

Gedeon Richter

**Report to the Budapest Stock Exchange
9 months to September 2021**

Contents

Contents	2
Executive Summary	4
COVID-19 pandemic – crisis management.....	5
Notes to Specialty Sales	6
Notes to Pharmaceutical Sales.....	11
Background Information on Pharmaceutical Sales	14
Background Information on Wholesale and Retail Sales	15
Information on Business Segments	16
Consolidated Financial Statements	17
Consolidated Balance Sheet – Assets	17
Consolidated Balance Sheet – Equity and Liabilities	18
Consolidated Statement of Changes in Equity	19
Consolidated Income Statement – HUF.....	21
Consolidated Income Statement – EUR.....	22
Consolidated Income Statement – 3 months to September HUF, EUR	23
Consolidated Cash flow Statement.....	24
Notes to Consolidated Financial Statements	25
Corporate matters.....	29
Risk management.....	31
Disclosures	32
Appendix.....	33

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.

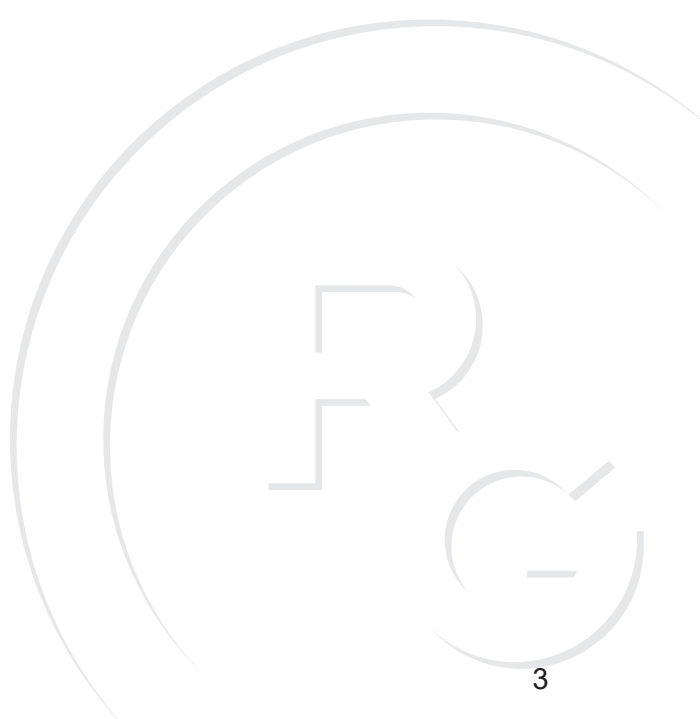
For comparison reasons base period data have been reclassified accordingly.

“Sales revenues in the first nine months were up on a year-on-year basis in most markets in both HUF and EUR terms, fuelled by growth in the specialty portfolio, in particular higher Vraylar® and Evra® royalties. This broad-based strength in revenue performance was translated into a solid bottomline also ex-Vraylar®, despite higher spending on R&D as planned.

Profitability was supported by continued cost-control measures and exchange rates converging to last year’s averages in Q3. Some of those currency developments correlated with a surge in energy prices, in itself a reflection of broader supply bottlenecks globally that we have had to deal with. We have so far managed to avoid disruptions to our operations, not least thanks to growing vaccination rates.

In late October, the cariprazine phase 3 study met its primary endpoint in adjunctive treatment for Major Depressive Disorder and we expect our US partner AbbVie to file an sNDA for Vraylar® in the first half 2022. In addition, both our new innovative products in the Women’s Healthcare space are now available to patients in several European markets.”

Gábor Orbán



Executive Summary

Consolidated sales	HUFm				EURm	
	2021	2020	Change		2021	2020
	9 months to September				9 months to September	
Total	454,321	416,389	37,932	9.1	1,275.3	1,196.2

Pharma sales	HUFm				Notes	EURm	
	2021	2020	Change			2021	2020
	9 months to September					9 months to September	
Hungary	31,451	29,818	1,633	5.5	6)	88.3	85.6
Europe*	113,181	102,364	10,817	10.6	7)	317.7	294.1
CEE	53,079	50,425	2,654	5.3		149.0	144.9
WEU	60,102	51,939	8,163	15.7		168.7	149.2
CIS	90,235	92,279	-2,044	-2.2	8)	253.3	265.1
Russia	61,174	63,588	-2,414	-3.8		171.7	182.7
Ukraine	9,883	9,113	770	8.4		27.8	26.2
Other CIS	19,178	19,578	-400	-2.0		53.8	56.2
USA	86,194	80,541	5,653	7.0	9)	241.9	231.4
China	10,300	8,493	1,807	21.3	10)	28.9	24.4
Latin America	9,889	5,590	4,299	76.9	11)	27.7	16.0
RoW	22,465	21,281	1,184	5.6	12)	63.1	61.1
Total	363,715	340,366	23,349	6.9		1,020.9	977.7

* excluding Hungary

Specialty sales	HUFm				Notes	EURm	
	2021	2020	Change			2021	2020
	9 months to September					9 months to September	
cariprazine	74,329	67,135	7,194	10.7	1)	208.6	192.9
Vraylar [®] royalty	71,252	56,558	14,694	26.0		200.0	162.5
Vraylar [®] milestone	-	7,946	-7,946	n.a.		-	22.8
Reagila [®]	3,077	2,631	446	17.0		8.6	7.6
WHC	124,416	114,753	9,663	8.4	2)	349.2	329.6
Bemfola [®]	14,983	11,708	3,275	28.0	3)	42.1	33.6
Evra [®] royalty	9,704	-	9,704	n.a.	4)	27.2	-
OCs	76,141	83,446	-7,305	-8.8		213.7	239.7
teriparatide	9,284	6,668	2,616	39.2	5)	26.1	19.2
Total	208,029	188,556	19,473	10.3		583.9	541.7
Proportion to Pharma sales (%)	57.2	55.4					

Wholesale and retail sales	HUFm				EURm	
	2021	2020	Change		2021	2020
	9 months to September				9 months to September	
Total	97,179	83,995	13,184	15.7	272.8	241.3

Exchange rate gain / loss at consolidated sales level:

HUF -4,800m

Selected exchange rates – period averages

	2021 M9	2020 M9
EURHUF	356.25	348.11
USDHUF	298.08	309.36
RUBHUF	4.02	4.37
CNYHUF	46.11	44.52

Selected consolidated business metrics

	HUFm	
	2021	2020
	9 months to September	
Gross margin* %	55.5	56.8
Operating margin %	20.7	19.8
Profit margin attributable to owners of the parent %	20.5	20.0

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.

