

Gedeon Richter

**Report to the Budapest Stock Exchange
12 months to December 2019**



Contents

Contents	2
Executive Summary.....	4
Notes to Specialty Sales.....	5
Notes to Pharmaceutical Sales.....	9
Background Information on Pharmaceutical Sales	12
Background Information on Wholesale and Retail Sales	13
Information on Business Segments	14
Consolidated Financial Statements	15
Consolidated Balance Sheet.....	15
Consolidated Statement of Changes in Equity.....	16
Consolidated Income Statement – HUF.....	18
Consolidated Income Statement – EUR.....	19
Consolidated Income Statement – 3 months to December	20
Consolidated Cash flow Statement.....	21
Notes to Consolidated Financial Statements	22
Corporate matters.....	27
Risk management.....	29
Disclosures	30

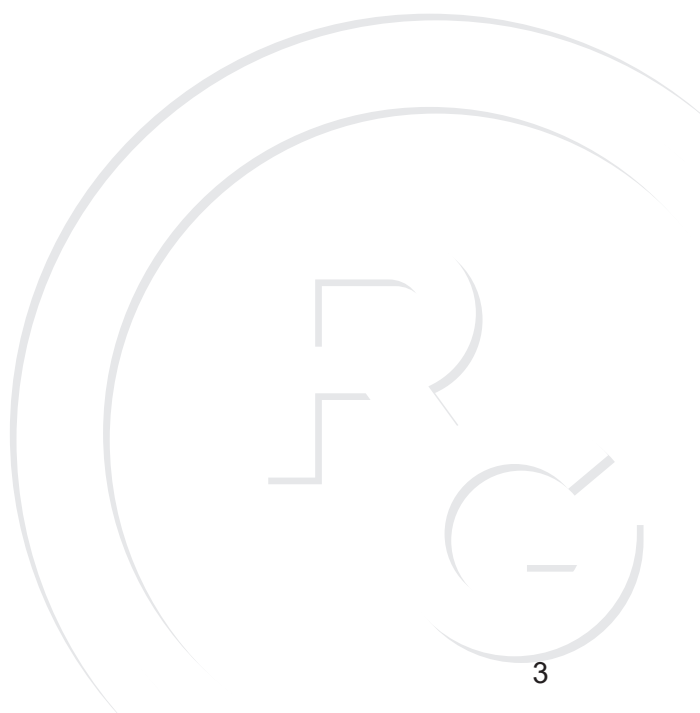
Consolidated figures are prepared in accordance with relevant IFRS regulations and presented in million Hungarian Forint (HUFm). The report may also contain figures in other currencies but only for indicative purposes.

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

„Strong tailwind from **Vraylar**[®] and a favourable FX environment helped us achieve a record year in 2019 in terms of impairment-adjusted operating profits. This outstanding result was delivered despite a significant increase in our R&D spending as we accelerate the renewal of our product portfolio. The progress made in executing our specialty pharma strategy was reflected by the market launch of our first biosimilar product, **Terrosa**[®] and several new agreements on the development and future exploitation of high added value female healthcare products.

The price harmonization initiated in Russia in July and the business lost due to the serialization project at the beginning of the year affected our figures negatively. While the latter was specific for 2019, similar negative tendencies are expected from pricing authorities, in particular from the Chinese reimbursement system in 2020. Such challenges, in combination with the generalized tightening of regulatory standards continue to keep our gross margin under pressure in our branded generic business. We pursue a defensive strategy in this part of the business in order offset these factors. Investing into our operations selectively with the aim of enhancing their resilience and cost-effectiveness help us to work toward this goal.”

Gábor Orbán



Executive Summary

Consolidated sales	HUFm				EURm	
	2019	2018	Change		2019	2018
	12 months to December				12 months to December	
Total	507,794	445,484	62,310	14.0	1,560.7	1,398.2

Pharma sales	HUFm				Notes	EURm	
	2019	2018	Change			2019	2018
	12 months to December					12 months to December	
Hungary	39,809	38,736	1,073	2.8	6)	122.4	121.6
EU*	125,982	116,887	9,095	7.8	7)	387.2	366.8
EU 12	60,458	58,789	1,669	2.8		185.8	184.5
Poland	23,428	24,204	-776	-3.2		72.0	76.0
Romania	11,173	10,517	656	6.2		34.3	33.0
EU 15	65,524	58,098	7,426	12.8		201.4	182.3
CIS	123,969	121,661	2,308	1.9	8)	381.0	381.8
Russia	86,911	92,404	-5,493	-5.9		267.1	290.0
Ukraine	11,470	8,320	3,150	37.9		35.3	26.1
Other CIS	25,588	20,937	4,651	22.2		78.6	65.7
USA	71,101	35,985	35,116	97.6	9)	218.5	113.0
China	18,975	26,384	-7,409	-28.1	10)	58.3	82.8
Latin America	7,210	5,779	1,431	24.8	11)	22.2	18.2
RoW	20,296	19,299	997	5.2	12)	62.4	60.6
Total	407,342	364,731	42,611	11.7		1,252.0	1,144.8

* excluding Hungary

Specialty sales	HUFm				Notes	EURm	
	2019	2018	Change			2019	2018
	12 months to December					12 months to December	
cariprazine	57,355	25,079	32,276	128.7	1)	176.3	78.7
Vraylar	47,565	24,173	23,392	96.8		146.2	75.9
Vraylar milestone	7,072	-	7,072	-		21.7	-
Reagila	2,718	906	1,812	200.0		8.4	2.8
WHC	141,060	130,113	10,947	8.4	2)	433.6	408.4
Bemfola	16,127	13,348	2,779	20.8	3)	49.6	41.9
Esmya	9,432	8,241	1,191	14.5	4)	29.0	25.9
OCs	95,097	90,047	5,050	5.6		292.3	282.6
teriparatide	2,851	288	2,563	889.9	5)	8.8	0.9
Total	201,266	155,480	45,786	29.4		618.7	488.0
Proportion to Pharma sales (%)	49.4	42.6					

Wholesale and retail sales	HUFm				Notes	EURm	
	2019	2018	Change			2019	2018
	12 months to December					12 months to December	
Total	109,246	88,598	20,648	23.3		335.8	278.1

Exchange rate gain at consolidated sales level:

HUF 14,866m

Selected exchange rates – yearly averages

	2019 M12	2018 M12
EURHUF	325.36	318.61
USDHUF	290.62	269.46
RUBHUF	4.49	4.32
CNYHUF	42.07	40.80

Selected consolidated business metrics

	HUFm	
	2019	2018
	12 months to December	
Gross margin %	55.7	57.0
Operating margin %	7.8	10.1
Profit margin attributable to owners of the parent %	9.7	7.9

Notes to Specialty Sales**1) Cariprazine – Central Nervous System**

Vraylar® royalty income due to Richter in 2019 amounted to HUF 47,565m (USD 163.7m). This amount contributed materially to the sales levels achieved during the reported year.

