

Gedeon Richter

**Report to the Budapest Stock Exchange
12 months to December 2020**

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

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

“Gedeon Richter delivered on its mission also in 2020 ensuring a sustainable supply of high quality and affordable medication for our patients and doctors worldwide. Our vertically integrated operating model and our corporate culture of trust built on a strong pharma tradition have allowed us to maintain our strategic direction in spite of all the difficult conditions created by the pandemic. In order to achieve this, we had to introduce a whole range of measures and also keep higher stock levels throughout the year. Both our sales levels and margins came in at or above target, thanks to the improving margin of our core business and to excellent sales growth recorded by Vraylar® on the US market.

I am particularly pleased to report an increase in the share of specialty sales within our pharmaceutical segment, complemented by an expanding product portfolio, which was accelerated by a milestone acquisition realised at the end of the year. By acquiring contraceptive patch Evra® from Janssen, a Johnson & Johnson subsidiary Richter has become the company offering the widest contraceptive solutions to women worldwide. While the pandemic continues to affect our operations, we remain committed to a steady execution of our specialty pharma strategy in 2021.”

Gábor Orbán

Executive Summary

Consolidated sales	HUFm				EURm	
	2020	2019	Change		2020	2019
	12 months to December				12 months to December	
Total	566,776	507,794	58,982	11.6	1,614.8	1,560.7

Pharma sales	HUFm				Notes	EURm	
	2020	2019	Change			2020	2019
	12 months to December					12 months to December	
Hungary	41,086	39,809	1,277	3.2	6)	117.0	122.4
EU*	136,848	125,982	10,866	8.6	7)	389.9	387.2
EU 12	66,422	60,458	5,964	9.9		189.2	185.8
Poland	26,380	23,428	2,952	12.6		75.2	72.0
Romania	12,223	11,173	1,050	9.4		34.8	34.3
EU 15**	70,426	65,524	4,902	7.5		200.7	201.4
CIS	124,914	123,969	945	0.8	8)	355.9	381.0
Russia	85,844	86,911	-1,067	-1.2		244.6	267.1
Ukraine	13,097	11,470	1,627	14.2		37.3	35.3
Other CIS	25,973	25,588	385	1.5		74.0	78.6
USA	108,509	71,101	37,408	52.6	9)	309.2	218.5
China	10,764	18,975	-8,211	-43.3	10)	30.7	58.3
Latin America	7,694	7,210	484	6.7	11)	21.9	22.2
RoW	27,449	20,296	7,153	35.2	12)	78.2	62.4
Total	457,264	407,342	49,922	12.3		1,302.8	1,252.0

* excluding Hungary

** including UK

Specialty sales	HUFm				Notes	EURm	
	2020	2019	Change			2020	2019
	12 months to December					12 months to December	
cariprazine	90,650	57,355	33,295	58.1	1)	258.2	176.3
Vraylar royalty	78,949	47,565	31,384	66.0		224.9	146.2
Vraylar milestone	7,946	7,072	874	12.4		22.6	21.7
Reagila	3,755	2,718	1,037	38.2		10.7	8.4
WHC	151,549	140,910	10,639	7.6	2)	431.8	433.1
Bemfola	16,688	16,127	561	3.5	3)	47.5	49.6
OCs	107,816	95,097	12,719	13.4		307.2	292.3
teriparatide	8,615	2,651	5,964	225.0	5)	24.5	8.1
Total	250,814	200,916	49,898	24.8		714.5	617.5
Proportion to Pharma sales (%)	54.9	49.3					

Wholesale and retail sales	HUFm				Notes	EURm	
	2020	2019	Change			2020	2019
	12 months to December					12 months to December	
Total	119,779	109,246	10,533	9.6		341.3	335.8

Exchange rate gain at consolidated sales level:

HUF 17,864m

Exchange rate gain at consolidated sales level compared to 2018*:

HUF 35,213m

Note:

* In order to comply with requirements in respect of performance appraisal covering a 2 year period as stipulated by the ESOT charter we highlight the exchange rate gains at consolidated sales level when compared to average exchange rates for 2018.

Selected exchange rates – period averages

	2020 M12	2019 M12
EURHUF	350.98	325.36
USDHUF	307.26	290.62
RUBHUF	4.25	4.49
CNYHUF	44.79	42.07

Selected consolidated business metrics

	HUFm	
	2020	2019
	12 months to December	
Gross margin %	56.2	54.7
Operating margin %	20.3	7.9
Profit margin attributable to owners of the parent %	18.5	9.3

COVID-19 pandemic – crisis management

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

Richter managed to service its customers on time and in full also into the last quarter of the reported year despite a sharp increase in COVID-19 case numbers in our countries of operation. Additional protective measures were implemented in our facilities in line with the tightening security measures by different governments. The health and wellbeing of our team remained the focus of Management, while the supply of high quality and affordable medication was successfully held up worldwide throughout the entire year reported.

In spite of the new measures introduced during the second half of 2020 promotional activities in the last quarter did not change significantly compared to the previous months. Direct promotion represented around 50 percent of total marketing approaches in most of our markets.

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

Notes to Specialty Sales

1) Cariprazine – Central Nervous System

Vraylar® royalty income due to Richter in 2020 amounted to HUF 78,949m (USD 256.9m). This amount contributed materially to the sales levels achieved during the reported year.