Euromonitor International finds that the global economy is now experiencing a fast recovery with growth likely to approach 6% in 2021 and continue at 4.6% in 2022. While the 2021 global real GDP growth forecast has remained unchanged relative to Q2, it reflects a 0.4 percentage points upgrade for advanced economies, offset by a 0.4 percentage points downgrade for developing economies. Euromonitor consequently reconfirms the findings of a recent study released by World Bank Group (Global Economic Prospects) earlier this year which saw the world economy experiencing an exceptionally strong and at the same time highly uneven recovery.

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. With just above 60% of the population vaccinated at least once (and 57.9% fully vaccinated) by mid October Hungary has remained somewhat behind the EU/EEA combined average of 67.9% and 63.1%, respectively.

Notwithstanding the above, Richter delivered on time and in full to all its customers also during the third quarter 2021. Health and wellbeing of our colleagues remained the focus of Management, with the supply of reputed and affordable medication maintained worldwide throughout the entire reported period. Taken into account the higher rate of infections related to the fourth wave of the pandemic and being empowered by the Government of Hungary Richter's Management is currently considering to introduce compulsory vaccination across all of its Hungarian sites.

Promotional activities did not change significantly in the third 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 nine months 2021 amounted to HUF 71,252m (USD 239.0m). 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 25.7m) milestone income was triggered in the base period.

Proceeds from Reagila[®] amounted to HUF 3,077m (EUR 8.6m) during the reported period.

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

	Turnover (Royalties included)				
	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3
USDm / Vraylar[®] (royalty+API)	93.9	77.2	69.2	76.3	68.2
EURm / Reagila[®] (royalty+product sales)	3.2	3.6	1.8	3.0	2.5

Recent developments

USA

Following an established pattern of seasonally lower sales in the first quarter, the net sales of **Vraylar[®]** showed robust growth in the third 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 26.0% (30.7% in USD terms) during the reported period.

Following the reporting period in late October 2021 Richter announced that both phase III clinical trials which were ongoing in the USA to determine efficacy, safety, and tolerability of cariprazine as an adjunctive treatment of Major Depressive Disorder (MDD) have been completed. In one of the studies cariprazine showed a statistically significant change to week six in the Montgomery-Åsberg Depression Rating Scale (MADRS) total score compared with placebo while in the other it failed to reach statistical significance at its primary endpoints.

Based on the positive results of the clinical studies and the totality of data reported, AbbVie intends to submit a supplemental New Drug Application (sNDA) with the U.S. Food and Drug Administration for the expanded use of cariprazine for the adjunctive treatment of 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. With effect from 1 November 2021 **Reagila**[®] was included on the reimbursement list in Poland.

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

In the WEU region **Reagila**[®] was launched with reimbursement in Greece during the third quarter. There are now 12 markets in Western Europe where the product is commercialised by Recordati with reimbursement. 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**[®] was included on the Essential Drug List (EDL) and it is available with reimbursement to patients suffering from schizophrenia, bipolar mania and bipolar depression. 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.

With effect from 1 September 2021 cariprazine is available with reimbursement to Australian patients with a schizophrenia indication, marketed by Richter's Australian partner Seqirus.

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

In the reported period **Reagila**[®] was registered in the United Arab Emirates by Hikma. The product is already on the market in Egypt, Jordan and Saudi Arabia and further regulatory activities are ongoing in several MENA countries.

Mitsubishi Tanabe Pharma Corporation commercialises cariprazine in Malaysia, Singapore and Thailand.

Altogether by the end of the first nine months to September 2021 cariprazine was available in 46 countries globally including the USA and Hungary, with reimbursement in most 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
	9 months to September				9 months to September	
				%		
Hungary	3,332	3,078	254	8.3	9.3	8.8
Europe*	60,213	49,516	10,697	21.6	169.0	142.2
CEE	15,050	11,834	3,216	27.2	42.2	34.0
WEU	45,163	37,682	7,481	19.9	126.8	108.2
CIS	26,332	28,210	-1,878	-6.7	73.9	81.0
Russia	20,566	22,792	-2,226	-9.8	57.7	65.4
Ukraine	2,430	2,152	278	12.9	6.8	6.2
Other CIS	3,336	3,266	70	2.1	9.4	9.4
USA	8,429	11,075	-2,646	-23.9	23.7	31.8
China	7,945	9,414	-1,469	-15.6	22.3	27.1
Latin America	8,093	3,901	4,192	107.5	22.7	11.2
RoW	10,072	9,559	513	5.4	28.3	27.5
Total	124,416	114,753	9,663	8.4	349.2	329.6

* excluding Hungary

WHC sales in the first nine months 2021 exceeded levels recorded in same period of the previous year by HUF 9,663 or 8.4%. Higher sales levels recorded in WEU, Latin America, CEE and most of the RoW markets were partly offset by lower turnover achieved in USA, Russia and China. 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 (-8.0% and -11.2%, 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
	9 months to September	
Hungary	10.5	10.3
Europe*	53.2	48.4
CEE	28.3	23.5
WEU	75.2	72.5
CIS	29.2	30.6
USA	9.8	13.7
China**	77.2	n.a
Latin America	81.9	70.0
RoW	44.8	45.0
Total	34.2	33.7

* excluding Hungary

** As a credit note was issued during the third quarter 2020 in respect of previously shipped stocks of [Cavinton](#) the proportion of WHC sales to total sales in China is not available.