Sales related **milestones** become payable by Allergan in accordance with the terms of the contract upon exceeding for the first time USD 500m worth of **Vraylar®** net sales realised during any 12 consecutive months. According to IFRS regulations such income is to be presented as top line turnover proceeds linked to regular operations. As Richter maintains its accounts in HUF the above milestone was accounted for at HUF 7,072m and the latter amount was reconverted into USD for presentation purposes only using the period's average exchange rate resulting in USD 24.3m.

Proceeds from Reagila® amounted to HUF 2,718m (EUR 8.4m) during the reported year.

Figures shown in the following table are actual figures except for royalty income recorded in the last quarter in respect of **Reagila®**.

	Turnover (Royalties included)				
	2019	2019	2019	2019	2018
	Q4	Q3	Q2	Q1	Q4
USDm / Vraylar® (royalty+API)	57.4	44.3	35.5	27.6	27.5
EURm / Reagila® (royalty+product sales)	2.8	2.3	1.8	1.5	1.1

Recent developments

USA

In May 2019 Richter and Allergan announced that the FDA had approved a supplemental New Drug Application (sNDA) for **Vraylar**[®] for extended use to treat depressive episodes associated with bipolar I disorder (bipolar depression) in adults.

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

EU and CIS

Reagila[®] was introduced by Recordati with reimbursement in the following countries in 2019: in Germany, the UK, Italy, Sweden, Finland, Denmark, Netherlands, Switzerland, Norway, Ireland, Spain and Portugal.

Richter launched **Reagila**[®] with reimbursement by the end of the reported year in the following countries of the EU12 region: Hungary, Czech Republic, Slovakia, Bulgaria, Slovenia and Latvia. The product was launched without reimbursement in Romania and Poland.

In the CIS region the product was launched during the reported year in Moldavia and in Russia. In the latter country **Reagila**[®] achieved Essential Drug List (EDL) status and can be prescribed with reimbursement to certain patients with effect from 1 January 2020.

RoW

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

In **May 2019** Richter announced that it had signed an exclusive license agreement with Australia based Seqirus Pty Ltd to commercialize cariprazine in Australia and New Zealand.

In **June 2019** Richter and Allergan proceeded to amend of their existing license agreement for cariprazine to include major markets in Latin America.

In **July 2019** Richter and Hikma Pharmaceuticals signed an exclusive license agreement to commercialize cariprazine in certain Middle East and North African (MENA) markets.

In **August 2019** Mitsubishi Tanabe Pharma Corporation's subsidiaries in Singapore and Thailand obtained the regulatory approval of cariprazine for the treatment of schizophrenia.

2) Women's Healthcare – Core Business

WHC sales by region

	HUFm				EURm	
	2019	2018	Change	%	2019	2018
	12 months to December				12 months to December	
Hungary	4,924	4,586	338	7.4	15.2	14.4
EU*	65,518	59,816	5,702	9.5	201.4	187.7
EU 12	16,205	14,478	1,727	11.9	49.8	45.4
Poland	5,755	5,086	669	13.2	17.7	16.0
Romania	1,988	1,854	134	7.2	6.1	5.8
EU 15	49,313	45,338	3,975	8.8	151.6	142.3
CIS	33,158	32,344	814	2.5	101.9	101.5
Russia	26,807	27,039	-232	-0.9	82.4	84.9
Ukraine	2,348	1,738	610	35.1	7.2	5.4
Other CIS	4,003	3,567	436	12.2	12.3	11.2
USA	12,630	10,468	2,162	20.7	38.8	32.9
China	9,128	9,095	33	0.4	28.1	28.6
Latin America	5,546	4,457	1,089	24.4	17.0	14.0
RoW	10,156	9,347	809	8.7	31.2	29.3
Total	141,060	130,113	10,947	8.4	433.6	408.4

* excluding Hungary

Sales in WHC were up in 2019 across all relevant markets with the exception of Russia. Turnover of WHC products increased primarily in the EU15 region as a result of higher **Bemfola®** and **Esmya®** sales. Sales growth of this product segment in the USA originated primarily from higher profit sharing income related to both steroid APIs and the emergency contraceptive products.

Proportion of WHC sales to total pharmaceutical turnover – by region

	%	
	2019	2018
	12 months to December	
Hungary	12.4	11.8
EU *	52.0	51.2
EU 12	26.8	24.6
EU 15	75.3	78.1
CIS	26.7	26.6
USA	17.8	29.1
China	48.2	34.5
Latin America	76.6	76.9
RoW	50.0	48.3
Total	34.6	35.7

EU15 Top 5 markets

	EURm	
	2019	2018
	12 months to December	
Germany	32.9	33.9
Spain	27.0	23.2
France	23.5	22.4
Italy	23.1	20.4
UK	18.8	15.2
Total Top 5 Sales	125.3	115.1
Total EU15 Sales	151.6	142.3
Total Top 5 / Total EU15 Sales %	82.7	80.9

3) Bemfola® – Women's Healthcare

	HUFm				EURm	
	2019	2018	Change		2019	2018
	12 months to December				12 months to December	
				%		
Hungary	944	348	596	171.3	2.9	1.1
EU*	12,511	10,914	1,597	14.6	38.5	34.3
EU 12	1,439	1,197	242	20.2	4.4	3.8
EU 15	11,072	9,717	1,355	13.9	34.1	30.5
RoW	2,672	2,086	586	28.1	8.2	6.5
Total	16,127	13,348	2,779	20.8	49.6	41.9

* excluding Hungary

Higher turnover of Bemfola® resulted primarily from increased sales levels recorded in Hungary, Germany, Spain and Australia.

4) **Esmya® – Women’s Healthcare**

Esmya® reported total sales of EUR 29.0m in 2019, compared to the EUR 25.9m turnover recorded in the base period. The year-on-year increase resulted from accelerating sales in Europe recorded in the fourth quarter compared with a very low base year turnover. Sales in 2018 were affected by restrictions applied to labelling of **Esmya®** at the conclusion of the PRAC review procedure.