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

Sales related **milestones** in respect of **Vraylar®** sales recorded in the USA by our partner, AbbVie/Allergan amounted to HUF 7,946m (USD 25.9m) when compared to the amount received on a similar basis during 2019 of HUF 7,072m (USD 24.3m).

Proceeds from Reagila® amounted to HUF 3,755m (EUR 10.7m) during the reported period.

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)				
	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4
USDm / Vraylar® (royalty+API)	76.3	68.2	58.8	54.1	57.4
EURm / Reagila® (royalty+product sales)	3.0	2.5	2.8	2.4	2.8

Recent developments

USA

Despite the growing difficulties caused by the pandemic, which impacted the promotion and sales of **Vraylar®** also during the fourth quarter of 2020, the product achieved further quarter on quarter growth in sales.

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

Europe – EU

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

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

In EU15 region **Reagila**[®] had been introduced with reimbursement and commercialized by Recordati in 11 markets. In addition the product had already been on the market in Belgium without reimbursement.

Europe – Non EU

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

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

CIS

In Russia **Reagila**[®] achieved Essential Drug List (EDL) status with effect from 1 January 2020 therefore it can be prescribed with reimbursement to certain patients. In the CIS region the product has 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 the EU and CIS markets over the past few years, Richter has succeeded through several bilateral agreements to ensure cariprazine's near global presence.

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

In the reported period **Reagila**[®] already marketed by Hikma in Jordan received marketing authorization in Egypt and the Kingdom of Saudi Arabia. Further regulatory activities are ongoing in a number of MENA countries.

Reagila[®] is marketed in Singapore and Thailand by Richter's local partner, Mitsubishi Tanabe Pharma Corporation. In addition, the product received regulatory approval in Malaysia during the third quarter of 2020.

Altogether by the end of 2020 cariprazine was available in 38 countries globally including the USA and Hungary, with reimbursement in the majority of those countries where a reimbursement system is in place.

2) Women's Healthcare – Core Business

WHC sales by region

	HUFm				EURm	
	2020	2019	Change		2020	2019
	12 months to December				12 months to December	
				%		
Hungary	4,264	4,748	-484	-10.2	12.2	14.6
EU*	67,299	65,597	1,702	2.6	191.7	201.6
EU 12	16,063	16,194	-131	-0.8	45.7	49.8
Poland	5,791	5,755	36	0.6	16.5	17.7
Romania	2,022	1,988	34	1.7	5.7	6.1
EU 15**	51,236	49,403	1,833	3.7	146.0	151.8
CIS	37,300	33,105	4,195	12.7	106.2	101.8
Russia	30,465	26,754	3,711	13.9	86.8	82.3
Ukraine	2,754	2,348	406	17.3	7.8	7.2
Other CIS	4,081	4,003	78	1.9	11.6	12.3
USA	14,083	12,630	1,453	11.5	40.1	38.8
China	11,038	9,128	1,910	20.9	31.5	28.1
Latin America	5,502	5,546	-44	-0.8	15.7	17.0
RoW	12,063	10,156	1,907	18.8	34.4	31.2
Total	151,549	140,910	10,639	7.6	431.8	433.1

* excluding Hungary

** including UK

When expressed in HUF terms WHC sales were higher in the twelve months to December 2020 across most of the relevant markets with the exception of Hungary, the EU12 region and Latin America. The above increase was achieved in spite of a substantial decline recorded in [Esmya®](#) sales and a slight year-on-year decrease experienced in [Bemfola®](#) turnover when expressed in EUR. Turnover of WHC products increased primarily in Russia, in China and in the ROW countries as a result of higher sales levels recorded primarily by our [oral contraceptives](#).

Proportion of WHC sales to total pharmaceutical turnover – by region

	%	
	2020	2019
	12 months to December	
Hungary	10.4	11.9
EU*	49.2	52.1
EU 12	24.2	26.8
EU 15**	72.7	75.4
CIS	29.8	26.7
USA	13.0	17.8
China***	n.a.	48.2
Latin America	71.7	76.6
RoW	44.0	50.0
Total	33.1	34.6

* excluding Hungary

** including UK

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

EU15 Top 5 markets

	MEUR	
	2020	2019
	12 months to December	
Germany	35.0	32.9
Spain	24.7	27.0
Italy	21.1	23.1
France	17.1	23.5
UK	14.9	18.8
Total Top 5 Sales	112.8	125.3
Total EU15 Sales	146.0	151.8
Total Top 5 Sales %	77.3	82.5

3) Bemfola® – Women’s Healthcare

	HUFm				EURm	
	2020	2019	Change		2020	2019
	12 months to December				12 months to December	
				%		
Hungary	683	944	-261	-27.6	1.9	2.9
EU*	12,756	12,511	245	2.0	36.3	38.5
EU 12	1,498	1,439	59	4.1	4.3	4.4
EU 15**	11,258	11,072	186	1.7	32.0	34.1
CIS	20	0	20	n.a.	0.1	0.0
RoW	3,229	2,672	557	20.8	9.2	8.2
Total	16,688	16,127	561	3.5	47.5	49.6

* excluding Hungary

** including UK

Bemfola® sales fell short in the second quarter of 2020 primarily due to the closing of most of the fertility centres for a period of almost three months. Although this trend was reversed in the third quarter the second wave of the pandemic and the tightening safety measures gradually reintroduced at the end of the third quarter and during the last quarter of the reported year caused an overall weaker sales performance recorded in 2020. Total sales performance of this product reported for the twelve months to December 2020 in EUR terms declined by 4.2% when compared to 2019.

