Gedeon Richter

Report to the Budapest Stock Exchange
6 months to June 2021

Contents

Consolidated figures are prepared in accordance with relevant IFRS regulations and presented in million Hungarian Forint (HUFm). The Report may also contain figures in other currencies but only for indicative purposes.
Detailed explanations to selected items presented in the tables are offered in the two 'Notes' sections as numbered in the respective tables.
With effect from 1 January 2021 United Kingdom exited the European Union. Consequently, the Group has amended its previous regional classification of turnover.
Those countries which belonged to the previous EU15 region, including United Kingdom, can now be found in the Western European subregion. (This group includes the following countries: Austria, Belgium, Denmark, Finland, France, Greece, Netherland, Ireland, Luxembourg, United Kingdom, Germany, Italy, Portugal, Spain and Sweden).
Romania, Poland and the EU10 countries have been included into one subregion, called Central and Eastern Europe. (The following countries are included in this subregion: Bulgaria, Cyprus, Czech Republic, Estonia, Croatia, Poland, Latvia, Lithuania, Malta, Romania, Slovakia and Slovenia).
Subregions of Central and Eastern Europe and Western Europe together are part of region Europe.
All other geographies remained unchanged both in respect of their denomination and the countries included.
For comparison reasons base period data have been reclassified accordingly.

“Our performance in the first two quarters was more stable this year than in 2020 when a very strong first quarter was followed by a very weak second one. Vraylar®-related revenues grew marginally despite a one-off milestone payment last year. Partly in response to limitations caused by the pandemic, we kept our marketing and admin expenses in check while further raising our R&D spending to develop our portfolio.

Those R&D efforts are starting to bear fruit: by mid-year we reached very important regulatory and technical milestones in building the product portfolio across all business focus areas. Most importantly, we are now wholly prepared for the planned innovative product launches in the Women’s Health Care space in the coming months, while Evra® integration is well on track. We are also very excited about the steps we have taken to extend the cariprazine franchise to Japan by deepening our collaboration with AbbVie.

Our solid financial position and the strength of our business model are reflected in our BBB+ credit rating, which we obtained from Scope Ratings in June. We subsequently issued HUF 70bn worth of bonds to lock in favourable funding conditions in preparation for future acquisition opportunities.”

Gábor Orbán

Executive Summary

Consolidated sales	HUFm 2021	HUFm 2020	Change	%	EURm 2021	EURm 2020
	6 months to June			%	6 months to June	
Total	296,803	278,692	18,111	6.5	829.7	806.2

Pharma sales	HUFm 2021	HUFm 2020	Change	%	Notes	EURm 2021	EURm 2020
	6 months to June			%		6 months to June	
Hungary	21,173	20,436	737	3.6	6)	59.2	59.1
Europe*	75,548	66,927	8,621	12.9	7)	211.2	193.6
CEE	35,027	33,655	1,372	4.1		97.9	97.4
WEU	40,521	33,272	7,249	21.8		113.3	96.2
CIS	58,559	61,758	-3,199	-5.2	8)	163.7	178.6
Russia	40,178	41,441	-1,263	-3.0		112.3	119.9
Ukraine	6,213	6,220	-7	-0.1		17.4	18.0
Other CIS	12,168	14,097	-1,929	-13.7		34.0	40.7
USA	53,879	52,948	931	1.8	9)	150.6	153.2
China	6,568	9,432	-2,864	-30.4	10)	18.3	27.3
Latin America	6,536	3,903	2,633	67.5	11)	18.3	11.3
RoW	15,085	14,448	637	4.4	12)	42.2	41.8
Total	237,348	229,852	7,496	3.3		663.5	664.9

* excluding Hungary

Specialty sales	HUFm 2021	HUFm 2020	Change	%	Notes	EURm 2021	EURm 2020
	6 months to June			%		6 months to June	
cariprazine	45,666	45,103	563	1.2	1)	127.6	129.7
Vraylar® royalty	43,720	35,298	8,422	23.9		122.2	101.3
Vraylar® milestone	-	7,946	-7,946	n.a.		-	23.0
Reagila®	1,946	1,859	87	4.7		5.4	5.4
WHC	82,821	76,238	6,583	8.6	2)	231.5	220.6
Bemfola®	10,425	6,887	3,538	51.4	3)	29.1	19.9
Evra® royalty	5,929	-	5,929	n.a.	4)	16.6	-
OCs	51,848	56,504	-4,656	-8.2		144.9	163.5
teriparatide	5,784	4,005	1,779	44.4	5)	16.2	11.6
Total	134,271	125,346	8,925	7.1		375.3	361.9
Proportion to Pharma sales (%)	56.5	54.5					

Wholesale and retail sales	HUFm 2021	HUFm 2020	Change	%	Notes	EURm 2021	EURm 2020
	6 months to June			%		6 months to June	
Total	64,323	54,647	9,676	17.7		179.8	158.1

Exchange rate loss at consolidated sales level: HUF 4,692m

Selected exchange rates – period averages

	2021 H1	2020 H1
EURHUF	357.71	345.67
USDHUF	297.19	312.79
RUBHUF	3.99	4.47
CNYHUF	45.96	44.91

Selected consolidated business metrics

	HUFm	
	2021	2020
	6 months to June	
Gross margin* %	56.1	57.3
Operating margin %	20.5	18.8
Profit margin attributable to owners of the parent %	18.5	21.7

Note * see Appendix

COVID-19 pandemic – crisis management

In the second year of the COVID-19 pandemic we continue to regularly provide a brief update of its impact on the health and wellbeing of our employees and on our operations at large.

A recent study released by World Bank Group (Global Economic Prospects, June 2021) sees world economy experiencing an exceptionally strong and at the same time highly uneven recovery. While global growth is expected to reach as much as 5.6 percent in the current year it will likely be concentrated in a few major economies, leaving most emerging markets and developing economies behind. About 90 percent of advanced economies are set to regain their pre-pandemic per capita income levels by 2022, only about one-third of the latter group of countries are expected to do so.

In early 2021, Hungary experienced a severe third wave of the pandemic, with high infection and mortality rates thus the government extended measures taken during the second wave, including restrictions on hospitality facilities. Since then, one of the fastest vaccine rollouts in Europe has helped to improve the health situation, allowing the authorities to start gradually lifting restrictions in April 2021.

Notwithstanding the above, Richter delivered on time and in full to all of its customers also during the second quarter 2021. Health and wellbeing of our colleagues remained in the focus of Management, with the supply of reputed and affordable medication maintained worldwide throughout the entire reported period.

Promotional activities did not change significantly in the second quarter 2021 when compared to the previous period. In-person promotion remained at around 85% on an average of total marketing approaches in our geographies of direct sales operations.