	HUFm				EURm	
	2019	2018	Change		2019	2018
	12 months to December				12 months to December	
				%		
Hungary	385	415	-30	-7.2	1.2	1.3
EU*	6,699	5,313	1,386	26.1	20.6	16.7
EU 12	826	616	210	34.1	2.6	1.9
EU 15	5,873	4,697	1,176	25.0	18.0	14.8
CIS	844	1,015	-171	-16.8	2.6	3.2
Latin America	714	588	126	21.4	2.2	1.8
RoW	790	910	-120	-13.2	2.4	2.9
Total	9,432	8,241	1,191	14.5	29.0	25.9

* excluding Hungary

5) **teriparatide – biosimilar portfolio**

Total sales proceeds from teriparatide amounted to EUR 8.8m in 2019. Following the patent expiry of the original product, Richter launched its biosimilar, **Terrosa®** in the EU in August 2019. Furthermore, in co-operation with Mochida Pharmaceuticals the product was licensed out for commercialisation in Japan where it was launched in late November 2019.

Notes to Pharmaceutical Sales

6) **Hungary**

The underlying market experienced a high growth rate of 9.6% and retail sales of Richter products achieved an increase of 9.0% according to the latest available IQVIA (successor of IMS) data. The Company is now ranked No. 5 amongst players in the Hungarian pharmaceutical market with a market share of 5.0%. Taking into account the prescription drugs retail market alone, Richter qualifies for second place with a market share of 7.7%.

7) **European Union**

The **EU12** region sales represented 48% of total EU sales of the Group’s pharmaceutical segment.

In **Poland** a mild flu season and increasing competition in the antiviral market segment resulted in a sales decline of our leading product, **Groprinosin**, which impacted adversely our performance in the reported period.

In **Romania** as a consequence of the substantial price decreases implemented by the Government in recent years, a number of original products were withdrawn from the market, which in turn provided sales opportunities for some generic alternatives including those manufactured by Richter.

Turnover in the **EU15** region increased by 10.5%. Growth recorded in Spain, UK and Italy contributed the most to the sales level achieved during the reported year. As far as the product portfolio is concerned the increase was primarily due to higher turnover of **Bemfola®** and **Reagila®**. The launch of **Terrosa®** also impacted positively the sales growth achieved. This region contributed 52%, to total EU pharmaceutical sales.

8) CIS

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

RUB denominated sales to **Russia** declined primarily as a consequence of regulatory related preshipments which occurred mainly in the last quarter of 2018. In addition to wholesaler destocking experienced during the first half of 2019 certain price cuts implemented by the Authority in late August also impacted negatively the sales performance of some of our traditional portfolio. Prices of drugs included in the Essential Drug List will be reviewed by the Authority and they come into effect no later than 1 January 2021. A moderate price increase of approximately 4% on average was introduced to our overall portfolio as of 1 April 2019.

Sales levels during the reported period at EUR 267.1m declined by EUR 22.9m or 7.9% when compared with the turnover reported in 2018.

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.

Turnover in **Ukraine** increased primarily due to a low base figure reported for 2018. Sales to **Other CIS** markets also reported growth partly due to a similar base effect and partly as a result of certain regulatory related preshipments realised during 2019.

9) USA

The significant year-on-year growth was primarily due to accelerating royalty income earned in the current year based on turnover achieved by our partner, Allergan. In addition, the Group reported a one-off sales related milestone income linked to cariprazine (**Vraylar®**) of USD 24.3m.

Higher API sales also contributed to the sales growth achieved during the reported period.

10) China

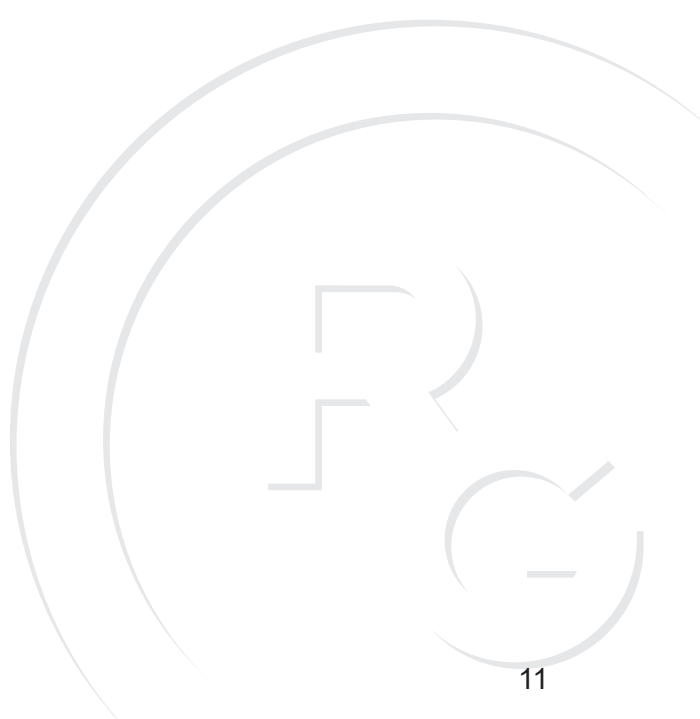
A reported year-on-year decrease occurred primarily due to certain preshipments of [Cavinton](#) in the base period. In the second half of 2019 Chinese authorities announced the delisting of [Cavinton](#) from the reimbursement list with effect from 1 January 2020, which also negatively impacted the turnover. Capacity losses that occurred at our manufacturing units subsequent to the implementation of the serialization project also impacted negatively our twelve months to December 2019 performance.

11) Latin America

Increasing sales of a [range of oral contraceptives](#) contributed primarily to the turnover achieved in the reported period.

12) Rest of the World

Vietnam, Australia and Japan contributed primarily to the sales performance achieved during the reported year.