Western Europe Top 5 markets

	MEUR	
	2021	2020
	9 months to September	
Germany	27.4	26.0
Spain	24.8	18.1
Italy	17.2	15.9
France	15.3	13.0
UK	13.5	11.6
Total Top 5 Sales	98.2	84.6
Total WEU Sales	126.8	108.2
Total Top 5 Sales %	77.4	78.2

3) Bemfola® – Women’s Healthcare

	HUFm				EURm	
	2021	2020	Change		2021	2020
	9 months to September				9 months to September	
				%		
Hungary	557	455	102	22.4	1.6	1.3
Europe*	11,806	8,872	2,934	33.1	33.2	25.5
CEE	1,410	1,102	308	27.9	4.0	3.2
WEU	10,396	7,770	2,626	33.8	29.2	22.3
CIS	122	-	122	n.a.	0.3	-
Latin America	3	-	3	n.a.	0.0	-
RoW	2,495	2,381	114	4.8	7.0	6.8
Total	14,983	11,708	3,275	28.0	42.1	33.6

* 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 nine months 2021 amounted to HUF 14,983m, exceeding low base figures by HUF 3.275m or 28.0% as most of the fertility centres resumed their activities in many European countries. In EUR terms sales performance of this product reported for the nine months to September 2021 increased by 25.3% when compared to the exceptionally weak first three quarters 2020.

4) Evra® – Women’s Healthcare

	HUFm				EURm	
	2021	2020	Change		2021	2020
	9 months to September				9 months to September	
				%		
Europe*	3,918	-	3,918	n.a.	11.0	-
CEE	783	-	783	n.a.	2.2	-
WEU	3,135	-	3,135	n.a.	8.8	-
CIS	197	-	197	n.a.	0.6	-
Latin America	3,008	-	3,008	n.a.	8.4	-
RoW	2,581	-	2,581	n.a.	7.2	-
Total	9,704	-	9,704	n.a.	27.2	-

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 8th on our Top10 products list.

Royalty income recorded by this product during the first nine months 2021 amounted to HUF 9,704m (EUR 27.2m).

5) Teriparatide – biosimilar portfolio

Total sales proceeds from teriparatide amounted to HUF 9,284m (EUR 26.1m) in the first three quarters 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 the Israel market. Sales proceeds from Japan contributed HUF 2,364m representing 25% of total sales achieved by the product.

Notes to Pharmaceutical Sales

6) Hungary

The underlying market increased by 6.1% while retail sales of Richter products remained virtually flat (increased by 0.3%) 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 4.4%. Taking into account the prescription drugs retail market alone, Richter qualifies for second place with a market share of 7.3%.

7) Europe

The **Central and Eastern European** region sales represented 47% of total European sales of the Group's pharmaceutical segment.

Turnover recorded in **Poland** increased by 2.4% in HUF terms. Royalty income of **Evra®** and higher sales levels of **oral contraceptives** more than offset lower sales levels of our leading antiviral product, **Groprinosin**.

Lower sales of seasonal products and a strong base effect resulted in a virtually flat performance (0.8% increase in HUF terms) in **Romania**.

Turnover in the **Western European** region increased materially by 15.7% expressed in HUF terms. Growth recorded in Germany, Spain, Italy 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 53% of total European pharmaceutical sales.

8) CIS

Sales to **Russia** at HUF 61,174m (RUB 15,217.5m) declined by 3.8% in HUF terms (increased by 4.6% in RUB terms). The RUB depreciated against the HUF on an average of 8.0% compared to the nine months to September 2020. While the market environment remained volatile in the reported period direct promotional activities resumed at levels experienced prior to the pandemic.

A price adjustment of an average 4.8% impacted positively our overall portfolio during the first nine months 2021.

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.

In-market intelligence (IQVIA, data relative to the first eight months) suggests that while the market declined by 9.6% in volume terms Richter products decreased by 5.2%. In-market turnover recorded by our products declined by 2.4% during the first nine months in 2021.

Sales of originator products reported a significant increase during the reported period while generic manufacturers could record near flat sales in the first three quarters 2021 when expressed in RUB terms. Partly because of international sanctions imposed on Russia local manufacturers realised higher sales in volume terms compared to declining sales of international pharmaceutical producers.

Sales levels during the reported period at EUR 171.7m declined by EUR 11.0m when compared to the first three quarters 2020, a decline caused by the RUB falling notably against the EUR during the reported period, 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 nine months 2021, at EUR 27.8m increased by 6.1% primarily due certain restocking at wholesalers. In addition an increase of our prices averaging 2.5% also contributed to the sales growth achieved. Sales to **Other CIS** markets reported a turnover of HUF 19,178m, representing a slight decline when compared to the sales performance achieved in the nine months to September 2020. Worsening exchange rates against EUR also characterised the business environment in certain countries of this group.

9) USA

Sales to the **USA**, our leading market as far as revenue is concerned, increased by 7.0% in HUF terms and by 11.1% in USD terms. Revenues linked to **Vraylar**[®] amounted to HUF 71,252m (USD 239.0m), a growth of 10.5% (14.6% in USD terms) when compared to the first nine months 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 26.0% when expressed in HUF terms (30.7% in USD) based on turnover achieved by our partner, AbbVie.

Lower turnover recorded in respect of finished form **Plan B / Plan B One-Step** impacted adversely our turnover achieved.

10) China

A credit note amounting to HUF 3.8bn (EUR 10m) issued in the base period to the wholesalers, which followed the delisting of **Cavinton** injectables resulted in a virtual increase reported in the first nine months 2021 in this market. Richter's Management considers this market to be of utmost importance and it focuses on the promotion of the current WHC portfolio while at the same time having a strategic objective to further enhance this product line.

11) Latin America

Higher turnover was recorded in most countries of this region, out of which the performance of Mexico and Chile contributed primarily to the outstanding sales levels reported in the first nine months 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 teriparatide contributed primarily to the sales growth achieved during the reported period. Geographically, a growth was driven primarily by higher turnover recorded in Canada, Mongolia and Japan.