4) Esmya® – Women’s Healthcare

A new PRAC review procedure was initiated in March 2020 in respect of Esmya®, which resulted in a suspension of sales. In September 2020 the Pharmacovigilance Risk Assessment Committee (PRAC) considered that the benefit-risk balance of all medicinal products containing ulipristal acetate 5 mg was not favourable and recommended the revocation of the marketing authorisations. Following the end of the reported year, in January 2021 Richter announced that the European Commission (EC) implemented a decision concerning the marketing authorisations of ulipristal acetate 5 mg (Esmya®). This decision adopted the opinion of the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA), which was published on 13 November 2020. The CHMP has recommended in its opinion the restricting use of ulipristal acetate 5 mg (Esmya®) as a result of cases of serious liver injury.

5) Teriparatide – biosimilar portfolio

Total sales proceeds from teriparatide amounted to HUF 8,615m (EUR 24.5m) in 2020. Following the patent expiry of the original product, Richter launched its biosimilar, Terrosa® in the EU in August 2019. Furthermore, in co-operation with Mochida Pharmaceuticals the product was licensed out for commercialisation in Japan, where it was launched in late November 2019. Sales proceeds from Japan contributed by HUF 2,558m representing 30% of total sales achieved by the product.

Notes to Pharmaceutical Sales

6) Hungary

The underlying market experienced a growth rate of 7.3% and retail sales of Richter products achieved a slight increase of 1.0% 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 4.6%. Taking into account the prescription drugs retail market alone, Richter qualifies for second place with a market share of 7.3%.

7) European Union

The **EU12** region sales represented 49% of total EU sales of the Group's pharmaceutical segment.

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

In **Romania** sales of some well-established branded generic products increased during the reported period while **OCs** also contributed to the sales performance achieved.

Turnover in the **EU15** region increased by 7.5% expressed in HUF terms. Growth recorded in Spain, Belgium and Portugal contributed the most to the sales level achieved during the reported period. As far as the product portfolio is concerned higher sales of **oral contraceptives** and **Terrosa®** more than offset the lower **Esmya®** sales. Additionally, the turnover of **Bemfola®** contributed materially to the sales levels achieved during the reported period. The region represented 51% to total EU pharmaceutical sales.

8) CIS

Sales to **Russia** at HUF 85,844m (RUB 20,198.6m) declined marginally in HUF terms. RUB depreciated against the HUF on an average of 5.3% during 2020. A volatile market environment was further aggravated by sales turbulence in connection with the pandemic. Direct promotional activities were suspended by the Authorities in April 2020 and they could only resume in mid-August albeit with some difficulties experienced in certain regions.

Prices of certain drugs included in the Essential Drug List have been reviewed by the Authority and they are expected to come into effect during the first half 2021. The above price harmonization is expected to negatively impact turnover in Russia by near RUB 0.5bn during 2021.

Product serialization linked to a track and trace system was implemented in Russia with effect from 1 July 2020. Teething problems with the system of distribution and sale of serialized boxes created additional burden on manufacturers, wholesalers and pharmacies until November 2020, however, relaxing measures adopted thereafter significantly improved the situation. The negative impact of such administrative measures remained therefore contained.

A price adjustment of an average around 4% impacted positively our overall portfolio during 2020.

A significant increase recorded in the sales of originator products were accompanied by a higher level of drug related expenditures financed by the state. Generic manufacturers recorded flat or near flat sales in RUB terms. Local manufacturers realised higher sales in volume terms compared to declining sales of foreign drug producers.

Sales levels during the reported year at EUR 244.6m declined by 8.4% when compared to 2019 as a result of the RUB falling sharply against the EUR during the reported 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.

Sales reported in **Ukraine** at USD 42.6m were higher primarily due to a year on year growth achieved by antiviral **Groprinosin** and **oral contraceptives**. Sales to **Other CIS** markets reported a slight growth in HUF terms primarily due to an exceptional performance of **Groprinosin**. Worsening exchange rates experienced in certain countries of this group were broadly offset by limited price increases applied across the region.

9) USA

The USA has become our leading market as far as revenue is concerned. The significant year-on-year growth was primarily due to the accelerating royalty income based on turnover achieved by our partner, AbbVie/Allergan. Additionally, similar to the base period a one-off sales related milestone income linked to **Vraylar**[®] of HUF 7,946m (USD 25.9m) was accounted in the reported period. Higher sales of finished form **Plan B / Plan B One-Step** also contributed to sales levels achieved together with certain steroid based and non-steroid API shipments.

10) China

The delisting of **Cavinton** injectables announced in the second half of 2019 by Chinese authorities came into effect from 1 January 2020 and resulted in a significant loss of sales of this product. In addition to the above, a credit note was issued in respect of previously shipped supplies of **Cavinton** amounting to EUR 10.1m. These negative impacts were partly offset by higher sales of our WHC portfolio.

Higher sales levels of the above mentioned WHC portfolio have been achieved amidst severely reduced marketing contacts introduced in connection with the pandemic. Responding to the requirements imposed by the changing business environment Richter has boadened the digital marketing channels by opening new distribution platforms in order to support sales of its emergency contraceptive product while the geographic coverage of those hospitals which have access to **Bromocriptin** was also expanded.