Notes to Specialty Sales

1) Cariprazine – Central Nervous System

Vraylar® **royalty income** due to Richter in first half 2021 amounted to HUF 43,720m (USD 147.1m). This amount contributed materially to the sales levels achieved during the reported period.

No sales related **milestones** were accounted for in respect of Vraylar® sales recorded in the USA in the reported period while a HUF 7,946m (USD 25.4m) milestone income was triggered in the base period.

Proceeds from Reagila® amounted to HUF 1,946m (EUR 5.4m) during the reported period.

Figures shown in the following table are actual figures except for royalty income recorded in the second quarter 2021 in respect of Vraylar® and Reagila®.

	Turnover (Royalties included)				
	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2
USDm / Vraylar® (royalty+API)	79.0	69.2	76.3	68.2	58.8
EURm / Reagila® (royalty+product sales)	3.6	1.8	3.0	2.5	2.8

Recent developments

USA

Following an established pattern of seasonally lower sales in the first quarter, the turnover of Vraylar® showed a robust growth in the second quarter 2021. When adjusting the base period figure for the sales related milestone received, year-on-year growth of royalties accounted for on behalf of Vraylar® sales in the USA grew by 23.9% (30.4% in USD terms) during the reported period.

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

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

The product had been on the market previously in Romania, in Poland and in Lithuania without reimbursement.

In the WEU region Reagila® had earlier been introduced with reimbursement and commercialized by Recordati in 11 markets. In addition, the product had already been on the market in Belgium and Austria without reimbursement.

Europe – Countries outside the European region

The product received reimbursement in Serbia during the reported period and therefore it is now being marketed by Richter with reimbursement in both Serbia and Montenegro.

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

CIS

In Russia Reagila® achieved Essential Drug List (EDL) status with effect from 1 January 2020 and as a result it can be prescribed with reimbursement to certain patients. As of 1 July 2021 Reagila® also became available on this market to patients suffering from both bipolar mania and bipolar depression disorders. In the CIS region the product had been earlier launched in Azerbaijan, Belarus, Georgia, Kazakhstan, Moldavia, Russia, Ukraine and Uzbekistan.

Other markets

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

Following successful registration Reagila® is on the market in Israel, marketed by Dexcel.

In the reported period Reagila® was launched in Egypt following launches in Jordan and in Saudi Arabia by Hikma. Further regulatory activities are ongoing in a number of MENA countries.

Reagila® was launched during the second quarter 2021 in Malaysia by Richter's local partner, Mitsubishi Tanabe Pharma Corporation, after having been already marketed in Singapore and Thailand.

Altogether by the end of the first half 2021 cariprazine was available in 44 countries globally including the USA and Hungary, with reimbursement in the majority of those countries where a reimbursement system is in place.

2) Women's Healthcare – Core Business

WHC sales by region

	HUFm				EURm	
	2021	2020	Change		2021	2020
	6 months to June			%	6 months to June	
Hungary	2,160	2,012	148	7.4	6.0	5.8
Europe*	40,596	31,592	9,004	28.5	113.5	91.4
CEE	9,901	7,179	2,722	37.9	27.7	20.7
WEU	30,695	24,413	6,282	25.7	85.8	70.7
CIS	17,620	19,549	-1,929	-9.9	49.3	56.6
Russia	13,661	15,697	-2,036	-13.0	38.2	45.4
Ukraine	1,739	1,371	368	26.8	4.9	4.0
Other CIS	2,220	2,481	-261	-10.5	6.2	7.2
USA	5,134	6,738	-1,604	-23.8	14.4	19.5
China	5,117	7,255	-2,138	-29.5	14.3	21.0
Latin America	5,168	2,652	2,516	94.9	14.4	7.7
RoW	7,026	6,440	586	9.1	19.6	18.6
Total	82,821	76,238	6,583	8.6	231.5	220.6

* excluding Hungary

WHC sales in the first half 2021 exceeded levels recorded in same period of the previous year by HUF 6,583 or 8.6%. Higher sales levels recorded in WEU, CEE, Latin America and most of the RoW markets were partly offset by lower turnover achieved in China, USA and Russia. Sales of this product group increased primarily due to royalty income received in respect of Evra® sales. Declining sales reported both in Russia and in China resulted from uneven timing of shipments while figures reported in HUF and EUR were both impacted by RUB depreciation against these currencies (-10.7% and -15.9%, respectively). Royalty income of Evra® and higher sales levels of Bemfola® more than offset lower sales levels of oral contraceptives.

Proportion of WHC sales to total pharmaceutical turnover – by region

	%	
	2021	2020
	6 months to June	
Hungary	10.1	9.8
Europe*	53.7	47.2
CEE	28.3	21.3
WEU	75.7	73.5
CIS	30.1	31.7
USA	9.6	12.7
China	78.1	76.9
Latin America	78.7	68.1
RoW	46.4	44.5
Total	34.9	33.2

* excluding Hungary

Western Europe Top 5 markets

	MEUR	
	2021	2020
	6 months to June	
Germany	18.2	17.3
Spain	17.2	11.5
Italy	11.3	11.0
France	10.5	8.1
UK	9.7	8.1
Total Top 5 Sales	66.9	56.0
Total WEU Sales	85.8	70.7
Total Top 5 Sales %	78.0	79.2

3) Bemfola® – Women's Healthcare

	HUFm				EURm	
	2021	2020	Change		2021	2020
	6 months to June			%	6 months to June	
Hungary	338	284	54	19.0	0.9	0.8
Europe*	8,390	5,162	3,228	62.5	23.4	14.9
CEE	982	616	366	59.4	2.7	1.7
WEU	7,408	4,546	2,862	63.0	20.7	13.2
CIS	58	-	58	n.a.	0.2	-
RoW	1,639	1,440	199	13.8	4.6	4.2
Total	10,425	6,886	3,539	51.4	29.1	19.9

* excluding Hungary

Positive impact of the removal of previous restrictions related to COVID-19 pandemic led to rebounding sales of Bemfola®. Turnover achieved by the product in the first half 2021 amounted to of HUF 10,425m, exceeding low base figures by HUF 3.539m or 51.4% as most of the fertility centres resumed their activities in many European countries. In EUR terms sales performance of this product reported for the six months to June 2021 increased by 46.2% when compared to the exceptionally weak first half 2020.

4) Evra® – Women's Healthcare

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 licence 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. Royalty type revenues linked to sales of Evra® and paid by Janssen during this transitional period are being reported as sales. In the reported period following royalty proceeds of Evra®, the product ranked 9th on our Top10 products list.

