

Gedeon Richter

**Report to the Budapest Stock Exchange
12 months to December 2021**

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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.

With effect from 1 January 2021 United Kingdom exited the European Union. Consequently, the Group has amended its previous regional classification of turnover.

Those countries which belonged to the previous EU15 region, including United Kingdom, can now be found in the Western European subregion. (This group includes the following countries: Austria, Belgium, Denmark, Finland, France, Greece, Netherland, Ireland, Luxembourg, United Kingdom, Germany, Italy, Portugal, Spain and Sweden).

Romania, Poland and the EU10 countries have been included into one subregion, called Central and Eastern Europe. (The following countries are included in this subregion: Bulgaria, Cyprus, Czech Republic, Estonia, Croatia, Poland, Latvia, Lithuania, Malta, Romania, Slovakia and Slovenia).

Subregions of Central and Eastern Europe and Western Europe together are part of region Europe.

All other geographies remained unchanged both in respect of their denomination and the countries included.

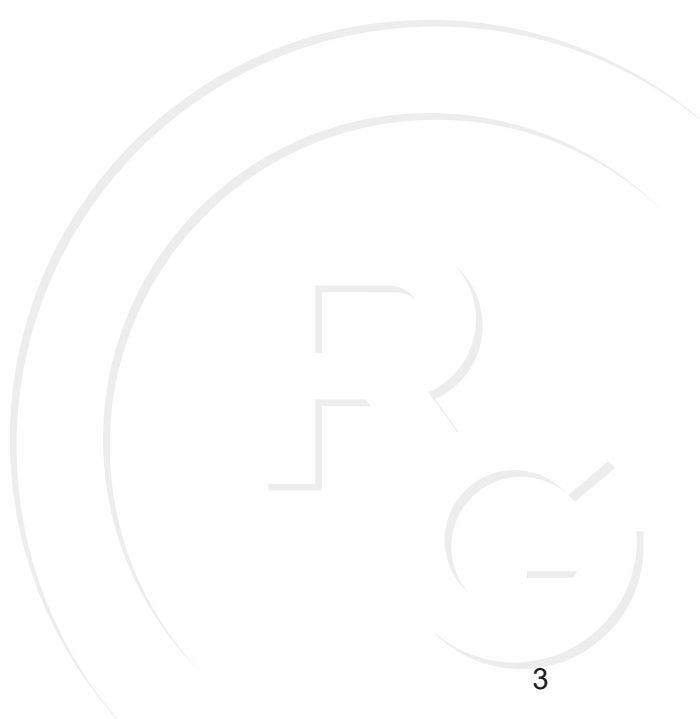
For comparison reasons base period data have been reclassified accordingly.

“In 2021 sales revenues grew at a double-digit rate, led by a solid expansion of the specialty portfolio. Orders were hectic throughout the year and supply chain bottlenecks were increasingly felt as COVID-19 remained part of our lives far longer than anticipated. We made the necessary adjustments on the cost side, while relentlessly pursuing our R&D agenda required to build the future product portfolio.

We completed a record number of R&D and regulatory milestones last year, which allows us to maintain a strong focus on revenue growth in the coming period. Our partnering efforts bore fruit also in the second half of the year: we are excited to work with Hikma on the development and commercialisation of denosumab in the US.

We are proud of the record financial figures that we achieved also in 2021. I am confident that a balanced mix of organic and inorganic growth driven by a combination of our own commercial efforts and those of our partners will guarantee continued success for Richter.”

Gábor Orbán



Executive Summary

Consolidated sales	HUFm				EURm	
	2021	2020	Change		2021	2020
	12 months to December				12 months to December	
				%		
Total	630,595	566,776	63,819	11.3	1,758.5	1,614.8