11) Latin America

Higher turnover of **oral contraceptives** and the pandemic related forestalling could entirely offset in HUF terms the decline in **emergency contraceptives** and lower **Esmya**[®]

sales. The decline in the EUR denominated turnover recorded in this region was primarily due to depreciating local currencies.

Improving logistics implemented at our operations resulted in better market positions achieved in certain countries of this region such as Chile and Peru. Business operations, although conducted under special regulations aimed towards addressing the pandemic were nevertheless positively impacted by lower Sales and marketing costs.

12) Rest of the World

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

Background Information on Pharmaceutical Sales

by region in currencies of invoicing

	Currency (million)	2020 12 months to December	2019	Change %
Hungary	HUF	41,086	39,809	3.2
EU*	EUR	389.9	387.2	0.7
EU 12	EUR	189.2	185.8	1.8
Poland	PLN	333.3	309.8	7.6
Romania	RON	168.4	162.6	3.6
EU 15**	EUR	200.7	201.4	-0.3
CIS	EUR	355.9	381.0	-6.6
	USD	406.5	426.6	-4.7
Russia	RUB	20,198.6	19,356.5	4.4
Ukraine	USD	42.6	39.5	7.8
Other CIS	EUR	74.0	78.6	-5.9
	USD	84.5	88.0	-4.0
USA	USD	353.2	244.7	44.3
China	CNY	240.3	451.0	-46.7
Latin America	USD	25.1	24.8	1.2
RoW	EUR	78.2	62.4	25.3
	USD	89.3	69.8	27.9

* excluding Hungary

** including UK

to Top 10 markets

	HUFm				EURm	
	2020	2019	Change		2020	2019
	12 months to December		%		12 months to December	
USA	108,509	71,101	37,408	52.6	309.2	218.5
Russia	85,844	86,911	-1,067	-1.2	244.6	267.1
Hungary	41,086	39,809	1,277	3.2	117.0	122.4
Poland	26,380	23,428	2,952	12.6	75.2	72.0
Germany	19,643	18,989	654	3.4	56.0	58.4
Ukraine	13,097	11,470	1,627	14.2	37.3	35.3
Romania	12,223	11,173	1,050	9.4	34.8	34.3
Spain	11,817	9,661	2,156	22.3	33.7	29.7
China	10,764	18,975	-8,211	-43.3	30.7	58.3
Italy	7,813	8,258	-445	-5.4	22.2	25.3
Total Top 10	337,176	299,775	37,401	12.5	960.7	921.3
Total Sales	457,264	407,342	49,922	12.3	1,302.8	1,252.0
Total Top 10 / Total Sales %					73.7	73.6

of Top 10 products

	HUFm				EURm	
	2020	2019	Change		2020	2019
	12 months to December		%		12 months to December	
Oral contraceptives Vraylar® / Reagila® / cariprazine	107,816	95,097	12,719	13.4	307.2	292.3
Mydeton	90,798	57,686	33,112	57.4	258.7	177.3
Bemfola®	17,366	19,811	-2,445	-12.3	49.5	60.9
Panangin	16,688	16,127	561	3.5	47.5	49.6
Verospiron	16,165	15,115	1,050	6.9	46.1	46.5
Cavinton	14,773	13,542	1,231	9.1	42.1	41.6
Groprinosin	13,180	24,529	-11,349	-46.3	37.5	75.4
Aflamin	12,880	7,811	5,069	64.9	36.7	24.0
Lisonorm	10,595	10,759	-164	-1.5	30.2	33.1
	9,650	8,043	1,607	20.0	27.5	24.6
Total Top 10	309,911	268,520	41,391	15.4	883.0	825.3
Total Sales	457,264	407,342	49,922	12.3	1,302.8	1,252.0
Total Top 10 / Total Sales %					67.8	65.9

Background Information on Wholesale and Retail Sales

	HUFm				EURm	
	2020	2019	Change		2020	2019
	12 months to December				12 months to December	
				%		
EU*	96,719	88,162	8,557	9.7	275.6	271.0
EU 12	96,719	88,162	8,557	9.7	275.6	271.0
Romania	96,719	88,162	8,557	9.7	275.6	271.0
CIS	18,247	16,674	1,573	9.4	52.0	51.2
Other CIS	18,247	16,674	1,573	9.4	52.0	51.2
Latin America	4,813	4,410	403	9.1	13.7	13.6
Total	119,779	109,246	10,533	9.6	341.3	335.8

* 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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
P&L items HUFm										
Revenues	457,264	407,342	119,779	109,246	6,919	6,642	(17,186)	(15,436)	566,776	507,794
Cost of sales	(150,241)	(140,861)	(108,286)	(98,810)	(6,057)	(5,762)	16,578	15,418	(248,006)	(230,015)
Gross profit	307,023	266,481	11,493	10,436	862	880	(608)	(18)	318,770	277,779
Profit from operations	114,482	38,835	975	734	238	340	(606)	(13)	115,089	39,896
Net financial (loss)/income	5,265	12,076	(1,567)	(468)	14	4	(4,537)	(1,318)	(825)	10,294
Miscellaneous items										
Capital expenditure HUFm	65,733	57,350	693	537	214	198	(2)	-	66,638	58,085
Number of employees at the end of the period	11,001	11,090	1,418	1,512	423	423	-	-	12,842	13,025
Business metrics %										
Gross margin	67.1	65.4	9.6	9.6	12.5	13.2	-	-	56.2	54.7
Operating margin	25.0	9.5	0.8	0.7	3.4	5.1	-	-	20.3	7.9