Background Information on Pharmaceutical Sales

by region in currencies of invoicing

	Currency (million)	2019 12 months to December	2018	Change %
Hungary	HUF	39,809	38,736	2.8
EU*	EUR	387.2	366.8	5.6
EU 12	EUR	185.8	184.5	0.7
Poland	PLN	309.8	323.4	-4.2
Romania	RON	162.6	153.6	5.9
EU 15	EUR	201.4	182.3	10.5
CIS	EUR	381.0	381.8	-0.2
	USD	426.6	451.5	-5.5
Russia	RUB	19,356.5	21,389.9	-9.5
Ukraine	USD	39.5	30.9	27.8
Other CIS	EUR	78.6	65.7	19.6
	USD	88.0	77.7	13.3
USA	USD	244.7	133.6	83.2
China	CNY	451.0	646.7	-30.3
Latin America	USD	24.8	21.5	15.3
RoW	EUR	62.4	60.6	3.0
	USD	69.8	71.6	-2.5

* excluding Hungary

to Top 10 markets

	HUFm				EURm	
	2019 12 months to December	2018	Change %		2019 12 months to December	2018
Russia	86,911	92,404	-5,493	-5.9	267.1	290.0
USA	71,101	35,985	35,116	97.6	218.5	113.0
Hungary	39,809	38,736	1,073	2.8	122.4	121.6
Poland	23,428	24,204	-776	-3.2	72.0	76.0
Germany	18,989	18,456	533	2.9	58.4	57.9
China	18,975	26,384	-7,409	-28.1	58.3	82.8
Ukraine	11,470	8,320	3,150	37.9	35.3	26.1
Romania	11,173	10,517	656	6.2	34.3	33.0
Spain	9,661	7,967	1,694	21.3	29.7	25.0
France	8,797	8,228	569	6.9	27.0	25.8
Total Top 10	300,314	271,201	29,113	10.7	923.0	851.2
Total Sales	407,342	364,731	42,611	11.7	1,252.0	1,144.8
Total Top 10 / Total Sales %					73.7	74.4

of Top 10 products

	HUFm				EURm	
	2019	2018	Change		2019	2018
	12 months to December		%		12 months to December	
Oral contraceptives	95,097	90,047	5,050	5.6	292.3	282.6
Vraylar® / Reagila® / cariprazine	57,686	25,127	32,559	129.6	177.3	78.9
Cavinton	24,529	31,791	-7,262	-22.8	75.4	99.8
Mydeton	19,811	18,913	898	4.7	60.9	59.4
Bemfola®	16,127	13,348	2,779	20.8	49.6	41.9
Panangin	15,115	15,106	9	0.1	46.5	47.4
Verospiron	13,542	12,189	1,353	11.1	41.6	38.3
Aflamin	10,759	9,931	828	8.3	33.1	31.2
Esmya®	9,432	8,241	1,191	14.5	29.0	25.9
Lisopress	8,385	9,087	-702	-7.7	25.8	28.5
Total Top 10	270,483	233,780	36,703	15.7	831.5	733.9
Total Sales	407,342	364,731	42,611	11.7	1,252.0	1,144.8
Total Top 10 / Total Sales %					66.4	64.1

Background Information on Wholesale and Retail Sales

	HUFm				EURm	
	2019	2018	Change		2019	2018
	12 months to December		%		12 months to December	
EU*	88,162	69,571	18,591	26.7	271.0	218.4
EU 12	88,162	69,571	18,591	26.7	271.0	218.4
Romania	88,162	69,571	18,591	26.7	271.0	218.4
CIS	16,674	14,797	1,877	12.7	51.2	46.4
Other CIS	16,674	14,797	1,877	12.7	51.2	46.4
Latin America	4,410	4,230	180	4.3	13.6	13.3
Total	109,246	88,598	20,648	23.3	335.8	278.1

* excluding Hungary

Information on Business Segments

	Pharmaceuticals		Wholesale and retail		Other		Eliminations		Group total	
	12 months to December		12 months to December		12 months to December		12 months to December		12 months to December	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018

P&L items HUFm

Total revenues	407,342	364,731	109,246	88,598	6,642	6,255	(15,436)	(14,100)	507,794	445,484
Cost of sales	(135,869)	(119,266)	(98,811)	(81,089)	(5,754)	(5,579)	15,421	14,286	(225,013)	(191,648)
Gross profit	271,473	245,465	10,435	7,509	888	676	(15)	186	282,781	253,836
Profit from operations	39,175	44,631	188	(97)	352	331	(9)	175	39,706	45,040
Net financial income/(loss)	12,916	(342)	(396)	(247)	4	(10)	(1,318)	(1,543)	11,206	(2,142)

Miscellaneous items

HUFm	
Capital expenditure	56,817
Number of employees at the end of the period	10,972
	57,167
	10,738
	537
	650
	198
	238
	450
	537
	12,907
	58,055
	12,675

Business metrics %

Gross margin	66.6	67.3	9.6	8.5	13.4	10.8	-	-	55.7	57.0
Operating margin	9.6	12.2	0.2	-0.1	5.3	5.3	-	-	7.8	10.1

Consolidated Financial Statements

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-December 2019

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 Investor relations manager: Katalin Ördög

Consolidated Balance Sheet

	31 December 2019 Unaudited HUFm	Notes	31 December 2018 Audited HUFm	Change %
ASSETS	859,282		797,883	7.7
Non-current assets	449,853	13)	439,812	2.3
Property, plant and equipment	244,561		214,880	13.8
Investment property	111		135	-17.8
Goodwill	29,874		35,386	-15.6
Other intangible assets	126,790		151,648	-16.4
Investments in associates and joint ventures	16,231		11,755	38.1
Other financial assets	19,725		9,452	108.7
Deferred tax assets	7,327		7,895	-7.2
Loans receivable	1,960		2,626	-25.4
Long term receivables	3,274		6,035	-45.7
Current assets	409,429	14)	358,071	14.3
Inventories	98,406		92,687	6.2
Contract assets	3,466		1,425	143.2
Trade receivables	154,730		129,006	19.9
Other current assets	21,271		16,187	31.4
Investments in securities	1,545		4,728	-67.3
Current tax asset	1,088		1,017	7.0
Cash and cash equivalents	128,923		113,021	14.1
EQUITY AND LIABILITIES	859,282		797,883	7.7
Capital and reserves	727,035	15)	685,745	6.0
Share capital	18,638		18,638	0.0
Treasury shares	(3,870)		(2,186)	77.0
Share premium	15,214		15,214	0.0
Capital reserves	3,475		3,475	0.0
Foreign currency translation reserves	22,235		14,182	56.8
Revaluation reserves for securities at FVOCI	8,496		4,810	76.6
Retained earnings	656,576		626,052	4.9
Non-controlling interest	6,271		5,560	12.8
Non-current liabilities	23,855	16)	19,987	19.4
Borrowings	2		2	0.0
Deferred tax liability	1,525		7,176	-78.7
Other non-current liabilities and accruals	18,688		9,255	101.9
Provisions	3,640		3,554	2.4
Current liabilities	108,392	17)	92,151	17.6
Trade payables	59,398		54,549	8.9
Contract liabilities	745		85	776.5
Current tax liabilities	458		438	4.6
Other current liabilities and accruals	43,871		33,664	30.3
Provisions	3,920		3,415	14.8