Pharma sales	HUFm				Notes	EURm	
	2021	2020	Change			2021	2020
	12 months to December					12 months to December	
				%			
Hungary	43,612	41,086	2,526	6.1	6)	121.6	117.0
Europe*	151,673	136,848	14,825	10.8	7)	423.0	389.9
CEE	71,208	66,422	4,786	7.2		198.6	189.2
WEU	80,465	70,426	10,039	14.3		224.4	200.7
CIS	126,137	124,914	1,223	1.0	8)	351.7	355.9
Russia	85,086	85,844	-758	-0.9		237.2	244.6
Ukraine	14,447	13,097	1,350	10.3		40.3	37.3
Other CIS	26,604	25,973	631	2.4		74.2	74.0
USA	122,991	108,509	14,482	13.3	9)	343.0	309.2
China	15,593	10,764	4,829	44.9	10)	43.5	30.7
Latin America	13,799	7,694	6,105	79.3	11)	38.5	21.9
RoW	31,214	27,449	3,765	13.7	12)	87.0	78.2
Total	505,019	457,264	47,755	10.4		1,408.3	1,302.8

* excluding Hungary

Specialty sales	HUFm				Notes	EURm	
	2021	2020	Change			2021	2020
	12 months to December					12 months to December	
				%			
cariprazine	106,176	90,650	15,526	17.1	1)	296.1	258.2
Vraylar [®] royalty	101,569	78,949	22,620	28.7		283.2	224.9
Vraylar [®] milestone	-	7,946	-7,946	n.a.		-	22.6
Reagila [®]	4,607	3,755	852	22.7		12.9	10.7
WHC	170,074	151,549	18,525	12.2	2)	474.3	431.8
Bemfola [®]	19,629	16,688	2,941	17.6	3)	54.7	47.5
Evra [®]	13,512	-	13,512	n.a.	4)	37.7	-
OCs	103,381	107,698	-4,317	-4.0		288.3	306.9
teriparatide	13,186	8,612	4,574	53.1	5)	36.8	24.5
Total	289,436	250,811	38,625	15.4		807.2	714.5
Proportion to Pharma sales (%)	57.3	54.9					

Wholesale and retail sales	HUFm				EURm	
	2021	2020	Change		2021	2020
	12 months to December				12 months to December	
				%		
Total	134,213	119,779	14,434	12.1	374.3	341.3

Exchange rate gain / loss at consolidated sales level: HUF +663m
Exchange rate gain at consolidated sales level compared to 2019*: HUF +72,187m

Note: * In order to become eligible for ESOT's 2 year performance obligations we disclose that the average revenue for the periods between 2020-2021 denominated in HUF (where foreign exchanges are calculated in 2019 average rates and where any intercompany effects are excluded) exceeded the consolidated revenues of 2019 by HUF 72,187m.

Selected exchange rates – period averages

	2021 M12	2020 M12
EURHUF	358.59	350.98
USDHUF	303.76	307.26
RUBHUF	4.10	4.25
CNYHUF	47.18	44.79

Selected consolidated business metrics

	HUFm	
	2021	2020
	12 months to December	
Gross margin* %	55.4	56.2
Operating margin %	21.5	20.3
Profit margin attributable to owners of the parent %	22.1	18.5

Note * see Appendix

COVID-19 pandemic – crisis management

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

Euromonitor International finds that the global economy is now experiencing a fast recovery and in terms of economic output, employment and household consumption pre-pandemic levels have been reached in most of the countries included in the study. Nevertheless, in the majority of the countries economic outlook deteriorated in the last quarter when compared to the third quarter 2021. Eurozone and North American countries have been reintroducing restrictive measures as a response to the rapid spread of omicron, a most virulent COVID-19 virus mutation. It is still likely that the world economy keeps growing at an exceptionally strong pace while at the same time the recovery is expected to be highly uneven.

In early 2021, Hungary experienced a severe third wave of the pandemic, with high infection and mortality rates, and thus the government extended measures taken during the second wave, including restrictions on hospitality facilities. Since then, one of the fastest vaccine rollouts in Europe has helped to improve the health situation, which allowed the authorities to start gradually lifting restrictions in April 2021. A rapid spread of the omicron mutation of the virus which occurred in the fourth quarter resulted in restrictive measures implemented in Hungary by the end of 2021, early 2022. Measures announced in January 2022 connected the validity of vaccination certificates to second shots taken within a period not exceeding 6 months or to a third booster vaccine.