Consolidated Financial Statements

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-December 2020

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

	31 December 2020 Not audited HUFm	Notes	31 December 2019 Audited restated* HUFm	Change %
ASSETS	948,589		858,651	10.5
Non-current assets	499,071	13)	449,071	11.1
Property, plant and equipment	254,121		244,754	3.8
Investment property	110		111	-0.9
Goodwill	31,398		29,503	6.4
Other intangible assets	141,303		127,635	10.7
Investments in associates and joint ventures	12,269		16,192	-24.2
Non-current financial assets at fair value through profit or loss	47,409		5,427	773.6
Non-current financial assets at fair value through OCI	1,604		13,603	-88.2
Deferred tax assets	7,139		6,988	2.2
Loans receivable	2,237		2,021	10.7
Long term receivables	1,481		2,837	-47.8
Current assets	449,518	14)	409,580	9.8
Inventories	110,059		98,995	11.2
Contract assets	3,080		3,466	-11.1
Trade receivables	152,652		154,426	-1.1
Other current assets	27,533		21,376	28.8
Current financial assets at fair value through profit or loss	7,142		1,545	362.3
Current tax asset	1,196		1,199	-0.3
Cash and cash equivalents	142,068		128,573	10.5
Assets classified as held for sale	5,788		-	n.a.
EQUITY AND LIABILITIES	948,589		858,651	10.5
Capital and reserves	813,939	15)	724,873	12.3
Share capital	18,638		18,638	0.0
Treasury shares	(3,791)		(3,870)	-2.0
Share premium	15,214		15,214	0.0
Capital reserves	3,475		3,475	0.0
Foreign currency translation reserves	21,039		22,213	-5.3
Revaluation reserves for securities at FVOCI	974		8,620	-88.7
Retained earnings	751,408		653,691	14.9
Non-controlling interest	6,982		6,892	1.3
Non-current liabilities	26,712		24,216	10.3
Deferred tax liability	1,753		1,925	-8.9
Other non-current liabilities and accruals	18,306		18,004	1.7
Provisions	6,653		4,287	55.2
Current liabilities	107,938	16)	109,562	-1.5
Trade payables	65,838		61,770	6.6
Contract liabilities	772		745	3.6
Current tax liabilities	1,993		382	421.7
Other payables and accruals	32,734		42,721	-23.4
Provisions	4,866		3,944	23.4
Liabilities directly associated with assets classified as held for sale	1,735		-	n.a.

* Please see Appendix

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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	Revaluation reserves for securities at FVOCI	Foreign currency translation reserve	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2018	18,638	15,214	3,475	(2,186)	4,810	14,182	626,052	680,185	5,560	685,745
Profit for the year	-	-	-	-	-	-	47,135	47,135	1,295	48,430
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	8,210	-	8,210	250	8,460
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	(179)	-	(179)	-	(179)
Actuarial loss on retirement defined benefit plans	-	-	-	-	-	-	(640)	(640)	-	(640)
Revaluation reserve for securities at FVOCI	-	-	-	-	3,810	-	-	3,810	-	3,810
Comprehensive income for year ended 31 December 2019	-	-	-	-	3,810	8,031	46,495	58,336	1,545	59,881
Purchase of treasury shares	-	-	-	(3,539)	-	-	-	(3,539)	-	(3,539)
Transfer of treasury shares	-	-	-	1,855	-	-	(1,855)	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	1,636	1,636	-	1,636
Ordinary share dividend for 2018	-	-	-	-	-	-	(18,637)	(18,637)	-	(18,637)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(213)	(213)
Transactions with owners in their capacity as owners for year ended 31 December 2019	-	-	-	(1,684)	-	-	(18,856)	(20,540)	(213)	(20,753)
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

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HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Revaluation reserves for securities at FVOCI	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 year	-	-	-	-	-	-	104,683	104,683	1,369	106,052
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	(1,071)	-	(1,071)	480	(591)
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	(103)	-	(103)	-	(103)
Actuarial loss on retirement defined benefit plans	-	-	-	-	-	-	(1,707)	(1,707)	-	(1,707)
Revaluation reserve for securities at FVOCI	-	-	-	-	(1,077)	-	-	(1,077)	-	(1,077)
Comprehensive income for year ended 31 December 2020	-	-	-	-	(1,077)	(1,174)	102,976	100,725	1,849	102,574
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	(6,569)	-	6,569	-	-	-
Purchase of treasury shares	-	-	-	(1,650)	-	-	-	(1,650)	-	(1,650)
Transfer of treasury shares	-	-	-	1,729	-	-	(1,729)	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	1,642	1,642	-	1,642
Ordinary share dividend for 2019	-	-	-	-	-	-	(11,741)	(11,741)	-	(11,741)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(1,759)	(1,759)
Transactions with owners in their capacity as owners for year ended 31 December 2020	-	-	-	79	(6,569)	-	(5,259)	(11,749)	(1,759)	(13,508)
Balance at 31 December 2020	18,638	15,214	3,475	(3,791)	974	21,039	751,408	806,957	6,982	813,939

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Consolidated Income Statement – HUF