Royalty income recorded by this product during the first half 2021 amounted to HUF 5,929m (EUR 16.6m)

5) Teriparatide – biosimilar portfolio

Total sales proceeds from teriparatide amounted to HUF 5,784m (EUR 16.2m) in the first half 2021. Richter launched its biosimilar, Terrosa® in the EU in August 2019 while its license partner, Mochida Pharmaceuticals introduced the product in Japan in late November of the same year. In addition to the above, the product was launched during 2020 by Daewon Pharmaceutical Co. Ltd. in South Korea and by Avir Pharma Inc. in Canada, while our Israeli partner, Dexcel Pharma received marketing authorization for the product in the same year. The product was launched on 10 March 2021 on this market. Sales proceeds from Japan contributed by HUF 1,393m representing 24% of total sales achieved by the product.

Notes to Pharmaceutical Sales

6) Hungary

The underlying market increased by 3.4% while retail sales of Richter products declined by 2.0% 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 4.5%. Taking into account the prescription drugs retail market alone, Richter qualifies for second place with a market share of 7.2%.

7) Europe

The **Central and Eastern European** region sales represented 46% of total European sales of the Group's pharmaceutical segment.

Turnover recorded in **Poland** declined by 4.6% in HUF terms. This decline occurred primarily as our antiviral product, Groprinosin achieved high sales levels during the first six months 2020 which resulted in a high base.

Lower sales of seasonal products and a strong base effect resulted in a virtually flat performance (0.4% decline in HUF terms) in **Romania.**

Turnover in the **Western European** region increased materially by 21.8% expressed in HUF terms. Growth recorded in Germany, Spain and France contributed the most to the sales level achieved during the reported period. As far as the product portfolio is concerned substantial increases of Bemfola®, Terrosa® and royalty proceeds of Evra® resulted in an outstanding sales level in the region, which represented 54% of total European pharmaceutical sales.

8) CIS

Sales to **Russia** at HUF 40,178m (RUB 10,069.6m) increased by 8.6% in RUB terms (declined by 3.0% in HUF terms). The RUB depreciated against the HUF on an average of 10.7% compared to the first half 2020. While the market environment remained volatile in the reported period direct promotional activities resumed at levels experienced prior to the pandemic. Sales at group level increased in RUB terms as stocks held by wholesalers were replenished during the second quarter. In-market intelligence (IQVIA, data relative to the first five months) suggests that while the market declined by 14% in volume terms Richter products decreased by 9%. In-market turnover recorded by our products declined by 7% during the first six month in 2021.

A price adjustment of an average 3.4% impacted positively our overall portfolio during the first half 2021.

At the same time, prices of certain drugs included in the Essential Drug List have been reviewed by the Authority and they came into effect during the first half 2021. The above price harmonization is expected to negatively impact turnover in Russia by approximately RUB 0.5bn during 2021.

Product serialization linked to a track and trace system was implemented in Russia with effect from 1 July 2020. The negative impact of these administrative measures remained contained.

Sales of originator products reported a significant increase during the reported period while generic manufacturers could record near flat sales in the first half 2021 when expressed in RUB terms. Local manufacturers realised higher sales in volume terms compared to declining sales of international pharmaceutical producers.

Sales levels during the reported period at EUR 112.3m declined by EUR 7.6m when compared to the first half 2020, a decline caused by the RUB falling sharply against the EUR during the first half, year-on-year.

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.

With effect from 1 January 2021 we switched invoicing currency from USD to EUR in **Ukraine**. Sales reported in this country in the first half 2021, at EUR 17.4m declined primarily due to a high level of regulatory related pre-shipments realised in the fourth quarter 2020 preceding certain regulatory changes. Sales to **Other CIS** markets reported declines in HUF terms partly due to pre-shipments realised in the base period. Worsening exchange rates were also experienced in certain countries of this group.

9) USA

Sales to the **USA**, our leading market as far as revenue is concerned, increased slightly (by 1.8%) in HUF terms and by 7.1% in USD terms. Revenues linked to Vraylar® amounted to USD 147.1m, a growth of 6.4% when compared to the first half of 2020. However, when adjusting the base period figure for the sales related milestone received the year-on-year growth of royalties showed a robust growth of 23.9% when expressed in HUF terms based on turnover achieved by our partner, AbbVie.

Lower turnover recorded in respect of finished form Plan B / Plan B One-Step together with a decline in API sales impacted adversely our turnover achieved.

10) China

The delisting of Cavinton injectables from 1 January 2020 together with certain pre-shipments, which occurred in the fourth quarter of 2020 impacted negatively our sales level achieved in the first half of 2021.

11) Latin America

Higher turnover was recorded in most countries of this region, out of which performance of Mexico, Chile and Brazil contributed primarily to the outstanding sales levels reported in the first half of 2021. As for product portfolio, royalty proceeds of Evra® and an increase of oral contraceptives contributed the most to the sales growth achieved.

12) Rest of the World

Royalty proceeds of Evra® together with higher sales levels of Bemfola® and teriparatide contributed primarily to the sales performance achieved during the reported period. Growth was driven primarily by higher turnover reported in Canada, Australia and Mongolia.

Background Information on Pharmaceutical Sales

by region in currencies of invoicing

	Currency (million)	2021	2020	Change %
		6 months to June		
Hungary	HUF	21,173	20,436	3.6
Europe*	EUR	211.2	193.6	9.1
CEE	EUR	97.9	97.4	0.5
WEU	EUR	113.3	96.2	17.8
CIS	EUR	163.7	178.6	-8.3
	USD	197.0	197.5	-0.3
Russia	RUB	10,069.6	9,271.0	8.6
Ukraine	EUR	17.4	18.0	-3.3
Other CIS	EUR	34.0	40.7	-16.5
	USD	40.9	45.1	-9.3
USA	USD	181.3	169.3	7.1
China	CNY	142.9	210.0	-32.0
Latin America	USD	22.0	12.5	76.0
RoW	EUR	42.2	41.8	1.0
	USD	50.8	46.2	10.0