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-December 2019

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 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	Foreign currency translation reserve	Retained earnings	Revaluation reserves for securities at FVOCI	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 1 January 2018	18,638	15,214	3,475	(415)	9,855	604,094	9,964	660,825	4,692	665,517
Profit for the period	-	-	-	-	-	35,348	-	35,348	845	36,193
Exchange differences arising on translation of foreign operations	-	-	-	-	4,422	-	-	4,422	187	4,609
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	(95)	-	-	(95)	-	(95)
Actuarial loss on retirement defined benefit plans	-	-	-	-	-	(353)	-	(353)	-	(353)
Change in fair value of securities measured at FVOCI	-	-	-	-	-	-	(5,154)	(5,154)	-	(5,154)
Comprehensive income at 31 December 2018	-	-	-	-	4,327	34,995	(5,154)	34,168	1,032	35,200
Net treasury shares transferred and purchased	-	-	-	(1,771)	-	-	-	(1,771)	-	(1,771)
Ordinary share dividend for 2017	-	-	-	-	-	(12,673)	-	(12,673)	-	(12,673)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(149)	(149)
Acquisition of non-controlling interest	-	-	-	-	-	(225)	-	(225)	(50)	(275)
Additional paid in capital to subsidiaries	-	-	-	-	-	-	-	-	35	35
Recognition of share-based payments	-	-	-	-	-	(139)	-	(139)	-	(139)
Balance at 31 December 2018	18,638	15,214	3,475	(2,186)	14,182	626,052	4,810	680,185	5,560	685,745

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HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Foreign currency translation reserve	Retained earnings	Revaluation reserves for securities at FVOCI	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2018	18,638	15,214	3,475	(2,186)	14,182	626,052	4,810	680,185	5,560	685,745
Profit for the period	-	-	-	-	-	49,299	-	49,299	674	49,973
Exchange differences arising on translation of foreign operations	-	-	-	-	8,208	-	-	8,208	250	8,458
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	(155)	-	-	(155)	-	(155)
Actuarial gain on retirement defined benefit plans	-	-	-	-	-	81	-	81	-	81
Change in fair value of securities measured at FVOCI	-	-	-	-	-	-	3,686	3,686	-	3,686
Comprehensive income at 31 December 2019	-	-	-	-	8,053	49,380	3,686	61,119	924	62,043
Net treasury shares transferred and purchased	-	-	-	(1,684)	-	-	-	(1,684)	-	(1,684)
Ordinary share dividend for 2018	-	-	-	-	-	(18,637)	-	(18,637)	-	(18,637)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(213)	(213)
Recognition of share-based payments	-	-	-	-	-	(219)	-	(219)	-	(219)
Balance at 31 December 2019	18,638	15,214	3,475	(3,870)	22,235	656,576	8,496	720,764	6,271	727,035

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Consolidated Income Statement – HUF

	For the years ended 31 December			
	2019 Unaudited HUFm	Notes	2018 Audited HUFm	Change %
Revenues	507,794		445,484	14.0
Cost of sales	(225,013)		(191,648)	17.4
Gross profit	282,781	18)	253,836	11.4
Sales and marketing expenses	(121,746)	19)	(115,584)	5.3
Administration and general expenses	(28,789)	20)	(24,070)	19.6
Research and development expenses	(48,825)	21)	(40,545)	20.4
Other income and other expenses (net)	(44,759)	22)	(29,004)	54.3
Net impairment losses on financial and contract assets	1,044		407	156.5
Profit from operations	39,706	23)	45,040	-11.8
Finance income	20,576		19,285	6.7
Finance costs	(9,370)		(21,427)	-56.3
Net financial income/(loss)	11,206	24)	(2,142)	n.a.
Share of profit of associates and joint ventures	785		1,055	-25.6
Profit before income tax	51,697		43,953	17.6
Income and deferred tax	3,049	25)	(3,698)	n.a.
Local business tax and innovation contribution	(4,773)		(4,062)	17.5
Profit for the period	49,973		36,193	38.1
Profit attributable to:				
Owners of the parent	49,299	26)	35,348	39.5
Non-controlling interest	674		845	-20.2
Statement of comprehensive income				
Profit for the period	49,973		36,193	38.1
Actuarial gain/(loss) on retirement defined benefit plans	81		(353)	n.a.
Revaluation reserves for securities at FVOCI	3,686		(5,154)	n.a.
Items that will not be reclassified to profit or loss (net of tax)	3,767		(5,507)	n.a.
Exchange differences arising on translation of foreign operations	8,458		4,609	83.5
Exchange differences arising on translation of associates and joint ventures	(155)		(95)	63.2
Items that may be subsequently reclassified to profit or loss (net of tax)	8,303		4,514	83.9
Other comprehensive income for the period	12,070		(993)	n.a.
Total comprehensive income for the period	62,043		35,200	76.3
Attributable to:				
Owners of the parent	61,119		34,168	78.9
Non-controlling interest	924		1,032	-10.5
Earnings per share (EPS)	HUF		HUF	%
Basic	265		190	39.5
Diluted	265		190	39.5

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Consolidated Income Statement – EUR

	For the years ended 31 December	
	2019 Unaudited EURm	2018 Audited EURm
Revenues	1,560.7	1,398.2
Cost of sales	(691.6)	(601.5)
Gross profit	869.1	796.7
Sales and marketing expenses	(374.2)	(362.8)
Administration and general expenses	(88.5)	(75.5)
Research and development expenses	(150.1)	(127.3)
Other income and other expenses (net)	(137.5)	(91.0)
Net impairment losses on financial and contract assets	3.2	1.3
Profit from operations	122.0	141.4
Finance income	63.2	60.5
Finance costs	(28.8)	(67.3)
Net financial income/(loss)	34.4	(6.8)
Share of profit of associates and joint ventures	2.4	3.3
Profit before income tax	158.8	137.9
Income and deferred tax	9.4	(11.6)
Local business tax and innovation contribution	(14.6)	(12.7)
Profit for the period	153.6	113.6
Profit attributable to:		
Owners of the parent	151.5	110.9
Non-controlling interest	2.1	2.7
Average exchange rate (EUR/HUF)	325.36	318.61
Statement of comprehensive income		
Profit for the period	153.6	113.6
Actuarial gain/(loss) on retirement defined benefit plans	0.3	(1.1)
Revaluation reserves for securities at FVOCI	11.3	(16.2)
Items that will not be reclassified to profit or loss (net of tax)	11.6	(17.3)
Exchange differences arising on translation of foreign operations	26.0	14.5
Exchange differences arising on translation of associates and joint ventures	(0.5)	(0.3)
Items that may be subsequently reclassified to profit or loss (net of tax)	25.5	14.2
Other comprehensive income for the period	37.1	(3.1)
Total comprehensive income for the period	190.7	110.5
Attributable to:		
Owners of the parent	187.9	107.3
Non-controlling interest	2.8	3.2
Earnings per share (EPS)	EUR	EUR
Basic	0.81	0.60
Diluted	0.81	0.60