Notwithstanding the above, Richter delivered on time and in full to all its customers during the last quarter 2021. The health and wellbeing of our colleagues remained the focus of Management, with the supply of reputed and affordable medication maintained worldwide throughout the entire reported period. Taking into account the higher rate of infections related to the fourth wave of the pandemic and availing itself of the right as empowered by the Government of Hungary Richter's Management introduced compulsory vaccination across all of its Hungarian sites with effect from 15 January 2022.

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

Notes to Specialty Sales

1) Cariprazine – Central Nervous System

Vraylar® royalty income due to Richter in the twelve months to December 2021 amounted to HUF 101,569m (USD 334.4m). This amount contributed materially to the sales levels achieved during the reported period.

No sales related **milestones** were accounted for in respect of **Vraylar®** sales recorded in the USA in the reported period while a HUF 7,946m (USD 25.9m) milestone income was triggered in the base period.

Proceeds from Reagila® amounted to HUF 4,607m (EUR 12.9m) during the reported period.

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

	Turnover (Royalties included)				
	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4
USDm / Vraylar® (royalty+API)	97.7	91.6	77.2	69.2	76.3
EURm / Reagila® (royalty+product sales)	4.2	3.3	3.6	1.8	3.0

Recent developments

USA

Following an established pattern of seasonally lower sales in the first quarter, the net sales of **Vraylar®** showed robust growth in subsequent quarters in 2021. When adjusting the base period figure for the sales related milestone received, year-on-year growth of royalties accounted for on behalf of **Vraylar®** sales in the USA grew by 28.7% (30.2% in USD terms) during the reported period.

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

Based on the positive results of the clinical studies and the totality of data reported, AbbVie submitted a supplemental New Drug Application (sNDA) with the U.S. Food and Drug Administration for the expanded use of cariprazine for the adjunctive treatment of MDD.

Europe

Reagila[®] was launched by the end of 2021 with reimbursement by Richter in the following countries of the Central and Eastern European region: Hungary, Czech Republic, Slovakia, Bulgaria, Slovenia and Latvia. With effect from 1 November 2021 **Reagila**[®] was included on the reimbursement list in Poland and from 1 January 2022 in Estonia.

The product had been on the market previously in Romania and in Lithuania being launched in Croatia in the last quarter 2021 without reimbursement.

In the WEU region **Reagila**[®] was launched with reimbursement in Greece during the third quarter. There are now 12 markets in Western Europe where the product is commercialised by Recordati with reimbursement. In addition, the product had already been on the market in Belgium and Austria without reimbursement.

Europe – Countries outside the European region

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

By the end of 2021 **Reagila**[®] was launched by Recordati with reimbursement in Switzerland and Norway.

By the end of 2021 **Reagila**[®] was registered by Recordati in Turkey for a schizophrenia indication.

CIS

In Russia **Reagila**[®] was included on the Essential Drug List (EDL) and it is available with reimbursement to patients suffering from schizophrenia, bipolar mania and bipolar depression. By the end of 2021 in the CIS region the product had been earlier launched in Azerbaijan, Belarus, Georgia, Kazakhstan, Moldavia, Russia, Ukraine and Uzbekistan.

Other markets

In the last quarter **Reagila**[®] was registered in Vietnam by Richter for patients suffering from schizophrenia.

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

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

Following a previous successful registration **Reagila**[®] was already on the market in Israel marketed by Dexcel Pharma for the indication of schizophrenia and in November 2021 registration was achieved for bipolar mania and depression.

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

Mitsubishi Tanabe Pharma Corporation commercialises cariprazine in Malaysia, Singapore and Thailand while market authorisation was granted in Indonesia during the last quarter 2021.

Altogether by the end of 2021 cariprazine was available in 47 countries globally including the USA and Hungary, with reimbursement in most of those countries where a reimbursement system is in place.