Background Information on Pharmaceutical Sales

by region in currencies of invoicing

	Currency (million)	2021 9 months to September	2020 9 months to September	Change %
Hungary	HUF	31,451	29,818	5.5
Europe*	EUR	317.7	294.1	8.0
CEE	EUR	149.0	144.9	2.8
WEU	EUR	168.7	149.2	13.1
CIS	EUR	253.3	265.1	-4.5
	USD	302.7	298.3	1.5
Russia	RUB	15,217.5	14,551.0	4.6
Ukraine	EUR	27.8	26.2	6.1
Other CIS	EUR	53.8	56.2	-4.3
	USD	64.3	63.3	1.6
USA	USD	289.2	260.3	11.1
China	CNY	223.4	190.8	17.1
Latin America	USD	33.2	18.0	84.4
RoW	EUR	63.1	61.1	3.3
	USD	75.3	68.8	9.4

* excluding Hungary

to Top 10 markets

	HUFm				EURm	
	2021 9 months to September	2020 9 months to September	Change %		2021 9 months to September	2020 9 months to September
USA	86,194	80,541	5,653	7.0	241.9	231.4
Russia	61,174	63,588	-2,414	-3.8	171.7	182.7
Hungary	31,451	29,818	1,633	5.5	88.3	85.6
Poland	20,641	20,154	487	2.4	57.9	57.9
Germany	17,413	14,672	2,741	18.7	48.9	42.1
Spain	11,595	8,876	2,719	30.6	32.5	25.5
China	10,300	8,493	1,807	21.3	28.9	24.4
Ukraine	9,883	9,113	770	8.4	27.8	26.2
Romania	9,189	9,114	75	0.8	25.8	26.2
Italy	6,823	5,816	1,007	17.3	19.2	16.7
Total Top 10	264,663	250,185	14,478	5.8	742.9	718.7
Total Sales	363,715	340,366	23,349	6.9	1,020.9	977.7
Total Top 10 / Total Sales %					72.8	73.5

of Top 10 products

	HUFm				EURm	
	2021	2020	Change		2021	2020
	9 months to September		%		9 months to September	
Oral contraceptives Vraylar® / Reagila® / cariprazine	76,141	83,446	-7,305	-8.8	213.7	239.7
Bemfola®	74,733	67,232	7,501	11.2	209.8	193.1
Mydeton	14,983	11,708	3,275	28.0	42.1	33.6
Cavinton	12,908	12,688	220	1.7	36.2	36.4
Verospiron	12,629	8,865	3,764	42.5	35.4	25.5
Panangin	11,524	11,369	155	1.4	32.3	32.7
Evra® (royalty)	10,824	12,332	-1,508	-12.2	30.4	35.4
Terrosa® / teriparatide	9,704	-	9,704	n.a.	27.2	-
Aflamin	9,284	6,668	2,616	39.2	26.1	19.2
Total Top 10	8,641	7,969	672	8.4	24.3	22.9
Total Sales	241,371	222,277	19,094	8.6	677.5	638.5
Total Top 10 / Total Sales %	363,715	340,366	23,349	6.9	1,020.9	977.7
					66.4	65.3

Background Information on Wholesale and Retail Sales

	HUFm				EURm	
	2021	2020	Change		2021	2020
	9 months to September		%		9 months to September	
Hungary	2	-	2	n.a.	0.0	-
Europe*	83,870	67,068	16,802	25.1	235.4	192.6
CEE	83,870	67,068	16,802	25.1	235.4	192.6
CIS	9,818	13,317	-3,499	-26.3	27.6	38.3
Other CIS	9,818	13,317	-3,499	-26.3	27.6	38.3
Latin America	3,489	3,610	-121	-3.4	9.8	10.4
Total	97,179	83,995	13,184	15.7	272.8	241.3

* excluding Hungary

As notified 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 CIS decline experienced is mostly due to the transaction which closed in July 2021.

Information on Business Segments

	Pharmaceuticals		Wholesale and retail		Other		Eliminations		Group total	
	9 months to September 2021	2020	9 months to September 2021	2020	9 months to September 2021	2020	9 months to September 2021	2020	9 months to September 2021	2020
P&L items HUFm										Restated*
Revenues	363,715	340,366	97,179	83,995	5,098	5,111	(11,671)	(13,083)	454,321	416,389
Cost of sales	(119,645)	(112,207)	(89,643)	(75,636)	(4,556)	(4,307)	11,682	12,217	(202,162)	(179,933)
Gross profit	244,070	228,159	7,536	8,359	542	804	11	(866)	252,159	236,456
Profit from operations	93,309	82,378	336	506	289	278	-	(879)	93,934	82,283
Net financial income/(loss)	6,253	7,282	(250)	(1,032)	6	8	(4,203)	(1,337)	1,806	4,921
Miscellaneous items										
Capital expenditure HUFm	119,882	45,698	468	380	151	187	(16)	-	120,485	46,265
Number of employees at the end of the period	10,801	11,090	1,125	1,428	402	418	-	-	12,328	12,936
Business metrics %										
Gross margin	67.1	67.0	7.8	10.0	10.6	15.7	-	-	55.5	56.8
Operating margin	25.7	24.2	0.3	0.6	5.7	5.4	-	-	20.7	19.8

See Appendix

Consolidated Financial Statements

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-September 2021

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor.relations@richter.hu
 Investor relations manager: Katalin Ördög

Consolidated Balance Sheet – Assets

	30 September 2021 Not audited HUFm	Notes	31 December 2020 Audited HUFm	Change %
ASSETS	1,113,759		948,589	17.4
Non-current assets	695,407	13)	499,071	39.3
Property, plant and equipment	263,129		254,121	3.5
Investment property	107		110	-2.7
Goodwill	32,944		31,398	4.9
Other intangible assets	223,538		141,303	58.2
Investments in associates and joint ventures	10,471		12,269	-14.7
Non-current financial assets at amortised cost	4,507		1,171	284.9
Non-current financial assets at fair value through profit or loss	86,051		10,797	697.0
Non-current financial assets at fair value through other comprehensive income	63,839		38,216	67.0
Deferred tax assets	8,576		7,139	20.1
Long term receivables	2,245		2,547	-11.9
Current assets	418,352	14)	449,518	-6.9
Inventories	127,765		110,059	16.1
Contract assets	3,004		3,080	-2.5
Trade receivables	175,935		152,652	15.3
Other current assets	29,326		27,162	8.0
Current financial assets at amortised cost	21,524		371	n.a.
Current financial assets at fair value	-		7,142	-100.0
Current tax asset	1,553		1,196	29.8
Cash and cash equivalents	59,245		142,068	-58.3
Assets classified as held for sale	-		5,788	-100.0

Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-September 2021

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor_relations@richter.hu
 Investor relations manager: Katalin Ördög

Consolidated Balance Sheet – Equity and Liabilities

	30 September 2021 Not audited HUFm	Notes	31 December 2020 Audited HUFm	Change %
EQUITY AND LIABILITIES	1,113,759		948,589	17.4
Capital and reserves	871,406	15)	813,939	7.1
Share capital	18,638		18,638	0.0
Treasury shares	(4,684)		(3,791)	23.6
Share premium	15,214		15,214	0.0
Capital reserves	3,475		3,475	0.0
Foreign currency translation reserves	24,945		21,039	18.6
Revaluation reserves for financial assets at fair value through other comprehensive income	2,605		974	167.5
Retained earnings	803,859		751,408	7.0
Non-controlling interest	7,354		6,982	5.3
Non-current liabilities	94,178	16)	26,712	252.6
Deferred tax liability	1,517		1,753	-13.5
Non-current liabilities at fair value	62,578		805	n.a.
Long-term lease liability	11,367		10,754	5.7
Other non-current liabilities and accruals	12,158		6,747	80.2
Provisions	6,558		6,653	-1.4
Current liabilities	148,175	17)	107,938	37.3
Borrowings	28,673		-	n.a.
Trade payables	62,706		65,838	-4.8
Contract liabilities	1,750		772	126.7
Current tax liabilities	1,305		1,993	-34.5
Current liabilities at fair value	2,977		4,014	-25.8
Short-term lease liability	4,029		3,802	6.0
Other current payables and accruals	44,164		24,918	77.2
Provisions	2,571		4,866	-47.2
Liabilities directly associated with assets classified as held for sale	-		1,735	-100.0

Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-September 2021

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor.relations@richter.hu
 Investor relations manager: Katalin Ördög

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	-	-	-	-	-	-	83,102	83,102	1,202	84,304
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	(438)	-	(438)	609	171
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	(309)	-	(309)	-	(309)
Actuarial loss on retirement defined benefit plans	-	-	-	-	-	-	(716)	(716)	-	(716)
Changes in the fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	(1,047)	-	-	(1,047)	-	(1,047)
Total comprehensive income at 30 September 2020	-	-	-	-	(1,047)	(747)	82,386	80,592	1,811	82,403
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	-	-	-	(54)	-	-	54	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	1,210	1,210	-	1,210
Ordinary share dividend for 2019	-	-	-	-	-	-	(11,741)	(11,741)	-	(11,741)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(316)	(316)
Transactions with owners in their capacity as owners for period ended										
30 September 2020	-	-	-	(54)	(6,569)	-	(3,908)	(10,531)	(316)	(10,847)
Balance at 30 September 2020	18,638	15,214	3,475	(3,924)	1,004	21,466	732,169	788,042	8,387	796,429

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-September 2021

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor_relations@richter.hu
 Investor relations manager: Katalin Ördög

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	-	-	-	-	-	-	93,108	93,108	1,013	94,121
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	3,723	-	3,723	8	3,731
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	183	-	183	-	183
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	-	-	1,631	-	-	1,631	-	1,631
Total Comprehensive income at 30 September 2021	-	-	-	-	1,631	3,906	93,108	98,645	1,021	99,666
Purchase of treasury shares	-	-	-	(819)	-	-	-	(819)	-	(819)
Transfer of treasury shares	-	-	-	(74)	-	-	70	(4)	-	(4)
Recognition of share-based payments	-	-	-	-	-	-	1,207	1,207	-	1,207
Ordinary share dividend for 2020	-	-	-	-	-	-	(41,934)	(41,934)	-	(41,934)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(206)	(206)
Sale of subsidiaries	-	-	-	-	-	-	-	-	(443)	(443)
Transactions with owners in their capacity as owners for period ended										
30 September 2021	-	-	-	(893)	-	-	(40,657)	(41,550)	(649)	(42,199)
Balance at 30 September 2021	18,638	15,214	3,475	(4,684)	2,605	24,945	803,859	864,052	7,354	871,406

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-September 2021

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor_relations@richter.hu
 Investor relations manager: Katalin Ördög

Consolidated Income Statement – HUF

For the year ended 31 December 2020 Audited HUFm		For the period ended 30 September			
		2021 Not audited HUFm	Notes	2020 Restated*	Change %
566,776	Revenues	454,321		416,389	9.1
(248,006)	Cost of sales	(202,162)		(179,933)	12.4
318,770	Gross profit	252,159	18)	236,456	6.6
(105,555)	Sales and marketing expenses	(83,793)	19)	(78,920)	6.2
(28,211)	Administration and general expenses	(21,991)	20)	(21,055)	4.4
(53,977)	Research and development expenses	(48,119)	21)	(42,792)	12.4
(17,267)	Other income and other expenses (net)	(4,514)	22)	(11,876)	-62.0
1,329	Reversal of impairment on financial and contract assets	192		470	-59.1
115,089	Profit from operations	93,934	23)	82,283	14.2
28,780	Finance income	18,226		23,336	-21.9
(29,605)	Finance costs	(16,420)		(18,415)	-10.8
(825)	Net financial income/(loss)	1,806	24)	4,921	-63.3
900	Share of profit of associates and joint ventures	2,419		1,832	32.0
115,164	Profit before income tax	98,159		89,036	10.2
(4,487)	Income and deferred tax	(556)	25)	(1,160)	-52.1
(4,625)	Local business tax and innovation contribution	(3,482)		(3,572)	-2.5
106,052	Profit for the period	94,121		84,304	11.6
104,683	Profit attributable to:				
1,369	Owners of the parent	93,108	26)	83,102	12.0
	Non-controlling interest	1,013		1,202	-15.7
106,052	Statement of comprehensive income				
106,052	Profit for the period	94,121		84,304	11.6
(1,707)	Actuarial loss on retirement defined benefit plans	-		(716)	-100.0
(1,077)	Changes in the fair value of equity instruments at fair value through other comprehensive income	2,317		(1,047)	n.a.
(2,784)	Items that will not be reclassified to profit or loss (net of tax)	2,317		(1,763)	n.a.
(591)	Exchange differences arising on translation of subsidiaries	3,731		171	n.a.
(103)	Exchange differences arising on translation of associates and joint ventures	183		(309)	n.a.
-	Changes in fair value of debt instruments at fair value through other comprehensive income	(686)		-	n.a.
(694)	Items that may be subsequently reclassified to profit or loss (net of tax)	3,228		(138)	n.a.
(3,478)	Other comprehensive income for the period	5,545		(1,901)	n.a.
102,574	Total comprehensive income for the period	99,666		82,403	20.9
100,725	Attributable to:				
1,849	Owners of the parent	98,645		80,592	22.4
	Non-controlling interest	1,021		1,811	-43.6
	HUF Earnings per share (EPS)	HUF		HUF	%
563	Basic	501		447	12.1
563	Diluted	501		447	12.1