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Consolidated Income Statement – 3 months to December

	October-December 3 months				
	2019 HUFm	2018 HUFm	Change %	2019 EURm	2018 EURm
Revenues	138,735	121,609	14.1	417.9	377.3
Cost of sales	(63,289)	(57,018)	11.0	(190.8)	(177.1)
Gross profit	75,446	64,591	16.8	227.1	200.2
Sales and marketing expenses	(31,178)	(27,555)	13.1	(93.8)	(85.3)
Administration and general expenses	(8,459)	(5,590)	51.3	(25.6)	(17.2)
Research and development expenses	(12,283)	(9,716)	26.4	(36.9)	(30.1)
Other income and other expenses (net)	(36,685)	(28,632)	28.1	(112.5)	(89.9)
Net impairment losses on financial and contract assets	740	407	81.8	2.3	1.3
Profit from operations	(12,419)	(6,495)	91.2	(39.4)	(21.0)
Finance income	562	2,503	-77.5	1.2	7.6
Finance costs	(4,980)	(6,214)	-19.9	(15.2)	(19.2)
Net financial income/(loss)	(4,418)	(3,711)	19.1	(14.0)	(11.6)
Share of profit/(loss) of associates and joint ventures	(204)	256	n.a.	(0.7)	0.8
Profit before income tax	(17,041)	(9,950)	71.3	(54.1)	(31.8)
Income and deferred tax	6,659	(1,067)	n.a.	20.6	(3.3)
Local business tax and innovation contribution	(1,692)	(801)	111.2	(5.0)	(2.4)
Profit for the period	(12,074)	(11,818)	2.2	(38.5)	(37.5)
Profit attributable to:					
Owners of the parent	(12,456)	(12,304)	1.2	(39.7)	(39.1)
Non-controlling interest	382	486	-21.4	1.2	1.6
Average exchange rate (EUR/HUF)				313.61	315.15
Earnings per share (EPS)	HUF	HUF	%	EUR	EUR
Basic	(67)	(66)	1.5	(0.21)	(0.21)
Diluted	(67)	(66)	1.5	(0.21)	(0.21)

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Consolidated Cash flow Statement

For the years ended 31 December

	2019 Unaudited HUFm	Notes	2018 Audited HUFm
Operating activities			
Profit before income tax	51,697		43,953
Depreciation and amortisation	39,671		34,907
Non cash items accounted through Income Statement	324		2,130
Net interest and dividend income	(878)		(1,362)
Changes in provision for defined benefit plans	86		249
Reclass of results on changes of property, plant and equipment and intangible assets	1,555		312
Impairment recognised on intangible assets and goodwill	39,071		24,680
Expense recognised in respect of equity-settled share-based payments	(1,668)		1,743
Movements in working capital			
Increase in trade and other receivables	(33,653)		(5,899)
Increase in inventories	(5,719)		(8,772)
Increase in payables and other liabilities	11,625		15,483
Interest paid	(1)		(2)
Income tax paid	(7,206)		(6,178)
Net cash flow from operating activities	98,240		101,244
Cash flow from investing activities			
Payments for property, plant and equipment	(39,377)	27)	(39,073)
Payments for intangible assets	(18,175)	28)	(18,982)
Proceeds from disposal of property, plant and equipment	1,449		736
Payments to acquire financial assets	(11,060)		(3,291)
Proceeds on sale or redemption on maturity of financial assets	3,183		17,498
Disbursement of loans net	3,315		(646)
Interest received	878		1,349
Dividend receives	1		15
Net cash outflow on purchase of group of assets	-		(2,881)
Net cash flow to investing activities	(59,786)		(45,275)
Cash flow from financing activities			
Proceeds from purchase of treasury shares	(3,571)		(3,653)
Dividend paid	(18,850)		(12,673)
Principal elements of lease payments	(3,749)		-
Net cash flow to financing activities	(26,170)		(16,326)
Net increase in cash and cash equivalents	12,284		39,643
Cash and cash equivalents at beginning of year	113,021		76,041
Effect of foreign exchange rate changes on the balances held in foreign currencies	3,618		(2,663)
Cash and cash equivalents at end of period	128,923		113,021

Prepared in accordance with IAS 34 Interim Financial Reporting.

Notes to Consolidated Financial Statements

Please note that changes for all balance sheet items (Notes 13 to 17) are reported in comparison to 31 December 2018 audited figures.

13) Non-current assets

Higher levels of Property, plant and equipment were primarily the consequence of IFRS16 coming into effect at the beginning of 2019. IFRS16 standard qualifies the 'Right-of-use' of resources exploited on the basis of lease contracts as on-balance assets. At the same time, the obligation of leasing payments is included among the liabilities. The amount of Buildings includes the most relevant 'Right-of use' assets of the Group.

The level of Other intangible assets declined primarily as the negative balance of impairment losses accounted for in respect of intangible assets Esmya for the USA (HUF 5,928m), for the non-USA territories (HUF 24,148m) and also for trastuzumab (HUF 2,096m) only partially offset by the positive impact of the recently acquired intangible asset Mycovia (HUF 6,025m).

Goodwill declined primarily as a result of impairment losses accounted for in respect of our Chinese subsidiaries and PregLem.

The amount of Investments in associates and joint ventures grew primarily as a result of new shares being issued at Evestra amounting to HUF 4,840m, while the level of Other financial assets increased mostly as a result of having purchased a right to a certain portion of future USA sales proceeds of Mycovia amounting to HUF 6,260m and the higher fair value of Richter's investment in the Russian wholesaler and retail Group, Protek.