	For the year ended 31 December			
	2020	Notes	2019	Change
	Not audited HUFm		Audited restated* HUFm	%
Revenues	566,776		507,794	11.6
Cost of sales	(248,006)		(230,015)	7.8
Gross profit	318,770	17)	277,779	14.8
Sales and marketing expenses	(105,555)	18)	(116,304)	-9.2
Administration and general expenses	(28,211)	19)	(28,977)	-2.6
Research and development expenses	(53,977)	20)	(48,860)	10.5
Other income and other expenses (net)	(17,267)	21)	(44,793)	-61.5
Reversal of impairment on financial and contract assets	1,329		1,051	26.5
Profit from operations	115,089	22)	39,896	188.5
Finance income	28,780		20,500	40.4
Finance costs	(29,605)		(10,206)	190.1
Net financial (loss)/income	(825)	23)	10,294	n.a.
Share of profit of associates and joint ventures	900		658	36.8
Profit before income tax	115,164		50,848	126.5
Income and deferred tax	(4,487)	24)	2,275	n.a.
Local business tax and innovation contribution	(4,625)		(4,693)	-1.4
Profit for the year	106,052		48,430	119.0
Profit attributable to:				
Owners of the parent	104,683	25)	47,135	122.1
Non-controlling interest	1,369		1,295	5.7
Statement of comprehensive income				
Profit for the year	106,052		48,430	119.0
Actuarial loss on retirement defined benefit plans	(1,707)		(640)	166.7
Revaluation reserve for securities at FVOCI	(1,077)		3,810	n.a.
Items that will not be reclassified to profit or loss (net of tax)	(2,784)		3,170	n.a.
Exchange differences arising on translation of subsidiaries	(591)		8,460	n.a.
Exchange differences arising on translation of associates and joint ventures	(103)		(179)	-42.5
Items that may be subsequently reclassified to profit or loss (net of tax)	(694)		8,281	n.a.
Other comprehensive income for the year	(3,478)		11,451	n.a.
Total comprehensive income for the year	102,574		59,881	71.3
Attributable to:				
Owners of the parent	100,725		58,336	72.7
Non-controlling interest	1,849		1,545	19.7
Earnings per share (EPS)	HUF		HUF	%
Basic	563		253	122.5
Diluted	563		253	122.5

*Please see Appendix

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Consolidated Income Statement – EUR

	For the year ended 31 December		
	2020 Not audited EURm	2019 Restated* EURm	Change %
Revenues	1,614.8	1,560.7	3.5
Cost of sales	(706.6)	(706.9)	0.0
Gross profit	908.2	853.8	6.4
Sales and marketing expenses	(300.7)	(357.5)	-15.9
Administration and general expenses	(80.4)	(89.1)	-9.8
Research and development expenses	(153.8)	(150.2)	2.4
Other income and other expenses (net)	(49.2)	(137.6)	-64.2
Reversal of impairment on financial and contract assets	3.8	3.2	18.8
Profit from operations	327.9	122.6	167.5
Finance income	82.0	63.0	30.2
Finance costs	(84.4)	(31.3)	169.6
Net financial (loss)/income	(2.4)	31.7	n.a.
Share of profit of associates and joint ventures	2.6	2.0	30.0
Profit before income tax	328.1	156.3	109.9
Income and deferred tax	(12.8)	7.0	n.a.
Local business tax and innovation contribution	(13.1)	(14.4)	-9.0
Profit for the year	302.2	148.9	103.0
Profit attributable to:			
Owners of the parent	298.3	144.9	105.9
Non-controlling interest	3.9	4.0	-2.5
Average exchange rate (EUR/HUF)	350.98	325.36	7.9
Statement of comprehensive income			
Profit for the year	302.2	148.9	103.0
Actuarial loss on retirement defined benefit plans	(4.8)	(2.0)	140.0
Revaluation reserve for securities at FVOCI	(3.1)	11.7	n.a.
Items that will not be reclassified to profit or loss (net of tax)	(7.9)	9.7	n.a.
Exchange differences arising on translation of subsidiaries	(1.7)	26.0	n.a.
Exchange differences arising on translation of associates and joint ventures	(0.3)	(0.5)	-40.0
Items that may be subsequently reclassified to profit or loss (net of tax)	(2.0)	25.5	n.a.
Other comprehensive income for the year	(9.9)	35.2	n.a.
Total comprehensive income for the year	292.3	184.1	58.8
Attributable to:			
Owners of the parent	287.0	179.3	60.1
Non-controlling interest	5.3	4.7	12.8
Earnings per share (EPS)	EUR	EUR	%
Basic	1.60	0.78	105.1
Diluted	1.60	0.78	105.1

*Please see Appendix

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 Investor relations manager: Katalin Ördög