* excluding Hungary

to Top 10 markets

	HUFm				EURm	
	2021	**2020**	**Change**		**2021**	**2020**
	6 months to June			%	6 months to June	
USA	53,879	52,948	931	1.8	150.6	153.2
Russia	40,178	41,441	-1,263	-3.0	112.3	119.9
Hungary	21,173	20,436	737	3.6	59.2	59.1
Poland	13,080	13,711	-631	-4.6	36.6	39.7
Germany	11,813	8,756	3,057	34.9	33.0	25.3
Spain	7,857	5,567	2,290	41.1	22.0	16.1
China	6,568	9,432	-2,864	-30.4	18.3	27.3
Ukraine	6,213	6,220	-7	-0.1	17.4	18.0
Romania	5,982	6,007	-25	-0.4	16.7	17.4
Czech Republic	4,627	3,940	687	17.4	12.9	11.4
Total Top 10	171,370	168,458	2,912	1.7	479.0	487.4
Total Sales	237,348	229,852	7,496	3.3	663.5	664.9
Total Top 10 / Total Sales %					72.2	73.3

of Top 10 products

	HUFm				EURm	
	2021	**2020**	**Change**		**2021**	**2020**
	6 months to June			%	6 months to June	
Oral contraceptives	51,848	56,504	-4,656	-8.2	144.9	163.5
Vraylar® / Reagila® / cariprazine	46,000	45,141	859	1.9	128.6	130.6
Bemfola®	10,425	6,887	3,538	51.4	29.1	19.9
Mydeton	8,373	7,821	552	7.1	23.4	22.6
Cavinton	8,008	8,545	-537	-6.3	22.4	24.7
Verospiron	7,738	7,098	640	9.0	21.7	20.6
Panangin	7,403	7,854	-451	-5.7	20.7	22.7
Aflamin	5,949	4,743	1,206	25.4	16.6	13.7
Evra®	5,929	-	5,929	n.a.	16.6	-
Terrosa® / teriparatide	5,784	4,005	1,779	44.4	16.2	11.6
Total Top 10	157,457	148,598	8,859	6.0	440.2	429.9
Total Sales	237,348	229,852	7,496	3.3	663.5	664.9
Total Top 10 / Total Sales %					66.3	64.6

Background Information on Wholesale and Retail Sales

	HUFm				EURm	
	2021	2020	Change		2021	2020
	6 months to June			%	6 months to June	
Europe*	53,369	43,555	9,814	22.5	149.2	126.0
CEE	53,369	43,555	9,814	22.5	149.2	126.0
CIS	8,640	8,749	-109	-1.2	24.1	25.3
Other CIS	8,640	8,749	-109	-1.2	24.1	25.3
Latin America	2,312	2,343	-31	-1.3	6.5	6.8
Total	64,323	54,647	9,676	17.7	179.8	158.1

* excluding Hungary

As released in late June 2021 Richter divested its wholesale operation in the Republic of Moldova to Grin-Farm S.R.L. and its retail operations to BIRIVOFARM S.R.L., both headquartered in the Republic of Moldova. The transaction was closed in July 2021 and therefore it did not impact on the sales levels of the reported period.

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	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
		Restated*								**Restated***
P&L items HUFm										
Revenues	**237,348**	**229,852**	**64,323**	**54,647**	**3,366**	**3,421**	**(8,234)**	**(9,228)**	**296,803**	**278,692**
Cost of sales	(76,499)	(75,544)	(59,008)	(49,018)	(2,962)	(2,891)	8,107	8,370	(130,362)	(119,083)
Gross profit	160,849	154,308	5,315	5,629	404	530	(127)	(858)	166,441	159,609
Profit from operations	**60,420**	**52,794**	**247**	**156**	**255**	**180**	**(122)**	**(808)**	**60,800**	**52,322**
Net financial (loss)/income	(4,362)	10,344	(258)	(666)	3	7	(137)	(234)	(4,754)	9,451
Miscellaneous items										
Capital expenditure HUFm	101,268	33,256	330	336	80	105	-	-	101,678	33,697
Number of employees at the end of the period	10,870	11,134	1,386	1,453	409	416	-	-	12,665	13,003
Business metrics %										
Gross margin	67.8	67.1	8.3	10.3	12.0	15.5	-	-	56.1	57.3
Operating margin	25.5	23.0	0.4	0.3	7.6	5.3	-	-	20.5	18.8

* Please see Appendix

Consolidated Financial Statements

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Consolidated Balance Sheet

	30 June 2021 Not audited HUFm	Notes	31 December 2020 Audited HUFm	Change %
ASSETS	1,040,822		948,589	9.7
Non-current assets	671,862	13)	499,071	34.6
Property, plant and equipment	254,753		254,121	0.2
Investment property	105		110	-4.5
Goodwill	31,549		31,398	0.5
Other intangible assets	221,615		141,303	56.8
Investments in associates and joint ventures	13,138		12,269	7.1
Non-current financial assets at amortised cost	2,543		1,171	117.2
Non-current financial assets at fair value through profit or loss	84,911		10,797	686.4
Non-current financial assets at fair value through other comprehensive income	51,567		38,216	34.9
Deferred tax assets	8,898		7,139	24.6
Long term receivables	2,783		2,547	9.3
Current assets	368,960	14)	449,518	-17.9
Inventories	124,250		110,059	12.9
Contract assets	3,952		3,080	28.3
Trade receivables	157,625		152,652	3.3
Other current assets	25,747		27,162	-5.2
Current financial assets at amortised cost	9,314		371	n.a.
Current financial assets at fair value	1,670		7,142	-76.6
Current tax asset	262		1,196	-78.1
Cash and cash equivalents	40,836		142,068	-71.3
Assets classified as held for sale	5,304		5,788	-8.4
EQUITY AND LIABILITIES	1,040,822		948,589	9.7
Capital and reserves	827,018	15)	813,939	1.6
Share capital	18,638		18,638	0.0
Treasury shares	(4,644)		(3,791)	22.5
Share premium	15,214		15,214	0.0
Capital reserves	3,475		3,475	0.0
Foreign currency translation reserves	19,912		21,039	-5.4
Revaluation reserves for financial assets at fair value through other comprehensive income	1,725		974	77.1
Retained earnings	765,246		751,408	1.8
Non-controlling interest	7,452		6,982	6.7
Non-current liabilities	96,665	16)	26,712	261.9
Deferred tax liability	1,542		1,753	-12.0
Non-current liabilities at fair value	64,064		805	n.a.
Long-term lease liability	10,927		10,754	1.6
Other non-current liabilities and accruals	13,544		6,747	100.7
Provisions	6,588		6,653	-1.0
Current liabilities	117,139	17)	107,938	8.5
Borrowings	10,027		-	n.a.
Trade payables	58,281		65,838	-11.5
Contract liabilities	1,138		772	47.4
Current tax liabilities	706		1,993	-64.6
Current liabilities at fair value	1,353		4,014	-66.3
Short-term lease liability	3,788		3,802	-0.4
Other current payables and accruals	38,059		24,918	52.7
Provisions	2,404		4,866	-50.6
Liabilities directly associated with assets classified as held for sale	1,383		1,735	-20.3

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Consolidated Statement of Changes in Equity

HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Revaluation reserves for financial assets at fair value through other comprehensive income	Foreign currency translation reserve	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2019	18,638	15,214	3,475	(3,870)	8,620	22,213	653,691	**717,981**	6,892	**724,873**
Profit for the period	-	-	-	-	-	-	60,531	**60,531**	765	**61,296**
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	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 instruments at fair value through other comprehensive income	-	-	-	-	(1,094)	-	-	**(1,094)**	-	**(1,094)**
Total comprehensive income at 30 June 2020	-	-	-	-	(1,094)	2,575	60,531	**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)**
Transactions with owners in their capacity as owners for period ended 30 June 2020	**-**	**-**	**-**	**(16)**	**(6,569)**	**-**	**(4,322)**	**(10,907)**	**(34)**	**(10,941)**
Balance at 30 June 2020	18,638	15,214	3,475	(3,886)	957	24,788	709,900	**769,086**	8,157	**777,243**

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HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Revaluation reserves for financial assets at fair value through other comprehensive income	Foreign currency translation reserve	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2020	18,638	15,214	3,475	(3,791)	974	21,039	751,408	**806,957**	6,982	**813,939**
Profit for the period	-	-	-	-	-	-	54,915	**54,915**	719	**55,634**
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	(1,194)	-	**(1,194)**	(224)	**(1,418)**
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	67	-	**67**	-	**67**
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	-	-	751	-	-	**751**	-	**751**
Total comprehensive income at 30 June 2021	-	-	-	-	751	(1,127)	54,915	**54,539**	495	**55,034**
Purchase of treasury shares	-	-	-	(819)	-	-	-	**(819)**	-	**(819)**
Transfer of treasury shares	-	-	-	(34)	-	-	30	**(4)**	-	**(4)**
Recognition of share-based payments	-	-	-	-	-	-	827	**827**	-	**827**
Ordinary share dividend for 2020	-	-	-	-	-	-	(41,934)	**(41,934)**	-	**(41,934)**
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	**-**	(25)	**(25)**
Transactions with owners in their capacity as owners for period ended 30 June 2021	-	-	-	(853)	-	-	(41,077)	**(41,930)**	(25)	**(41,955)**
Balance at 30 June 2021	18,638	15,214	3,475	(4,644)	1,725	19,912	765,246	**819,566**	7,452	**827,018**

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Consolidated Income Statement – HUF

For the year ended 31 December 2020 Audited HUFm		For the period ended 30 June 2021 Not audited HUFm	Notes	2020 Restated* HUFm	Change %
566,776	Revenues	296,803		278,692	6.5
(248,006)	Cost of sales	(130,362)		(119,083)	9.5
318,770	Gross profit	166,441	18)	159,609	4.3
(105,555)	Sales and marketing expenses	(56,746)	19)	(55,322)	2.6
(28,211)	Administration and general expenses	(14,842)	20)	(13,973)	6.2
(53,977)	Research and development expenses	(31,591)	21)	(29,489)	7.1
(17,267)	Other income and other expenses (net)	(2,539)	22)	(8,346)	-69.6
1,329	Reversal of impairment/(impairment) on financial and contract assets	77		(157)	n.a.
115,089	Profit from operations	60,800	23)	52,322	16.2
28,780	Finance income	6,947		20,209	-65.6
(29,605)	Finance costs	(11,701)		(10,758)	8.8
(825)	Net financial (loss)/income	(4,754)	24)	9,451	n.a.
900	Share of profit of associates and joint ventures	1,451		1,348	7.6
115,164	Profit before income tax	57,497		63,121	-8.9
(4,487)	Income and deferred tax	457	25)	555	-17.7
(4,625)	Local business tax and innovation contribution	(2,320)		(2,380)	-2.5
106,052	Profit for the period	55,634		61,296	-9.2
	Profit attributable to:				
104,683	Owners of the parent	54,915	26)	60,531	-9.3
1,369	Non-controlling interest	719		765	-6.0
	Statement of comprehensive income				
106,052	Profit for the period	55,634		61,296	-9.2
(1,707)	Actuarial loss on retirement defined benefit plans	-		-	n.a.
(1,077)	Changes in the fair value of equity instruments at fair value through other comprehensive income	1,076		(1,094)	n.a.
(2,784)	Items that will not be reclassified to profit or loss (net of tax)	1,076		(1,094)	n.a.
(591)	Exchange differences arising on translation of subsidiaries	(1,418)		3,351	n.a.
(103)	Exchange differences arising on translation of associates and joint ventures	67		(242)	n.a.
-	Changes in fair value of debt instruments at fair value through other comprehensive income	(325)		-	n.a.
(694)	Items that may be subsequently reclassified to profit or loss (net of tax)	(1,676)		3,109	n.a.
(3,478)	Other comprehensive income for the period	(600)		2,015	n.a.
102,574	Total comprehensive income for the period	55,034		63,311	-13.1
	Attributable to:				
100,725	Owners of the parent	54,539		62,012	-12.1
1,849	Non-controlling interest	495		1,299	-61.9
HUF	**Earnings per share (EPS)**	**HUF**		**HUF**	**%**
563	Basic	295		326	-9.5
563	Diluted	295		326	-9.5

*Please see Appendix

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Consolidated Income Statement – EUR

For the year ended 31 December 2020 Not audited EURm		For the period ended 30 June 2021 Not audited EURm	2020 Restated* EURm	Change %
1,614.8	Revenues	829.7	806.2	2.9
(706.6)	Cost of sales	(364.4)	(344.5)	5.8
908.2	Gross profit	465.3	461.7	0.8
(300.7)	Sales and marketing expenses	(158.6)	(160.0)	-0.9
(80.4)	Administration and general expenses	(41.5)	(40.4)	2.7
(153.8)	Research and development expenses	(88.3)	(85.3)	3.5
(49.2)	Other income and other expenses (net)	(7.1)	(24.1)	-70.5
3.8	Reversal of impairment/(impairment) on financial and contract assets	0.2	(0.5)	n.a.
327.9	Profit from operations	170.0	151.4	12.3
82.0	Finance income	19.4	58.4	-66.8
(84.4)	Finance costs	(32.7)	(31.1)	5.1
(2.4)	Net financial (loss)/income	(13.3)	27.3	n.a.
2.6	Share of profit of associates and joint ventures	4.0	3.9	2.6
328.1	Profit before income tax	160.7	182.6	-12.0
(12.8)	Income and deferred tax	1.3	1.6	-18.8
(13.1)	Local business tax and innovation contribution	(6.5)	(6.9)	-5.8
302.2	Profit for the period	155.5	177.3	-12.3
	Profit attributable to:			
298.3	Owners of the parent	153.5	175.1	-12.3
3.9	Non-controlling interest	2.0	2.2	-9.1
350.98	Average exchange rate (EURHUF)	357.71	345.67	3.5
	Statement of comprehensive income			
302.2	Profit for the period	155.5	177.3	-12.3
(4.8)	Actuarial loss on retirement defined benefit plans	-	-	n.a.
(3.1)	Changes in the fair value of equity instruments at fair value through other comprehensive income	3.0	(3.2)	n.a.
(7.9)	Items that will not be reclassified to profit or loss (net of tax)	3.0	(3.2)	n.a.
(1.7)	Exchange differences arising on translation of subsidiaries	(4.0)	9.7	n.a.
(0.3)	Exchange differences arising on translation of associates and joint ventures	0.2	(0.7)	n.a.
-	Changes in fair value of debt instruments at fair value through other comprehensive income	(0.9)	-	n.a.
(2.0)	Items that may be subsequently reclassified to profit or loss (net of tax)	(4.7)	9.0	n.a.
(9.9)	Other comprehensive income for the period	(1.7)	5.8	n.a.
292.3	Total comprehensive income for the period	153.8	183.1	-16.0
	Attributable to:			
287.0	Owners of the parent	152.4	179.4	-15.1
5.3	Non-controlling interest	1.4	3.7	-62.2
EUR	**Earnings per share (EPS)**	**EUR**	**EUR**	**%**
1.60	Basic	0.83	0.94	-11.7
1.60	Diluted	0.83	0.94	-11.7