14) Current assets

Trade receivables increased as a result of the expansion in the USA business together with improving period end exchange rates both for USDHUF and RUBHUF.

Higher levels of Inventories were impacted primarily by an improving RUBHUF period end exchange rate.

Investments in securities declined during the first quarter 2019 on maturity of sovereign bonds previously owned by the Parent.

Cash and cash equivalents increased as a result of both the positive net cash flow from operating activities of the Group and the term deposit following consideration of the Investments in securities matured.

15) Capital and reserves

Retained earnings increased by HUF 30,524m and amounted to HUF 656,576m. A higher translation difference of HUF 8,053m included in Foreign currency translation reserve also contributed to the above increase.

16) Non-current liabilities

Other non-current liabilities and accruals increased mainly due to the impact of IFRS16 standard mentioned above on Non-current assets that stipulates the inclusion among non-current liabilities of such long term leasing payment obligations that correspond to the 'Right-of-use' of resources being exploited on the base of leasing contracts. The share of the deferred purchase price of intangible asset Mycovia due beyond the completion of the financial year also contributed to the above increase.

As a consequence of the restructuring of Finox's activities Intangible asset Bemfola was transferred to the Parent with effect from 1 January 2019. Thus its value is calculated in HUF and related deferred tax is determined based on the Parent's corporate tax rate. Such deferred tax liability was therefore recalculated with a lower, 9% rate. In addition deferred tax liability also declined at PregLem as a result of the impairment loss accounted for in respect of Esmya intangible asset.

17) Current liabilities

The increase in Other current liabilities and accruals is mainly due to the impact of IFRS16 mentioned above in the section on Non-current assets that stipulates the inclusion among current liabilities of such short term leasing payment obligations that correspond to the 'Right-of-use' of resources being exploited on the base of leasing contracts. The share of the deferred purchase price of intangible asset Mycovia due during this financial year also contributed to the above increase.

18) Gross profit and margin

Gross profit was positively impacted by

- a significant year-on-year increase (HUF 23,392m) in royalties receivable from [Vraylar®](#),
- a one-off milestone received in the first quarter in respect of USA sales of [Vraylar®](#) (HUF 7,072m),
- an overall favourable FX environment with a strengthening USD and RUB together with a weakening HUF which impacted on gross profit by increasing HUF denominated turnover,
- an increasing share of the turnover of certain higher margin OCs, emergency contraceptives and [Bemfola®](#),

while it was negatively impacted by the following:

- a decline in sales of about HUF 7bn experienced by a number of our traditional products,
- the serialization project, which resulted in increasing costs of operation and shrinking production capacities,
- considerable increases of wages in Central and Eastern Europe and
- price erosion experienced on our traditional markets.

Gross margin

55.7% 57.0%

Gross margin declined during the reported year when compared to that achieved in 2018 as a result of the previously detailed contradictory items in addition to higher turnover of the low profitability Wholesale and retail activity, which itself significantly exceeded the sales growth rate achieved by the Pharmaceutical segment.

19) Sales and marketing expenses

Proportion to sales:

24.0% 25.9%

The proportion of sales and marketing expenses to sales declined significantly during the reported period mainly as a result of the robust growth of royalty-linked incomes. The increase of the amount of Sales and marketing expenses was primarily due to the exchange rate movements and wage increases incurred in the Central and Eastern European countries.

Amortisation of acquired portfolio

Amortisation of the marketing and intellectual property rights of the OC portfolio acquired from Grünenthal in the amount of HUF 4,388m represented 0.9% of sales achieved in the reported year.

Registration fee for medical representatives

The annual registration fee payable in respect of medical representatives in Hungary amounted to HUF 283m in 2019. In accordance with the regulations tax payable in 2019 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 grew primarily due to higher employee costs, together with higher IT related expenses.

21) Research and development expenses

Proportion to sales:

9.6% 9.1%

These expenses include the ongoing clinical trials being carried out in co-operation with Allergan together with development programs executed in the field of biotechnology and women's healthcare. In addition certain CNS projects have moved into the clinical phase.

22) Other income and other expenses

Claw-back

During the reported period Other income and expenses include liabilities amounting to HUF 3,446m in respect of the claw-back regimes. Such expenses declined by HUF 1,341m mostly as a result of the sales restrictions applied to **Esmya®**.

One-off items

One-off items accounted for as Other income in the reported period include milestones received from Allergan, Sequirus, Recordati, Hikma and Mitsubishi and amounted to a total of HUF 5,717m when compared to HUF 8,429m accounted for in the base period.

One-off expenses include impairment losses amounting to HUF 37,874m accounted for in 2019 as follows:

- HUF 29,026m in respect of the Esmya intangible asset. This amount includes the impairment accounted for at the 9 months to September 2019 period.
In line with IAS 38 regulation the Group revaluates on a yearly basis the book value of its intangible assets. When calculating the return value of intangible asset Esmya the Management decided to account for an impairment loss in this respect having in mind the termination of data exclusivity in the EU territories with effect from May 2020 and a lower turnover achieved in 2019 than initially expected in 2018.
- impairment of the goodwill related to PregLem amounting to HUF 2,310m.
- impairment of the goodwill related to the Group's Chinese subsidiaries amounting to HUF 4,442m
- development of trastuzumab was discontinued, and consequently a HUF 2,096m impairment loss was accounted for in respect of the intangible asset.

Impairment losses accounted for in respect of Esmya intangible asset and impairment of the goodwill related to PregLem amounted to HUF 24,270m in 2018.

20% tax obligation payable

In 2019 an expense of HUF 628 million 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. 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.

23) Profit from operations and operating margin

Profit from operations declined during 2019 when compared to 2018. When adjusting profit from operations with both the milestones received and impairment losses accounted for in 2019 and 2018, it amounted to HUF 71,863 million during the reported year while the similarly adjusted profit from operations reached HUF 60,881 million in 2018.

Operating margin

7.8%	10.1%
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When adjusted with one-off items detailed in Note 22) the Operating margin was **14.2%** in 2019 when compared to the similarly calculated figure of 13.7% recorded in the base year.