2) Women's Healthcare – Core Business

WHC sales by region

	HUFm				EURm	
	2021	2020	Change		2021	2020
	12 months to December				12 months to December	
				%		
Hungary	4,564	4,264	300	7.0	12.7	12.2
Europe*	80,029	67,299	12,730	18.9	223.2	191.7
CEE	19,740	16,063	3,677	22.9	55.1	45.7
WEU	60,289	51,236	9,053	17.7	168.1	146.0
CIS	36,786	37,300	-514	-1.4	102.6	106.2
Russia	28,542	30,465	-1,923	-6.3	79.6	86.8
Ukraine	3,691	2,754	937	34.0	10.3	7.8
Other CIS	4,553	4,081	472	11.6	12.7	11.6
USA	11,542	14,083	-2,541	-18.0	32.2	40.1
China	12,365	11,038	1,327	12.0	34.5	31.5
Latin America	11,364	5,502	5,862	106.5	31.7	15.7
RoW	13,424	12,063	1,361	11.3	37.4	34.4
Total	170,074	151,549	18,525	12.2	474.3	431.8

* excluding Hungary

WHC sales in 2021 exceeded levels recorded in same period of the previous year by HUF 18,525 or 12.2%. Higher sales levels recorded in WEU, Latin America, CEE, most of the RoW markets and China were partly offset by lower turnover achieved in USA and Russia. Sales of this product group increased primarily due to royalty and direct sales income received in respect of **Evra**[®]. Declining sales reported in Russia resulted from uneven timing of shipments while figures reported in HUF and EUR were both impacted by RUB depreciation against these currencies (3.5% and 5.9%, respectively). Royalty income of **Evra**[®] and higher sales levels of **Bemfola**[®] more than offset lower sales levels of **oral contraceptives**.

Proportion of WHC sales to total pharmaceutical turnover – by region

	%	
	2021	2020
	12 months to December	
Hungary	10.4	10.4
Europe*	52.8	49.2
CEE	27.7	24.2
WEU	74.9	72.7
CIS	29.2	29.8
USA	9.4	13.0
China**	79.3	n.a
Latin America	82.3	71.7
RoW	43.0	44.0
Total	33.7	33.1

* excluding Hungary

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

Western Europe Top 5 markets

	MEUR	
	2021	2020
	12 months to December	
Germany	35.4	35.0
Spain	32.8	24.7
Italy	23.9	21.1
France	20.6	17.1
UK	17.2	14.9
Total Top 5 Sales	129.9	112.8
Total WEU Sales	168.1	146.0
Total Top 5 Sales %	77.3	77.3

3) Bemfola® – Women’s Healthcare

	HUFm				EURm	
	2021	2020	Change		2021	2020
	12 months to December				12 months to December	
				%		
Hungary	739	683	56	8.2	2.1	1.9
Europe*	15,589	12,756	2,833	22.2	43.5	36.3
CEE	1,773	1,498	275	18.4	5.0	4.3
WEU	13,816	11,258	2,558	22.7	38.5	32.0
CIS	268	20	248	n.a.	0.7	0.1
Latin America	11	-	11	n.a.	0.0	-
RoW	3,022	3,229	-207	-6.4	8.4	9.2
Total	19,629	16,688	2,941	17.6	54.7	47.5

* excluding Hungary

Positive impact of the removal of previous restrictions related to COVID-19 pandemic led to rebounding sales of Bemfola®. Turnover achieved by the product in 2021 amounted to HUF 19,629m, exceeding low base figures by HUF 2.941m or 17.6% as most of the fertility centres resumed their activities in many European countries. In EUR terms sales performance of this product reported for 2021 increased by 15.2% when compared to the exceptionally weak performance of 2020.

4) Evra® – Women’s Healthcare

	HUFm				EURm	
	2021	2020	Change		2021	2020
	12 months to December				12 months to December	
				%		
Hungary	6	-	6	n.a.	0.0	-
Europe*	5,349	-	5,349	n.a.	14.9	-
CEE	985	-	985	n.a.	2.7	-
WEU	4,364	-	4,364	n.a.	12.2	-
CIS	295	-	295	n.a.	0.9	-
Latin America	4,410	-	4,410	n.a.	12.3	-
RoW	3,452	-	3,452	n.a.	9.6	-
Total	13,512	-	13,512	n.a.	37.7	-

* excluding Hungary

In December 2020 Richter signed an asset purchase agreement with Janssen Pharmaceutica NV, a wholly owned subsidiary of Johnson & Johnson, in respect of Janssen’s Outside US Evra® transdermal contraceptive patch.