* See Appendix

Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-September 2021

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor.relations@richter.hu
 Investor relations manager: Katalin Ördög

Consolidated Income Statement – EUR

For the year ended 31 December 2020	Not audited EURm	For the period ended 30 September		
		2021 Not audited EURm	2020 Restated*	Change %
1,614.8	Revenues	1,275.3	1,196.2	6.6
(706.6)	Cost of sales	(567.5)	(517.0)	9.8
908.2	Gross profit	707.8	679.2	4.2
(300.7)	Sales and marketing expenses	(235.2)	(226.7)	3.7
(80.4)	Administration and general expenses	(61.7)	(60.5)	2.0
(153.8)	Research and development expenses	(135.0)	(122.9)	9.8
(49.2)	Other income and other expenses (net)	(12.7)	(34.1)	-62.8
3.8	Reversal of impairment on financial and contract assets	0.5	1.4	-64.3
327.9	Profit from operations	263.7	236.4	11.5
82.0	Finance income	51.2	67.0	-23.6
(84.4)	Finance costs	(46.1)	(52.9)	-12.9
(2.4)	Net financial income/(loss)	5.1	14.1	-63.8
2.6	Share of profit of associates and joint ventures	6.8	5.3	28.3
328.1	Profit before income tax	275.6	255.8	7.7
(12.8)	Income and deferred tax	(1.6)	(3.4)	-52.9
(13.1)	Local business tax and innovation contribution	(9.8)	(10.2)	-3.9
302.2	Profit for the period	264.2	242.2	9.1
	Profit attributable to:			
298.3	Owners of the parent	261.4	238.7	9.5
3.9	Non-controlling interest	2.8	3.5	-20.0
350.98	Average exchange rate (EURHUF)	356.25	348.11	2.3
	Statement of comprehensive income			
302.2	Profit for the period	264.2	242.2	9.1
(4.8)	Actuarial loss on retirement defined benefit plans	-	(2.1)	(100.0)
(3.1)	Changes in the fair value of equity instruments at fair value through other comprehensive income	6.5	(3.0)	n.a.
(7.9)	Items that will not be reclassified to profit or loss (net of tax)	6.5	(5.1)	n.a.
(1.7)	Exchange differences arising on translation of subsidiaries	10.5	0.5	n.a.
(0.3)	Exchange differences arising on translation of associates and joint ventures	0.5	(0.9)	n.a.
-	Changes in fair value of debt instruments at fair value through other comprehensive income	(1.9)	-	n.a.
(2.0)	Items that may be subsequently reclassified to profit or loss (net of tax)	9.1	(0.4)	n.a.
(9.9)	Other comprehensive income for the period	15.6	(5.5)	n.a.
292.3	Total comprehensive income for the period	279.8	236.7	18.2
	Attributable to:			
287.0	Owners of the parent	276.9	231.5	19.6
5.3	Non-controlling interest	2.9	5.2	-44.2
	EUR Earnings per share (EPS)	EUR	EUR	%
1.60	Basic	1.41	1.28	10.2
1.60	Diluted	1.41	1.28	10.2

* See Appendix

Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-September 2021

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor.relations@richter.hu
 Investor relations manager: Katalin Ördög

Consolidated Income Statement – 3 months to September HUF, EUR

	July-September 3 months					
	2021	2020	Change	2021	2020	Change
	HUFm	Restated* HUFm	%	EURm	Restated* EURm	%
Revenues	157,518	137,697	14.4	445.6	390.0	14.3
Cost of sales	(71,800)	(60,850)	18.0	(203.1)	(172.5)	17.7
Gross profit	85,718	76,847	11.5	242.5	217.5	11.5
Sales and marketing expenses	(27,047)	(23,598)	14.6	(76.6)	(66.7)	14.8
Administration and general expenses	(7,149)	(7,082)	0.9	(20.2)	(20.1)	0.5
Research and development expenses	(16,528)	(13,303)	24.2	(46.7)	(37.6)	24.2
Other income and other expenses (net)	(1,975)	(3,530)	-44.1	(5.6)	(10.0)	-44.0
Reversal of impairment on financial and contract assets	115	627	-81.7	0.3	1.9	-84.2
Profit from operations	33,134	29,961	10.6	93.7	85.0	10.2
Finance income	11,279	3,127	260.7	31.8	8.6	269.8
Finance costs	(4,719)	(7,657)	-38.4	(13.4)	(21.8)	-38.5
Net financial (loss)/income	6,560	(4,530)	n.a.	18.4	(13.2)	n.a.
Share of profit of associates and joint ventures	968	484	100.0	2.8	1.4	100.0
Profit before income tax	40,662	25,915	56.9	114.9	73.2	57.0
Income and deferred tax	(1,013)	(1,715)	-40.9	(2.9)	(5.0)	-42.0
Local business tax and innovation contribution	(1,162)	(1,192)	-2.5	(3.3)	(3.3)	0.0
Profit for the period	38,487	23,008	67.3	108.7	64.9	67.5
Profit attributable to:						
Owners of the parent	38,193	22,571	69.2	107.9	63.6	69.7
Non-controlling interest	294	437	-32.7	0.8	1.3	-38.5
Average exchange rate (EURHUF)				354.07	354.51	-0.1
Earnings per share (EPS)	HUF	HUF	%	EUR	EUR	%
Basic	205	121	69.4	0.58	0.34	70.6
Diluted	205	121	69.4	0.58	0.34	70.6

