securities at FVOCI declined in respect of Protek fair value, while crediting Retained earnings with the same amount.

16) Non-current liabilities

Other non-current liabilities and accruals declined subsequent to the reclassification of certain non-current items as current ones during the reported period.

17) Current liabilities

Current liabilities were impacted primarily by a decline in the amount of Trade payables.

Share ownership structure

The shareholder structure at 30 June 2020 is presented in detail in the following table:

Ownership	Ordinary shares	Voting rights	Share capital
	Number	%	%
Domestic ownership	60,829,371	32.75	32.64
State ownership total*	47,052,756	25.34	25.25
out of which MNV Zrt.	9,777,658	5.26	5.25
out of which Maecenas Universitatis Corvini Foundation	18,637,486	10.04	10.00
out of which Tihanyi Foundation	18,637,486	10.04	10.00
out of which Municipality	126	0.00	0.00
Institutional investors	7,163,896	3.86	3.84
Retail investors	6,612,719	3.55	3.55
International ownership	124,848,922	67.24	66.99
Institutional investors	123,687,584	66.61	66.37
Retail investors	1,161,338	0.63	0.62
Treasury shares**	675,713	0.00	0.36
Undisclosed ownership	20,854	0.01	0.01
Share capital	186,374,860	100.00	100.00

* The legal and technical process of share transfer is ongoing.

** Treasury shares include the combined ownership of the parent company, the EPP Organisation and the subsidiaries.

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. Due to the confidential character of linked investor interests certain investment funds may keep a different record of their respective share capital and/or voting rights.

Extraordinary announcements

- On 18 June 2020 Richter informed its shareholders that the transaction of transferring the 18,637,486 Richter common shares – owned by the Hungarian State and held by Hungarian National Asset Management Incorporated (HNMA Inc.) – to the property of Tihanyi Foundation had closed, it having commenced on 15 June, 2020. Because of the transaction, in Gedeon Richter Plc. the influence (voting rights and ownership ratio) of the Hungarian State represented by HNMA Inc. has decreased from 25.25% to 15.25%. Simultaneously the influence (voting rights and ownership ratio) of Tihanyi Foundation has increased from 0% to 10% in Gedeon Richter Plc.

Risk management

Richter is committed to long term value creation for its customers, investors, employees and to society at large. In order to succeed in this endeavour Richter operates a risk management system which abides by the highest international standards and best industry practices. 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.

Most important risk factors for Richter Group are identified to be the following:

- Direct and indirect impacts of COVID-19 pandemic
- Outstanding contribution of cariprazine to the turnover and profits of the Company
- Higher risks associated with CNS research projects advancing into more advanced phases
- Development and licencing-in of WHC and biosimilar specialty products
- Maintaining the turnover arising from branded generic products and protection of sales levels of our traditional product portfolio
- Ensuring qualified workforce
- Health Authority Regulations
- Customers' high quality expectations
- Intellectual property, patents and litigation
- Contracts and liabilities
- Credit and collection
- Capital structure, cash management and financial investments
- Exchange rate volatility.

Disclosures

I, the undersigned declare, that Gedeon Richter Plc. takes full responsibility, that the interim management report published today, which contains the Group's 6 months to June 2020 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, 3 August 2020



Gábor Orbán
Chief Executive Officer

The financial statements in this report cover the activities of Gedeon Richter Group ('The Group' or 'Richter Group') and Gedeon Richter Plc. ('The Company' or 'Richter'). These interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial reporting. EUR and USD amounts have been converted from HUF at average exchange rates for indicative purposes only. Financial statements for twelve months period ended 31 December 2019 are audited. Financial statements for the six months period ended 30 June 2020 and 30 June 2019 are unaudited.