The agreement was concluded in January 2021 and in accordance with a transitional business licence agreement signed together with the asset purchase contract Janssen has been providing post-closing transitional support to facilitate the transfer of the Outside US marketing authorizations. Royalty type revenues linked to sales of Evra® and paid by Janssen during this transitional period are being reported as sales. In the reported period following royalty proceeds of Evra®, the product ranked 8th on our Top10 products list.

Royalty income recorded by this product amounted to HUF 13,358m (EUR 37.3m) in 2021. Direct sales of **Evra**[®] have commenced during the fourth quarter 2021 in Ireland, Portugal, Austria and Hungary totalling HUF 154m (EUR 0.4m).

5) Teriparatide – biosimilar portfolio

Total sales proceeds from teriparatide amounted to HUF 13,186m (EUR 36.8m) in 2021. Richter launched its biosimilar, **Terrosa**[®] in the EU in August 2019 while its license partner, Mochida Pharmaceuticals introduced the product in Japan in late November of the same year. In addition to the above, the product was launched during 2020 by Daewon Pharmaceutical Co. Ltd. in South Korea and by Avir Pharma Inc. in Canada, while our Israeli partner, Dexcel Pharma received marketing authorization for the product in the same year. The product was launched in March 2021 on the Israel market. Sales proceeds from Japan contributed HUF 3,560m representing 27% of total sales achieved by the product.

Notes to Pharmaceutical Sales

6) Hungary

The underlying market increased by 7.3% while retail sales of Richter products increased at a slower rate of 2.4% according to the latest available IQVIA (successor of IMS) data. The Company is now ranked No. 4 amongst players in the Hungarian pharmaceutical market with a market share of 4.4%. Taking into account the prescription drugs retail market alone, Richter qualifies for second place with a market share of 7.3%.

7) Europe

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

Turnover recorded in **Poland** increased by 3.0% in HUF terms. Royalty income of **Evra**[®] and higher sales levels of **oral contraceptives** more than offset lower sales levels of our antiviral product, **Groprinosin**.

Higher sales of some well-established branded generic products together with good performance of **OCs** have contributed the most to the turnover achieved in **Romania**.

Turnover in the **Western European** region increased materially by 14.3% expressed in HUF terms. Growth recorded in Spain, Germany, Italy and France contributed the most to the sales level achieved during the reported period. As far as the product portfolio is concerned substantial increases of **Terrosa**[®], **Bemfola**[®] and proceeds from royalty and direct sales of **Evra**[®] resulted in an outstanding turnover in the region, which represented 53% of total European pharmaceutical sales.

8) CIS

Sales to **Russia** at HUF 85,086m (RUB 20,752.6m) declined by 0.9% in HUF terms (increased by 2.7% in RUB terms). The RUB depreciated against the HUF on an average of 3.5% compared to 2020. While the market environment remained volatile in the reported year direct promotional activities resumed at levels experienced prior to the pandemic.

A price adjustment of an average 3.8% impacted positively our overall portfolio during 2021.

Prices of certain drugs included in the Essential Drug List have been reviewed by the Authority and they came into effect during the first half 2021. The above price harmonization negatively impacted turnover in Russia by approximately RUB 0.5bn during 2021.

In-market intelligence (IQVIA, data relative to the first eleven months) suggests that while the market declined by 5.9% in volume terms Richter products fell behind their base period turnover by 2.7%. In-market turnover recorded by our products did not change materially when compared with 2020.

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

Sales levels during the reported period at EUR 237.2m declined by EUR 7.4m when compared to 2020, a decline caused by the RUB falling 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.

With effect from 1 January 2021 we switched invoicing currency from USD to EUR in **Ukraine**. Sales reported in this country in 2021, at EUR 40.3m increased by 8.0% primarily due to an increase of our prices on an average of 5.5% during the reported year. Certain restocking experienced at wholesalers also contributed to the sales growth achieved. Sales to **Other CIS** markets reported a turnover of HUF 26,604m, representing a slight increase when compared to the sales performance achieved in 2020. Worsening exchange rates against EUR also partly offset the achieved overall good turnover experienced in these countries.