* See Appendix

Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-September 2021

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor.relations@richter.hu
 Investor relations manager: Katalin Ördög

Consolidated Cash flow Statement

For the year ended 31 December 2020		2021 Not audited HUFm	Notes	For the period ended 30 September 2020 Not audited HUFm
Operating activities				
115,164	Profit before income tax	98,159		89,036
39,846	Depreciation and amortisation	33,139		29,856
	Non cash items accounted through Consolidated Income Statement	2,404		(2,247)
(2,031)				
(1,504)	Net interest and dividend income	(1,382)		(290)
703	Changes in provision for defined benefit plans	(74)		747
767	Reclass of results on changes of property, plant and equipment and intangible assets	274		270
-	Gain on disposal of subsidiaries	(1,391)		-
8,256	Impairment recognised on intangible assets and goodwill	-		4,237
1,642	Expense recognised in respect of equity-settled share-based payments	1,207		1,210
	<i>Movements in working capital</i>			
(3,341)	(Increase)/Decrease in trade and other receivables	(24,047)		9,583
(13,900)	Increase in inventories	(17,056)		(13,983)
(4,545)	Increase/(Decrease) in payables and other liabilities	14,282		23
(22)	Interest paid	(23)		(19)
(7,515)	Income tax paid	(6,990)		(5,237)
133,520	Net cash flow from operating activities	98,502		113,186
Cash flow from investing activities				
(36,903)	Payments for property, plant and equipment	(26,982)	27)	(21,448)
(29,735)	Payments for intangible assets	(93,503)	28)	(24,817)
432	Proceeds from disposal of property, plant and equipment	294		325
2,197	Government grant received related to investments	692		-
(47,454)	Payments to acquire financial assets	(99,085)		(39,115)
10,807	Proceeds on sale or redemption on maturity of financial assets	5,478		10,807
848	Disbursement of loans net	(2,860)		(199)
915	Interest received	937		763
2	Dividend receives	6		-
-	Net cash inflow from disposal of subsidiaries	2,118		-
(98,891)	Net cash flow to investing activities	(212,905)		(73,684)
Cash flow from financing activities				
(1,650)	Purchase of treasury shares	(819)		-
(13,500)	Dividend paid	(42,140)		(12,057)
(3,143)	Principal elements of lease payments	(1,663)		(2,817)
-	Repayment of borrowings	(63,559)		-
-	Proceeds from borrowings	139,149		-
(18,293)	Net cash flow from / (to) financing activities	30,968		(14,874)
16,336	Net (decrease)/increase in cash and cash equivalents	(83,435)		24,628
128,573	Cash and cash equivalents at beginning of year	142,068		128,573
	Effect of foreign exchange rate changes on the balances held in foreign currencies	418		(2,085)
(2,647)				
142,262	Cash and cash equivalents at end of period	59,051		151,116

Cash and cash equivalents at end of period cannot be reconciled directly to Cash and cash equivalents of the Consolidated Balance sheet due to year end figure of Cash and cash equivalents did not contain the total cash of held for sale companies.

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 100.9bn), which is linked to the purchase of government securities, corporate bonds and other securities. The latter purchases were financed via a bonds issued in the amount of HUF 70bn. (See Appendix.)

14) Current assets

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

Cash and cash equivalents declined primarily as a result of the payment of the purchase price of the Evra® contraceptive patch, the 2020 dividend payment together with acquisition of Non-current financial assets.

Trade receivables increased during the reported period.

15) Capital and reserves

Retained earnings amounted to HUF 803,859m and increased by HUF 52,451m. 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 33.

17) Current liabilities

Current liabilities have increased, a result of lower levels of Trade payables together with higher levels of Borrowings and Other current payables and accruals.

18) Gross profit and margin

Gross profit was positively impacted by

- a significant year-on-year increase (HUF 14,694m) in royalties receivable linked to sales of **Vraylar®** in the USA.
- Royalty accounted for in respect of **Evra®** (HUF 9,704m) 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 which affected turnover of antiviral **Groprinosin** negatively in the first three quarters 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 3,170m. Corresponding figures for the base year was HUF 3,247m.

Amortization of **Bemfola®** amounted to HUF 1,560m, and we accounted for HUF 2,794m in respect of **Evra®** on the same grounds during the reported period.

Gross margin

55.5%	56.8%
-------	-------

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 the core Pharmaceutical segment, which was exceeded by the 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:

18.4%	19.0%
-------	-------

The proportion of Sales and marketing expenses to sales declined during the reported period. The monetary amount of these slightly increased primarily because in the base period 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 three quarters 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 nine months 2021 due to higher employee costs.

21) Research and development expenses

Proportion to sales:
10.6% 10.3%

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. The increase of such expenses exceeded the growth rate of the turnover.

22) Other income and other expenses (net)

Claw-back

Other income and expenses include during the first nine months of 2021 liabilities amounting to HUF 3,932m in respect of the claw-back regimes. Such claw-backs increased primarily in France, Romania and Italy.

One-off items

During the first nine months to September 2021 milestone income of totalled HUF 1,442m including HUF 234m in respect of cariprazine for its inclusion for schizophrenia indication to the Pharmaceutical Benefits Scheme (PBS) in Australia and in the third quarter a HUF 1,208m milestone paid by Mochida in respect of successful tocilizumab technology transfer. HUF 900m milestone income was reported during the base period. 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 nine months 2021 an expense of HUF 528m 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, operating margin and EBITDA

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

Operating margin

20.7% 19.8%

EBITDA

HUF 123,662m HUF 109,033m

The Group defines EBITDA as operating profit increased by depreciation and amortization expense. From 1 January 2019 the Group has applied the IFRS 16 Leases standard. As a result of this standard, certain rental expenses are capitalised and the expense is charged as depreciation and interest expense. Such depreciation related to the right-of-use assets is not added back when determining the EBITDA.