Consolidated Income Statement – 3 months to December HUF, EUR

	October-December 3 months					
	2020	2019	Change	2020	2019	Change
	HUFm	Restated* HUFm	%	EURm	Restated* EURm	%
Revenues	150,387	138,735	8.4	418.6	417.9	0.2
Cost of sales	(68,073)	(64,211)	6.0	(189.6)	(193.5)	-2.0
Gross profit	82,314	74,524	10.5	229.0	224.4	2.0
Sales and marketing expenses	(26,635)	(29,816)	-10.7	(74.0)	(89.7)	-17.5
Administration and general expenses	(7,156)	(8,647)	-17.2	(19.9)	(26.2)	-24.0
Research and development expenses	(11,185)	(12,318)	-9.2	(30.9)	(37.0)	-16.5
Other income and other expenses (net)	(5,391)	(36,719)	-85.3	(15.1)	(112.6)	-86.6
Reversal of impairment on financial and contract assets	859	747	15.0	2.4	2.3	4.3
Profit from operations	32,806	(12,229)	n.a.	91.5	(38.8)	n.a.
Finance income	5,444	486	n.a.	15.0	1.0	n.a.
Finance costs	(11,190)	(5,816)	92.4	(31.5)	(17.7)	78.0
Net financial (loss)/income	(5,746)	(5,330)	7.8	(16.5)	(16.7)	-1.2
Share of profit of associates and joint ventures	(932)	(331)	181.6	(2.7)	(1.1)	145.5
Profit before income tax	26,128	(17,890)	n.a.	72.3	(56.6)	n.a.
Income and deferred tax	(3,327)	5,885	n.a.	(9.4)	18.2	n.a.
Local business tax and innovation contribution	(1,053)	(1,612)	-34.7	(2.9)	(4.8)	-39.6
Profit for the period	21,748	(13,617)	n.a.	60.0	(43.2)	n.a.
Profit attributable to:						
Owners of the parent	21,581	(14,620)	n.a.	59.6	(46.3)	n.a.
Non-controlling interest	167	1,003	-83.3	0.4	3.1	-87.1
Average exchange rate (EUR/HUF)				362.47	315.21	15.0
Earnings per share (EPS)	HUF	HUF	%	EUR	EUR	%
Basic	116	(79)	n.a.	0.32	(0.25)	n.a.
Diluted	116	(79)	n.a.	0.32	(0.25)	n.a.

*Please see Appendix

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Consolidated Cash flow Statement

	For the year ended 31 December	
	2020	2019
	Not audited HUFm	Audited HUFm
	Notes	
Operating activities		
Profit before income tax	115,164	50,848
Depreciation and amortisation	39,846	39,320
Non cash items accounted through Consolidated Income Statement	(2,374)	(503)
Net interest and dividend income	(286)	(320)
Changes in provision for defined benefit plans	703	733
Reclass of results on changes of property, plant and equipment and intangible assets	767	1,725
Impairment recognised on intangible assets and goodwill	8,256	38,055
Expense recognised in respect of equity-settled share-based payments	1,642	1,636
<i>Movements in working capital</i>		
Increase in trade and other receivables	(3,341)	(33,063)
Increase in inventories	(13,900)	(6,308)
(Decrease)/Increase in payables and other liabilities	(4,545)	13,452
Interest paid	(22)	(1)
Income tax paid	(7,515)	(7,360)
Net cash flow from operating activities	134,395	98,214
Cash flow from investing activities		
Payments for property, plant and equipment	(36,903)	(39,507)
Payments for intangible assets	(29,735)	(18,578)
Proceeds from disposal of property, plant and equipment	432	1,449
Government grant received related to investments	2,197	2,428
Payments to acquire financial assets	(47,487)	(11,633)
Proceeds on sale or redemption on maturity of financial assets	10,807	4,731
Disbursement of loans net	848	492
Interest received	915	914
Dividend receives	2	1
Net cash flow to investing activities	(98,924)	(59,703)
Cash flow from financing activities		
Purchase of treasury shares	(1,650)	(3,539)
Dividend paid	(13,500)	(18,850)
Principal elements of lease payments	(3,985)	(3,791)
Repayment of borrowings	-	(2)
Net cash flow to financing activities	(19,135)	(26,182)
Net increase in cash and cash equivalents	16,336	12,329
Cash and cash equivalents at beginning of year	128,573	113,021
Effect of foreign exchange rate changes on the balances held in foreign currencies	(2,647)	3,223
Cash and cash equivalents at end of year	142,262	128,573

Balance sheet data cannot be reconciled directly due to the reclassification of the assets held for sale

Prepared in accordance with IAS 34 Interim Financial Reporting.

Notes to Consolidated Financial Statements

13) Non-current assets

The level of Other intangible assets increased primarily as a result of the recent acquisition of marketing rights associated with [Relugolix](#) amounting to HUF 16,442m. In addition a milestone amounting to HUF 2,070m was paid in respect of [LIDBREE™](#). The above increase was partly offset by certain impairment losses as described below in Note 21.

The amount of Non-current financial assets at fair value through OCI substantially declined as a result of the derecognition of Richter's investment in the Russian wholesaler and retail Group, Protek. In 2020 the Company acquired long term financial instruments.

14) Current assets

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

Higher Inventories were built up during 2020 in order to diminish supply related risks linked to the pandemic.

In 2020 Assets classified as held for sale reflect the impact of divestiture of certain non core wholesale and retail businesses.

15) Capital and reserves

Retained earnings amounted to HUF 751,408m and increased by HUF 97,717m. The increase was due both to profits realized during the reported year and to Protek fair value credited.

Revaluation reserves for securities at FVOCI declined in respect of the above mentioned Protek fair value.

16) Current liabilities

While Current liabilities were positively impacted by higher levels of Trade payables their increase was more than offset by a decline experienced by Other payables and accruals primarily due to payment of certain claw-backs accrued during previous periods.