9) USA

Sales to the **USA**, our leading market as far as revenue is concerned, increased by 13.3% in HUF terms and by 14.6% in USD terms. Revenues linked to **Vraylar**[®] amounted to HUF 101,569m (USD 334.4m), a growth of 16.9% (18.2% in USD terms) when compared to 2020. However, when adjusting the base period figure for the sales related milestone received the year-on-year growth of royalties showed a robust growth of 28.7% when expressed in HUF terms (30.2% in USD) based on turnover achieved by our partner, AbbVie.

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

10) China

A credit note amounting to HUF 3.8bn (EUR 10m) issued in the base period to the wholesalers, which followed the delisting of **Cavinton** injectables resulted in a virtual increase reported in 2021 in this market. Richter's Management considers this market to be of high importance and it focuses on the promotion of the current WHC portfolio while at the same time having a strategic objective to further enhance this product line. Sales of oral contraceptives to this market grew by a remarkable HUF 1,926m.

11) Latin America

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

12) Rest of the World

Royalty proceeds of **Evra**[®] together with higher sales levels of teriparatide contributed primarily to the sales growth achieved during the reported period. Geographically, a growth was driven primarily by higher turnover recorded in Canada, Mongolia and Japan.

Background Information on Pharmaceutical Sales

by region in currencies of invoicing

	Currency (million)	2021 12 months to December	2020 12 months to December	Change %
Hungary	HUF	43,612	41,086	6.1
Europe*	EUR	423.0	389.9	8.5
CEE	EUR	198.6	189.2	5.0
WEU	EUR	224.4	200.7	11.8
CIS	EUR	351.7	355.9	-1.2
	USD	415.3	406.5	2.2
Russia	RUB	20,752.6	20,198.6	2.7
Ukraine	EUR	40.3	37.3	8.0
Other CIS	EUR	74.2	74.0	0.3
	USD	87.6	84.5	3.7
USA	USD	404.9	353.2	14.6
China	CNY	330.5	240.3	37.5
Latin America	USD	45.4	25.1	80.9
RoW	EUR	87.0	78.2	11.3
	USD	102.8	89.3	15.1

* excluding Hungary

to Top 10 markets

	HUFm				EURm	
	2021 12 months to December	2020 12 months to December	Change	%	2021 12 months to December	2020 12 months to December
USA	122,991	108,509	14,482	13.3	343.0	309.2
Russia	85,086	85,844	-758	-0.9	237.2	244.6
Hungary	43,612	41,086	2,526	6.1	121.6	117.0
Poland	27,162	26,380	782	3.0	75.7	75.2
Germany	22,718	19,643	3,075	15.7	63.4	56.0
China	15,593	10,764	4,829	44.9	43.5	30.7
Spain	15,541	11,817	3,724	31.5	43.3	33.7
Ukraine	14,447	13,097	1,350	10.3	40.3	37.3
Romania	12,817	12,223	594	4.9	35.7	34.8
Italy	9,708	7,813	1,895	24.3	27.1	22.2
Total Top 10	369,675	337,176	32,499	9.6	1,030.8	960.7
Total Sales	505,019	457,264	47,755	10.4	1,408.3	1,302.8
Total Top 10 / Total Sales %					73.2	73.7

of Top 10 products

	HUFm				EURm	
	2021	2020	Change		2021	2020
	12 months to December				12 months to December	
				%		
Vraylar® / Reagila® / cariprazine Oral	106,581	90,798	15,783	17.4	297.2	258.7
contraceptives	103,381	107,698	-4,317	-4.0	288.3	306.9
Bemfola®	19,629	16,688	2,941	17.6	54.7	47.5
Mydeton	18,226	17,366	860	5.0	50.8	49.5
Cavinton	16,860	13,180	3,680	27.9	47.0	37.5
Verospiron	15,805	14,773	1,032	7.0	44.1	42.1
Panangin	15,765	16,165	-400	-2.5	44.0	46.1
Evra®	13,512	-	13,512	n.a.	37.7	-
Terrosa® / teriparatide	13,186	8,612	4,574	53.1	36.8	24.5
Aflamin	11,507	10,595	912	8.6	32.1	30.2
Total Top 10	334,452	295,875	38,577	13.0	932.7	843.0
Total Sales	505,019	457,264	47,755	10.4	1,408.3	1,302.8
Total Top 10 / Total Sales %					66.2	64.7