EBITDA

HUF 75,278m

HUF 79,947m

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 income

	HUFm			EURm	
	2019	2018	Change	2019	2018
	12 months to December			12 months to December	
Unrealised financial items	276	(2,106)	2,382	0.9	(6.6)
Exchange gain/(loss) on trade receivables and trade payables	356	(3,259)	3,615	1.1	(10.2)
Gain on foreign currency loans receivable	1,396	1,276	120	4.3	4.0
Exchange loss on other items	(754)	(96)	-658	(2.3)	(0.3)
Result of unrealised forward exchange contracts	-	(27)	27	-	(0.1)
Financial expenses related to IFRS 16 standard*	(722)	-	-722	(2.2)	-
Realised financial items	10,930	(36)	10,966	33.6	(0.1)
Exchange gain realised on trade receivables and trade payables	8,932	316	8,616	27.5	1.0
Foreign exchange difference on conversion of cash	1,277	1,305	-28	3.9	4.1
Dividend income	1	15	-14	0.0	0.0
Interest income	878	1,349	-471	2.7	4.2
Interest expense	(1)	(2)	1	0.0	0.0
Other financial items	(157)	(3,019)	2,862	(0.5)	(9.4)
Net financial income / (loss)	11,206	(2,142)	13,348	34.5	(6.7)

Note: * Based on the decision of the management the result of revaluation of liabilities related to leases and interest expense effect of IFRS 16 Leases standard are presented on this line jointly. Considering the low profit impacts of IFRS 16 adjustments further subcategories are not presented.

Net financial gains reported on Realised financial items were achieved primarily by Exchange gains realised on trade receivables and trade payables as well as those achieved on Foreign exchange difference on conversion of cash.

Net financial gains on Unrealised financial items during the reported year resulted primarily from Gain on foreign currency loans receivable, which was partly offset by an Exchange loss on other items currency related items. Unrealised financial gains were further decreased by financial expenses related to IFRS 16 standard.

Reassessment gains were a consequence of the period end appreciation of USD, EUR and RUB against HUF.

25) Corporate and income 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.

Income tax allowance linked to intensive R&D activities of the Parent together with increasing proceeds from cariprazine related royalties resulted in a negative tax base for the third consecutive year. This impact is expected to last in the future also, therefore the deferred tax asset was entirely derecognized.

In 2019 the Group reported HUF 3,049m tax income which resulted from a HUF 2,406m corporate tax expense which was more than offset by a credit of HUF 5,455m deferred tax.

26) Net income margin attributable to owners of the parent

9.7%

7.9%

27) and 28) Capital expenditure

Capital expenditure for the Group including payments for intangible assets (HUF 18,175m) totalled HUF 57,552m in 2019 when compared to HUF 58,055m reported for the previous year. The high figure incurred in the base period included the downpayment linked to the acquisition of a novel contraceptive from Mithra Pharmaceuticals in the third quarter 2018.

Corporate matters

Information regarding Richter shares

The number of shares in issue at 31 December 2019 was unchanged compared to 30 September 2019, i.e. 186,374,860 shares.

The number of shares held by the Parent company in Treasury increased during the fourth quarter of 2019.

	Ordinary shares				
	31 December 2019	30 September 2019	30 June 2019	31 March 2019	31 December 2018
Number	666,705	378,797	375,578	378,550	49,830
Book value (HUF '000)	3,874,929	2,163,935	2,147,952	2,170,810	283,411

On 31 December 2019 the Group's subsidiaries held a total of 5,500 ordinary Richter shares.

The Company purchased 600,000 treasury shares on the Budapest Stock Exchange during the fourth quarter 2019.

In accordance with a repurchase obligation related to employee share bonuses, the Company repurchased 1,444 shares from employees who resigned from the Parent company during the fourth quarter 2019.

Pursuing the settlement of accounts between Richter and the Company's Employee Participation Program (EPP) and in accordance with the foundation charter and the incentive policy of the latter, 6,998 treasury shares with an average price of HUF 6,163 were transferred to the Company following the conclusion of the EPP Program for 2018.

In line with a programme related to employee share bonuses, on 17 December 2019 the Company granted a total of 320,534 shares in respect of 4,484 of its employees. The above shares in the value of HUF 1,839m will be deposited at employees' individual securities accounts at UniCredit Bank Hungary Zrt. until 2 January 2022.

On 2 January 2020, following the expiry of the lock-up period the Company was able to remove all restrictions on 245,163 Richter ordinary shares granted to its employees on 19 December 2017, thereby enabling these shares to be traded.

The total number of Company shares at Group level held in Treasury at 31 December 2019 was 674,465.

Share ownership structure

The shareholder structure at 31 December 2019 is presented in detail in the following table:

Ownership	Ordinary shares	Voting rights	Share capital
	Number	%	%
Domestic ownership	64,010,047	34.47	34.34
State ownership total	47,052,641	25.34	25.24
out of which MNV Zrt.	28,415,029	15.30	15.24
out of which Maecenas Universitatis Corvini Foundation	18,637,486	10.04	10.00
out of which Municipality	126	0.00	0.00
Institutional investors	8,411,253	4.53	4.51
Retail investors	8,546,153	4.60	4.59
International ownership	121,677,349	65.52	65.29
Institutional investors	121,381,988	65.36	65.13
Retail investors	295,361	0.16	0.16
Treasury shares*	674,465	0.00	0.36
Undisclosed ownership	12,999	0.01	0.01
Share capital	186,374,860	100.00	100.00

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

Data in the above table were compiled based on the share registry amended with information provided by KELER Zrt. as clearing company, global custodians and nominees. Due to the confidential character of linked investor interests certain investment funds may keep a different record of their respective share capital and/or voting rights.

Extraordinary announcements

On 27 November 2019 Richter announced that its license partner, Mochida Pharmaceutical Co., Ltd. launched in Japan biosimilar teriparatide developed by Richter-Helm BioTec GmbH & Co. KG.

Risk management

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

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

- Macroeconomic factors
- Competition and pricing
- Original and biosimilar R&D, manufacturing and sales
- Increasing complexity of Group activities, more diversified markets
- 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 12 months to December 2019 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., comprises the 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 year and their impact on the financial position of Gedeon Richter Plc. and its subsidiaries included in the consolidation.

Budapest, 7 February 2020



Gábor Orbán
Chief Executive Officer

The financial statements in this report cover the activities of Gedeon Richter Group ('The Group' or 'Richter Group') and Gedeon Richter Plc. ('The Company' or 'Richter'). These interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial reporting. EUR and USD amounts have been converted from HUF at average exchange rates for indicative purposes only. Financial statements for twelve months period ended 31 December 2018 are audited. Financial statements for the twelve months period ended 31 December 2019 are unaudited. The Company except for the adoption of IFRS 16 regulation has followed the same accounting policies during the preparation of this report as for the preparation of the most recent annual financial report.