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Consolidated Income Statement – 3 months to June HUF, EUR

	April-June 3 months					
	2021	2020 Restated*	Change	2021	2020 Restated*	Change
	HUFm	HUFm	%	EURm	EURm	%
Revenues	155,909	137,266	13.6	440.7	390.4	12.9
Cost of sales	(67,676)	(57,898)	16.9	(191.3)	(164.8)	16.1
Gross profit	88,233	79,368	11.2	249.4	225.6	10.5
Sales and marketing expenses	(27,688)	(24,586)	12.6	(78.4)	(69.5)	12.8
Administration and general expenses	(7,413)	(6,981)	6.2	(21.0)	(19.8)	6.1
Research and development expenses	(16,036)	(14,375)	11.6	(45.3)	(40.9)	10.8
Other income and other expenses (net)	(574)	(6,044)	-90.5	(1.7)	(17.3)	-90.2
Reversal of impairment/(impairment) on financial and contract assets	(106)	(259)	-59.1	(0.3)	(0.8)	-62.5
Profit from operations	36,416	27,123	34.3	102.7	77.3	32.9
Finance income	1,071	5,343	-80.0	3.2	14.7	-78.2
Finance costs	(7,229)	(1,609)	349.3	(20.4)	(4.2)	385.7
Net financial (loss)/income	(6,158)	3,734	n.a.	(17.2)	10.5	n.a.
Share of profit of associates and joint ventures	367	364	0.8	1.0	1.0	0.0
Profit before income tax	30,625	31,221	-1.9	86.5	88.8	-2.6
Income and deferred tax	(783)	2,156	n.a.	(2.1)	6.3	n.a.
Local business tax and innovation contribution	(1,160)	(1,191)	-2.6	(3.3)	(3.4)	-2.9
Profit for the period	28,682	32,186	-10.9	81.1	91.7	-11.6
Profit attributable to:						
Owners of the parent	28,027	31,530	-11.1	79.3	89.8	-11.7
Non-controlling interest	655	656	-0.2	1.8	1.9	-5.3
Average exchange rate (EURHUF)				353.66	350.99	0.8

Earnings per share (EPS)	HUF	HUF	%	EUR	EUR	%
Basic	151	170	-11.2	0.43	0.48	-10.4
Diluted	151	170	-11.2	0.43	0.48	-10.4

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Consolidated Cash flow Statement

For the year ended 31 December 2020 Audited HUFm		For the period ended 30 June 2021 Not audited HUFm	Notes	2020 Not audited HUFm
	Operating activities			
115,164	Profit before income tax	57,497		63,121
39,846	Depreciation and amortisation	22,308		19,861
(2,031)	Non-cash items accounted through Consolidated Income Statement	(3,102)		(2,063)
(1,504)	Net interest and dividend income	(695)		(198)
703	Changes in provision for defined benefit plans	(32)		(28)
767	Reclass of results on changes of property, plant and equipment and intangible assets	26		256
8,256	Impairment recognised on intangible assets and goodwill	-		4,202
1,642	Expense recognised in respect of equity-settled share-based payments	827		834
	Movements in working capital			
(3,341)	(Increase)/decrease in trade and other receivables	(5,408)		1,287
(13,900)	Increase in inventories	(13,884)		(13,931)
(4,545)	Increase/(decrease) in payables and other liabilities	2,267		(1,338)
(22)	Interest paid	(14)		(19)
(7,515)	Income tax paid	(4,260)		(2,983)
133,520	Net cash flow from operating activities	55,530		69,001
	Cash flow from investing activities			
(36,903)	Payments for property, plant and equipment	(14,043)	27)	(11,339)
(29,735)	Payments for intangible assets	(87,635)	28)	(22,358)
432	Proceeds from disposal of property, plant and equipment	232		223
2,197	Government grant received related to investments	670		-
(47,454)	Payments to acquire financial assets	(86,640)		(5,631)
10,807	Proceeds on sale or redemption on maturity of financial assets	5,478		10,807
848	Disbursement of loans net	(1,608)		231
915	Interest received	394		522
2	Dividend receives	8		4
(98,891)	Net cash flow to investing activities	(183,144)		(27,541)
	Cash flow from financing activities			
(1,650)	Purchase of treasury shares	(819)		-
(13,500)	Dividend paid	(41,959)		(11,775)
(3,143)	Principal elements of lease payments	(1,568)		(1,651)
-	Repayment of borrowings	(15,207)		-
-	Proceeds from borrowings	86,407		-
(18,293)	Net cash flow from / (to) financing activities	26,854		(13,426)
16,336	Net (decrease)/increase in cash and cash equivalents	(100,760)		28,034
128,573	Cash and cash equivalents at beginning of year	142,262		128,573
(2,647)	Effect of foreign exchange rate changes on the balances held in foreign currencies	(572)		(547)
142,262	Cash and cash equivalents at end of period	40,930		156,060

Cash and cash equivalents at end of period cannot be reconciled directly to Cash and cash equivalents of the Consolidated Balance sheet due to the reclassification of assets held for sale.

Prepared in accordance with IAS 34 Interim Financial Reporting.

Notes to Consolidated Financial Statements

13) Non-current assets

The level of Other intangible assets increased primarily as a result of the recognition of our recently acquired outside US Evra® transdermal contraceptive patch as an intangible asset.

The higher levels of Non-current financial assets at fair value through profit or loss and Non-current financial assets at fair value through other comprehensive income resulted from the increase of securities (HUF 88bn), which is linked to the purchase of government securities, corporate bonds and other securities. Out of the latter amount HUF 70bn are related to the issuing of bonds.

14) Current assets

Cash and cash equivalents declined primarily as a result of the payment of the purchase price of the Evra® contraceptive patch, dividend payment together with acquisition of Non-current financial assets.