Background Information on Wholesale and Retail Sales

	HUFm				EURm	
	2021	2020	Change		2021	2020
	12 months to December				12 months to December	
				%		
Hungary	2	-	2	n.a.	0.0	-
Europe*	118,209	96,719	21,490	22.2	329.6	275.6
CEE	118,209	96,719	21,490	22.2	329.6	275.6
CIS	11,104	18,247	-7,143	-39.1	31.0	52.0
Other CIS	11,104	18,247	-7,143	-39.1	31.0	52.0
Latin America	4,898	4,813	85	1.8	13.7	13.7
Total	134,213	119,779	14,434	12.1	374.3	341.3

* excluding Hungary

As notified in late June 2021 Richter divested its wholesale operation in the Republic of Moldova to Grin-Farm S.R.L. and its retail operations to BIRIVOFARM S.R.L., both headquartered in the Republic of Moldova. The CIS decline experienced is mostly due to this transaction which closed in July 2021.

Information on Business Segments

	Pharmaceuticals		Wholesale and retail		Other		Eliminations		Group total	
	12 months to December	2020	12 months to December	2020	12 months to December	2020	12 months to December	2020	12 months to December	2020
	2021	Audited	2021	Audited	2021	Audited	2021	Audited	2021	Audited
	Not audited	Not audited	Not audited	Not audited	Not audited	Not audited	Not audited	Not audited	Not audited	Audited
P & L items HUFm										
Revenues	505,019	457,264	134,213	119,779	7,150	6,919	(15,787)	(17,186)	630,595	566,776
Cost of sales	(166,752)	(150,241)	(123,964)	(108,286)	(6,346)	(6,057)	15,740	16,578	(281,322)	(248,006)
Gross profit	338,267	307,023	10,249	11,493	804	862	(47)	(608)	349,273	318,770
Profit from operations	135,047	114,482	465	975	386	238	(66)	(606)	135,832	115,089
Net financial income/(loss)	12,351	5,265	(527)	(1,567)	12	14	(4,203)	(4,537)	7,633	(825)
Miscellaneous items										
Capital expenditure HUFm	142,460	65,733	595	693	262	214	(20)	(2)	143,297	66,638
Number of employees at the end of the period	10,751	11,001	1,100	1,418	411	423	-	-	12,262	12,842
Business metrics %										
Gross margin	67.0	67.1	7.6	9.6	11.2	12.5	-	-	55.4	56.2
Operating margin	26.7	25.0	0.3	0.8	5.4	3.4	-	-	21.5	20.3

Consolidated Financial Statements

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Consolidated Balance Sheet – Assets

	31 December 2021 Not audited HUFm	Notes	31 December 2020 Audited HUFm	Change %
ASSETS	1,145,282		948,589	20.7
Non-current assets	732,660	13)	499,071	46.8
Property, plant and equipment	278,394		254,121	9.6
Investment property	110		110	0.0
Goodwill	35,005		31,398	11.5
Other intangible assets	220,915		141,303	56.3
Investments in associates and joint ventures	10,800		12,269	-12.0
Non-current financial assets at amortised cost	5,335		1,171	355.6
Non-current financial assets at FVTPL	93,758		10,797	768.4
Non-current financial assets at FVOCI	73,274		38,216	91.7
Deferred tax assets	12,285		7,139	72.1
Long term receivables	2,784		2,547	9.3
Current assets	412,622	14)	449,518	-8.2
Inventories	131,349		110,059	19.3
Contract assets	3,865		3,080	25.5
Trade receivables	184,760		152,652	21.0
Other current assets	30,474		27,162	12.2
Current financial assets at amortised cost	912		371	145.8
Current financial assets at fair value	296		7,142	-95.9
Current tax asset	1,110		1,196	-7.2
Cash and cash equivalents	59,856		142,068	-57.9
Assets classified as held for sale	-		5,788	-100.0