17) Gross profit and margin

Gross profit was positively impacted by

- a significant year-on-year increase (HUF 31,384m) in royalties receivable linked to sales of [Vraylar®](#). As sales related milestones were received both in the base period and in the 12 months to December 2020, its positive impact on gross profit was limited to the change in the USDHUF exchange rate weakening experienced in the past 12 months;
- an overall favourable FX environment with a weakening HUF impact on gross profit by increasing HUF denominated turnover;
- an increasing turnover of certain higher margin [oral contraceptives](#).

while it was negatively impacted by:

- a decline in sales experienced by a number of branded generics and traditional products which includes the delisting of [Cavinton](#) in China and a credit note which was issued in respect of previously shipped supplies of [Cavinton](#);
- the suspension of [Esmya®](#) sales;
- considerably increased wages in Central and Eastern Europe complemented by price erosion experienced on some markets.

Asset amortisations were reclassified at the end of 2020, a change explained in detail on page 32 in an Appendix. Amortisations previously accounted for as Sales and Marketing expenses have now been included as Costs of sales. For comparison purposes data in respect of 2019 has been restated.

Amortisation of acquired portfolio

Amortisation of the marketing and intellectual property rights of the OC portfolio acquired from Grünenthal amounted to HUF 4,313m. Corresponding figures for the base year restated in accordance with the above was HUF 4,389m.

Gross margin

56.2%	54.7%
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Gross margin increased during the reported year when compared to that achieved in 2019 as a result of the previously detailed offsetting items. This was partly due to higher turnover achieved by the core Pharmaceutical segment, which exceeded the sales growth rate of the lower margin Wholesale and retail business.

18) Sales and marketing expenses

Proportion to sales:

18.6%	22.9%
-----------------------	-------

The proportion of Sales and marketing expenses to sales declined significantly during the reported period partly as a result of the robust sales growth. The amount of these expenses also declined primarily because promotional activities particularly in the EU15 region and in Russia were severely limited by pandemic related measures. In addition promotional spending and sales staff headcount were also reduced in China as a response to the adverse market environment.

The above shares in the value of HUF 1,766m will be deposited at employees' individual securities accounts at UniCredit Bank Hungary Zrt. until 2 January 2023.

On 2 January 2021, following the expiry of the lock-up period the Company was able to remove all restrictions on 324,226 Richter ordinary shares granted to its employees on 18 December 2018, thereby enabling these shares to be traded.

The total number of Company shares at Group level held in Treasury at 31 December 2020 was 135,755.

Share ownership structure

The shareholder structure at 31 December 2020 is presented in detail in the following table:

Ownership	Ordinary shares	Voting rights	Share capital
	Number	%	%
Domestic ownership	61,903,445	33.33	33.22
State ownership total	9,777,784	5.27	5.25
out of which MNV Zrt.	9,777,658	5.27	5.25
out of which Municipality	126	0.00	0.00
Institutional investors	45,829,116	24.67	24.59
out of which Maecenas Universitatis Corvini Foundation	18,637,486	10.03	10.00
out of which Tihanyi Foundation	18,637,486	10.03	10.00
Retail investors	6,296,545	3.39	3.38
International ownership	123,776,762	66.64	66.41
Institutional investors	123,554,744	66.52	66.29
Retail investors	222,018	0.12	0.12
Treasury shares*	631,118	0.00	0.34
Undisclosed ownership	63,535	0.03	0.03
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 13 November 2020 Richter announced that the CHMP (Committee for Medicinal Products for Human Use) had recommended restricting use of ulipristal acetate 5 mg ([Esmya](#)[®]) as a result of cases of serious liver injury.
- On 3 December 2020 Richter announced that it had signed an asset purchase agreement with Janssen Pharmaceutica NV ("Janssen"), a wholly owned subsidiary of Johnson & Johnson, in respect of Janssen's Outside US [Evra](#)[®] transdermal contraceptive patch assets. The purchase price to be paid for the assets purchased amounted to USD 263.5 million.

- On 23 December 2020 Richter and Estetra S.A, the wholly owned subsidiary of Mithra announced that they have extended their partnership and signed a license and supply agreement for the commercialization of a novel 15 mg estetrol (E4) / 3 mg drospirenone containing combined oral contraceptive, in order to include key markets in Latin America.
- On 7 January 2021 Richter announced the closing of the acquisition of Janssen's [Evra®](#) transdermal contraceptive patch assets.
- On 15 January 2021 Richter announced that the European Commission adopted CHMP opinion on restricting the use of [Esmya®](#).

Risk management

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

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

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

Disclosures

I, the undersigned declare, that Gedeon Richter Plc. takes full responsibility, that the interim management report published today, which contains the Group's 12 months to December 2020 results is prepared in accordance with the applicable accounting standards and according to the best of our knowledge. The report above provides a true and fair view of the financial position of Gedeon Richter Plc. and its subsidiaries included in the consolidation, it presents the major risks and factors of uncertainty and it also contains an explanation of material events and transactions that have taken place during the reported period and their impact on the financial position of Gedeon Richter Plc. and its subsidiaries included in the consolidation.

Budapest, 26 February 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 2019 are audited and restated. Financial statements for twelve months period ended 31 December 2020 are unaudited.

Appendix

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

- Cost of sales
- Sales and marketing expenses.

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

The new accounting policy is applied retrospectively and thus the comparative figures are restated. The Cost of sales increased by HUF 5,515 million and the Sales and marketing expenses decreased by the same amount. The change affects only the Income statement. There was no other change in the comparatives.