The decrease of Current financial assets at fair value reflects the derecognition of securities.

Higher Inventories were also built up during the first half 2021 in order to reduce supply-related risks linked to the pandemic.

15) Capital and reserves

Retained earnings amounted to HUF 765,246m and increased by HUF 13,838m. The increase was due to profits realized during the reported quarter.

16) Non-current liabilities

On 2 June 2021 the Group held a successful auction for qualified investors and received funding in the amount of HUF 70,273m 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.

As a consequence of having issued “RICHTER 2031 HUF Bonds” the amount of both assets and liabilities at fair value increased. The fair value of such bonds and financial instruments are detailed in the Appendix on page 32.

17) Current liabilities

Current liabilities have increased, impacted by higher levels of Borrowings together with Other current payables and accruals while the levels of Trade payables have declined.

18) Gross profit and margin

Gross profit was positively impacted by
- a significant year-on-year increase (HUF 8,422m) in royalties receivable linked to sales of Vraylar® in the USA.
- Royalty accounted for in respect of Evra® (HUF 5,929m) which is a new item;

while it was negatively impacted by:
- a decline in sales of relatively high margin oral contraceptives;
- the absence of the flu season affected turnover of antiviral Groprinosin negatively in the first half 2021 compared to heavy stockpiling in the base period;

Amortisation of acquired portfolio
Amortisation of the marketing and intellectual property rights of the OC portfolio acquired from Grünenthal amounted to HUF 2,102m. Corresponding figures for the base year was HUF 2,182m.

Amortization of Bemfola® amounted to HUF 1,040m, and we accounted for HUF 1,785m in respect of Evra® on the same grounds during the reported period.

Gross margin

56.1%	57.3%

Gross margin declined during the reported period when compared to that achieved in the base period as a result of the previously detailed offsetting items. This decline was also a consequence of higher turnover being achieved by core Pharmaceutical segment, was exceeded by sales growth reported by the lower margin Wholesale and retail business.

The year-on-year decline experienced at the gross margin level was partly due to a sales related milestone accounted for during the base period, which was not repeated in the reported period.

19) Sales and marketing expenses

Proportion to sales:

19.1%	19.9%

The proportion of Sales and marketing expenses to sales declined during the reported period. The amount of these slightly increased primarily because promotional activities were severely limited by pandemic related measures, with conferences and other commercial events having been cancelled in most of the regions where direct marketing activities are carried out by Richter.

Registration fee for medical representatives
The annual registration fee payable in respect of medical representatives in Hungary amounted to HUF 137m in the first half 2021. In accordance with the regulations tax payable in 2021 on this ground can be offset by 90% of the tax liability depending on the level of R&D expenditures and wage related expenses of the staff employed in this field. Given the high amounts directed to this activity Richter is practically exempted from the payment of this extraordinary tax from the second quarter of each year.

20) Administrative and general expenses

These expenses increased slightly during first half 2021 due to higher employee costs.

21) Research and development expenses

Proportion to sales:

10.6%	10.6%

The levels of such expenses have been determined primarily by the ongoing clinical trials carried out in co-operation with AbbVie together with development programs executed in the field of biotechnology and women's healthcare. Higher R&D costs resulted from certain CNS projects moving into clinical phase. These expenses changed approximately in line with the turnover.

22) Other income and other expenses (net)

Claw-back
Other income and expenses include during the first six months of 2021 liabilities amounting to HUF 2,684m in respect of the claw-back regimes. Such claw-backs increased primarily in Germany.

One-off items
During the first six months to June 2021 a milestone income of HUF 234m was accounted for in respect of cariprazine having been included for schizophrenia indication to the Pharmaceutical Benefits Scheme (PBS) in Australia. Further, a HUF 589m milestone income was reported during the base period primarily linked to the licensing-out of cariprazine to South Korea. Subsequent to a review of research programs conducted and product launches executed an impairment loss of HUF 4,202m was also incurred during the base period related to certain WHC products/projects.

20% tax obligation payable
In the first six months 2021 an expense of HUF 521m was accounted for in respect of the 20% tax obligation payable with regard to turnover related to reimbursed sales in Hungary. In accordance with the regulations tax payable on this ground can be offset by 90% of the tax liability depending on the level of R&D expenditures and wage related expenses of the staff employed in this field.

23) Profit from operations and operating margin and EBITDA

Profit from operations increased during the first six months 2021 when compared to the same period 2020.

Operating margin
20.5% 18.8%

EBITDA
HUF 80,719m HUF 70,149m

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.

24) Consolidated net financial (loss) / income

	HUFm			EURm		
	2021	**2020**	**Change**	**2021**	**2020**	**Change**
	6 months to June			6 months to June		
Unrealised financial items	(1,237)	3,786	-5,023	(3.5)	11.0	-14.5
Exchange (loss)/gain on trade receivables and trade payables	(439)	1,547	-1,986	(1.2)	4.5	-5.7
(Loss)/gain on foreign currency loans receivable	(513)	935	-1,448	(1.5)	2.7	-4.2
Foreign exchange and fair valuation difference of other financial assets and liabilities	12	1,690	-1,678	0.1	4.9	-4.8
Result of unrealised forward exchange contracts	25	5	20	0.1	0.0	0.1
Interest expenses related to IFRS 16 standard	(307)	(309)	2	(0.9)	(0.9)	0.0
Foreign exchange difference related to IFRS 16 standard	(15)	(82)	67	(0.1)	(0.2)	0.1
Realised financial items	(3,517)	5,665	-9,182	(9.8)	16.3	-26.1
Exchange (loss)/gain realised on trade receivables and trade payables	(1,618)	4,729	-6,347	(4.5)	13.7	-18.2
Foreign exchange difference on conversion of cash	(2,418)	393	-2,811	(6.8)	1.1	-7.9
Dividend income	8	4	4	0.0	0.0	0.0
Interest income	394	522	-128	1.1	1.5	-0.4
Interest expense	(14)	(19)	5	(0.0)	(0.1)	0.1
Other financial items	131	36	95	0.4	0.1	0.3
Net financial (loss)/income	(4,754)	9,451	-14,205	(13.3)	27.3	-40.6

25) Income and deferred tax

By virtue of Hungarian Tax Regulations, the base income of the Company, on which corporate tax is applied, may be reduced by the amount of direct costs incurred on R&D activities and 50% of royalties received. Other members of the Group are subject to customary tax regulations effective in their respective countries of incorporation.

In the first half of 2021 the Group reported HUF 457m tax income, which resulted from a HUF 1,593m corporate tax expense, a HUF 3m extraordinary tax expense and a HUF 2,053m deferred tax income.