24) Consolidated net financial (loss) / income

	HUFm			EURm		
	2021	2020	Change	2021	2020	Change
	9 months to September			9 months to September		
Unrealised financial items	4,477	3,176	1,301	12.6	9.1	3.5
Exchange gain/(loss) on trade receivables and trade payables	3,710	(1,296)	5,006	10.4	(3.7)	14.1
(Loss)/Gain on foreign currency loans receivable	(22)	970	-992	(0.1)	2.8	-2.9
Foreign exchange and fair valuation difference of other financial assets and liabilities	2,128	4,013	-1,885	6.0	11.5	-5.5
Result of unrealised forward exchange contracts	(54)	6	-60	(0.1)	0.0	-0.1
Interest expenses related to IFRS 16 standard	(463)	(454)	-9	(1.3)	(1.3)	0.0
Foreign exchange difference related to IFRS 16 standard	(77)	(63)	-14	(0.2)	(0.2)	0.0
Impairment loss on investments	(745)	-	-745	(2.1)	-	-2.1
Realised financial items	(2,671)	1,745	-4,416	(7.5)	5.0	-12.5
Exchange (loss)/gain realised on trade receivables and trade payables	(1,274)	1,392	-2,666	(3.6)	4.0	-7.6
Foreign exchange difference on conversion of cash	(2,495)	(4)	-2,491	(7.0)	(0.0)	-7.0
Dividend income	6	-	6	0.0	-	0.0
Interest income	937	763	174	2.6	2.2	0.4
Interest expense	(23)	(19)	-4	(0.0)	(0.1)	0.1
Other financial items	178	(387)	565	0.5	(1.1)	1.6
Net financial income	1,806	4,921	-3,115	5.1	14.1	-9.0

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 three quarters of 2021 the Group reported HUF 556m tax expense, which resulted from a HUF 2,461m corporate tax expense, a HUF 4m extraordinary tax expense and a HUF 1,909m deferred tax income.

26) Net income margin attributable to owners of the parent

20.5% 20.0%

27) and 28) Capital expenditure

Capital expenditure for the Group including payments for intangible assets (HUF 93,503m) totalled HUF 120,485m in the first nine months 2021 when compared to HUF 46,265m reported for the same period 2020.

Corporate matters

Information regarding Richter shares

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

The number of shares held by the Parent company in Treasury slightly increased during the third quarter of 2021.

	Ordinary shares				
	30 September 2021	30 June 2021	31 March 2021	31 December 2020	30 September 2020
Number	268,751	263,891	259,404	130,255	180,545
Book value (HUF '000)	2,333,589	2,292,721	2,254,114	950,619	1,082,945

On 30 September 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 4,860 shares from employees who resigned from the Parent company during the third quarter 2021.

The total number of Company shares at Group level held in Treasury at 30 September 2021 was 271,751.

Share ownership structure

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

Ownership	Ordinary shares	Voting rights	Share capital
	Number	%	%
Domestic ownership	62,899,493	33.88	33.75
State ownership total	126	0.00	0.00
out of which HNMA Inc.	0	0.00	0.00
out of which Municipality	126	0.00	0.00
Institutional investors	56,328,081	30.34	30.22
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
out of which Foundation for National Health and Education of Medical Doctors	9,777,658	5.27	5.25
Retail investors	6,571,286	3.54	3.53
International ownership	122,719,894	66.11	65.84
Institutional investors	122,465,209	65.97	65.71
out of which FMR LLC	9,457,941	5.10	5.07
Retail investors	254,685	0.14	0.13
Treasury shares*	744,513	0.00	0.40
Undisclosed ownership	10,960	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 11 August 2021 Richter informed its shareholders that according to the notice received from Hungarian National Asset Management Incorporated (hereinafter "HNMA Inc.") on 10 August 2021 in Gedeon Richter Plc. the influence (ownership ratio) of the Hungarian State represented by HNMA Inc. has decreased from 5.25% to 0%. Simultaneously the influence (ownership ratio) of Foundation for National Health and Education of Medical Doctors increased to 5.25%.
- On 29 October 2021 Richter informed its shareholders that its partner, AbbVie announced the same day top-line results from two Phase 3 clinical trials, evaluating the efficacy and safety of cariprazine (Vraylar®) as an adjunctive treatment for patients with major depressive disorder (MDD). In one of the studies, cariprazine showed a statistically significant change to week six in the Montgomery-Åsberg Depression Rating Scale (MADRS) total score compared with placebo. In the other study, cariprazine demonstrated numerical improvement in depressive symptoms to week six in MADRS total score compared with placebo but did not meet its primary endpoint for either the 1.5 mg/day or 3.0 mg/day dose.

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
- Environmental sustainability
- Privacy and Information security
- 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 9 months to September 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, 08 November 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 nine months period ended 30 September 2020 and 30 September 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 70,273 m from the issued bonds. The issuance was held in the frame of the Bond Funding for Growth Scheme (“NKP”) of the Hungarian National Bank that aims to improve the efficiency of monetary policy transmission and increasing the liquidity of the corporate bond market.

The “RICHTER 2031 HUF Bonds” (short name: RICHTER31) were issued with following terms:

- Total face value: HUF 70,000 m
- Maturity: 10 years
- Repayment schedule of the principal: 10-10-10% in 2028, 2029 and 2030, 70% at maturity in 2031
- Coupon amount: 1.75% per annum
- Settlement date of interest and principal: 4th June respectively.

Financial liability derived from the issuance of bonds was initially recognised at fair value (HUF 63,213 m) that amount was calculated based on the price offered by independent market participants on the closed auction. The amount of premium received at issuance (HUF 7,060 m) 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

HUFm	30 September 2021				31 December 2020			
	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	65,789	12,827	7,435	86,051	-	4,479	6,318	10,797
Non-current assets at fair value through other comprehensive income	63,839	-	-	63,839	38,216	-	-	38,216
Current financial assets at fair value	-	-	-	-	-	5,478	1,664	7,142
Total financial assets measured at fair value on a recurring basis	129,628	12,827	7,435	149,890	38,216	9,957	7,982	56,155
Financial liabilities								
Non-current financial liabilities at fair value	2,638	59,343	-	61,981	-	-	-	-
Current financial liabilities at fair value	53	1,225	-	1,278	-	-	-	-
Total financial liabilities measured at fair value on a recurring basis	2,691	60,568	-	63,259	-	-	-	-

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 accounting policy has been applied retrospectively and thus the comparative figures are restated. The Cost of sales increased by HUF 4,300m and the Sales and marketing expenses decreased by the same amount. The change affects only the Income statement