26) Net income margin attributable to owners of the parent

18.5%	21.7%

27) and 28) Capital expenditure

Capital expenditure for the Group including payments for intangible assets (HUF 87,635m) totalled HUF 101,678m in the first half of 2021 when compared to HUF 33,697m reported for the same period 2020.

Corporate matters

Information regarding Richter shares

The number of shares in issue at 30 June 2021 was unchanged compared to 31 March 2021, i.e. 186,374,860 shares.

The number of shares held by the Parent company in Treasury increased during the first half of 2021.

	Ordinary shares				
	30 June 2021	31 March 2021	31 December 2020	30 September 2020	30 June 2020
Number	263,891	259,404	130,255	180,545	174,850
Book value (HUF '000)	2,292,721	2,254,114	950,619	1,082,945	1,044,855

On 27 April 2021 the Company purchased 2,500 Gedeon Richter common shares from its affiliated company Gedeon Richter USA, Inc. The purchased shares were transferred to Gedeon Richter Plc's securities account on 3 May 2021.

On 30 June 2021 the Group's subsidiaries held a total of 3,000 ordinary Richter shares.

In accordance with a repurchase obligation related to employee share bonuses, the Company repurchased 5,443 shares from employees who resigned from the Parent company during the second quarter 2021.

Based on a decision of the Board of Directors, 6,980 shares held by the Company in treasury were granted in June 2021 to employees participating in a bonus share programme and to other employees who rendered outstanding performance.

In the second quarter 2021 Richter purchased 3,524 treasury shares on the OTC market.

The total number of Company shares at Group level held in Treasury at 30 June 2021 was 266,891.

Share ownership structure

The shareholder structure at 30 June 2021 is presented in detail in the following table:

Ownership	Ordinary shares Number	Voting rights %	Share capital %
Domestic ownership	63,475,762	34.19	34.06
State ownership total	9,777,784	5.27	5.25
out of which MNV Zrt.	9,777,658	5.27	5.25
out of which Municipality	126	0.00	0.00
Institutional investors	46,982,668	25.31	25.21
out of which Maecenas Universitatis Corvini Foundation	18,637,486	10.04	10.00
out of which Mathias Corvinus Collegium Foundation	18,637,486	10.04	10.00
Retail investors	6,715,310	3.61	3.60
International ownership	122,141,698	65.80	65.53
Institutional investors	121,346,816	65.37	65.11
out of which FMR LLC	9,457,941	5.09	5.07
Retail investors	794,882	0.43	0.42
Treasury shares*	739,653	0.00	0.40
Undisclosed ownership	17,747	0.01	0.01
Share capital	186,374,860	100.00	100.00

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

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 20 May 2021 Richter announced that the European Commission had granted approval for the marketing authorization of the novel combined oral contraceptive containing 15 mg estetrol and 3 mg drospirenone. This decision followed a positive opinion from the Committee for Medicinal Products for Human Use of the European Medicines Agency on 26 March 2021 and is applicable for all Member States in the European Union. The product is marketed in Europe by Richter under the brand name Drovelis®.

- On 21 May 2021 Richter announced that the Committee for Medicinal Products for Human Use of the European Medicines Agency had adopted a positive opinion recommending approval of RYEQO® (relugolix 40 mg, estradiol 1.0 mg, and norethisterone acetate 0.5 mg) for the treatment of moderate to severe symptoms of uterine fibroids in adult women of reproductive age.

- On 02 June 2021 Richter announced that it extended its existing licensing agreement with AbbVie, originally dated 2004, for the development and commercialization of its own-developed molecule, cariprazine. The initial agreement covered the territories of the USA and Canada and was extended in 2019 to include certain countries in Latin America. The present agreement further expands the geographic scope of the co-operation to include Japan and Taiwan.

- On 21 June 2021 Richter announced that it has signed a multi-party agreement to divest its wholesale operation in the Republic of Moldova to Grin-Farm S.R.L. and its retail operations to BIRIVOFARM S.R.L., both incorporated in the Republic of Moldova.

- Following the end of the reported period, on 20 July 2021 Richter announced that the European Commission had granted approval for the marketing authorization of RYEQO® a novel oral treatment of moderate to severe symptoms of uterine fibroids in adult women of reproductive age. This decision followed a positive opinion from the Committee for Medicinal Products for Human Use of the European Medicines Agency on 21 May 2021 and is applicable for all Member States in the European Union.

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. 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.

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 2021 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, 03 August 2021

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 2020 are audited. Financial statements for the six months period ended 30 June 2020 and 30 June 2021 are unaudited.

Appendix

"RICHTER 2031 HUF Bonds"

On 2 June 2021 the Group held a successful auction for qualified investors and received funding in the amount of HUF 70,273m 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 70,000m
- 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 63,213m) 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 7,060m) is presented among Other non-current liabilities and accruals on 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 Group decided to apply the fair 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.

Fair value of financial instruments

	30 June 2021				31 December 2020			
HUFm	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current financial assets at fair value through profit or loss	64,557	13,134	7,220	**84,911**	-	4,479	6,318	**10,797**
Non-current financial assets at fair value through other comprehensive income	51,567	-	-	**51,567**	38,216	-	-	**38,216**
Current financial assets at fair value	25	-	1,645	**1,670**	-	5,478	1,664	**7,142**
Total financial assets measured at fair value on a recurring basis	**116,149**	**13,134**	**8,865**	**138,148**	**38,216**	**9,957**	**7,982**	**56,155**
Financial liabilities								
Non-current financial liabilities at fair value	26	63,689	-	**63,715**	-	-	-	-
Current financial liabilities at fair value	-	-	-	**-**	-	-	-	-
Total financial liabilities measured at fair value on a recurring basis	**26**	**63,689**	**-**	**63,715**	**-**	**-**	**-**	**-**

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 Group 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.

Changes in the Consolidated Income Statement

The amortization period and the amortization method for an intangible asset shall be reviewed at least at each financial year-end. If the expected useful life of the asset is different from previous estimates, then amortization calculated for current and future periods shall be adjusted accordingly. Because of the nature of the business and intangible assets, the residual value has been usually determined to be nil. Previously, the amortisation expense of product rights, and other rights related to products are presented in two separate line items in the Income statement:
- Cost of sales
- Sales and marketing expenses.

Beginning from the preparation of the 2020 financial statements, the amortisation of all intangible assets and (other) rights related to products (except customer relationship assets) is presented as part of Cost of sales. This reclassification is in line with the way how management evaluates and manages the business. As a consequence, the new accounting policy provides more relevant information and thus increases the quality of the internal and external financial reporting.

The new accounting policy is applied retrospectively and thus the comparative figures are restated. The Cost of sales increased by HUF 2,864 million and the Sales and marketing expenses decreased by the same amount. The change affects only the Income statement