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Consolidated Balance Sheet – Equity and Liabilities

	31 December 2021 Not audited HUFm	Notes	31 December 2020 Audited HUFm	Change %
EQUITY AND LIABILITIES	1,145,282		948,589	20.7
Capital and reserves	923,022	15)	813,939	13.4
Share capital	18,638		18,638	0.0
Treasury shares	(2,862)		(3,791)	-24.5
Share premium	15,214		15,214	0.0
Capital reserves	3,475		3,475	0.0
Foreign currency translation reserves	29,363		21,039	39.6
Revaluation reserves for financial assets at FVOCI	1,346		974	38.2
Cash-flow hedge reserve	(23)		-	n.a.
Retained earnings	849,735		751,408	13.1
Non-controlling interest	8,136		6,982	16.5
Non-current liabilities	99,047	16)	26,712	270.8
Deferred tax liability	3,798		1,753	116.7
Non-current financial liabilities at FVTPL	63,819		805	n.a.
Lease liability	12,722		10,754	18.3
Other non-current liabilities and accruals	12,830		6,747	90.2
Provisions	5,878		6,653	-11.6
Current liabilities	123,213	17)	107,938	14.2
Trade payables	79,638		65,838	21.0
Contract liabilities	1,593		772	106.3
Current tax liabilities	2,722		1,993	36.6
Current financial liabilities at FVTPL	3,277		4,014	-18.4
Lease liability	4,595		3,802	20.9
Other current liabilities and accruals	28,267		24,918	13.4
Provisions	3,121		4,866	-35.9
Liabilities directly associated with assets classified as held for sale	-		1,735	-100.0

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Consolidated Statement of Changes in Equity

HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Revaluation reserves for financial assets at 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 period	-	-	-	-	-	-	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)
Changes in the fair value of financial assets at FVOCI	-	-	-	-	(1,077)	-	-	(1,077)	-	(1,077)
Transfer of gain on disposal of equity investments at FVOCI to retained earnings	-	-	-	-	(6,569)	-	6,569	-	-	-
Total comprehensive income at 31 December 2020	-	-	-	-	(7,646)	(1,174)	109,545	100,725	1,849	102,574
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	-	-	(11,828)	(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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HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Revaluation reserves for financial assets at FVOCI	Foreign currency translation reserve	Cash-flow hedge reserve	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2020	18,638	15,214	3,475	(3,791)	974	21,039	-	751,408	806,957	6,982	813,939
Profit for the period	-	-	-	-	-	-	-	139,626	139,626	1,554	141,180
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	8,377	-	-	8,377	249	8,626
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	(53)	-	-	(53)	-	(53)
Actuarial gain on retirement defined benefit plans	-	-	-	-	-	-	-	631	631	-	631
Changes in the fair value of financial assets at FVOCI	-	-	-	-	372	-	-	162	534	-	534
Change in fair value of hedging instruments recognised in OCI	-	-	-	-	-	-	(23)	-	(23)	-	(23)
Total comprehensive income at 31 December 2021	-	-	-	-	372	8,324	(23)	140,419	149,092	1,803	150,895
Purchase of treasury shares	-	-	-	(819)	-	-	-	-	(819)	-	(819)
Transfer of treasury shares	-	-	-	1,748	-	-	-	(1,748)	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	1,590	1,590	-	1,590
Ordinary share dividend for 2020	-	-	-	-	-	-	-	(41,934)	(41,934)	-	(41,934)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(206)	(206)
Sale of subsidiaries	-	-	-	-	-	-	-	-	-	(443)	(443)
Transactions with owners in their capacity as owners for year ended											
31 December 2021	-	-	-	929	-	-	-	(42,092)	(41,163)	(649)	(41,812)
Balance at 31 December 2021	18,638	15,214	3,475	(2,862)	1,346	29,363	(23)	849,735	914,886	8,136	923,022

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Consolidated Income Statement – HUF

	For the year ended 31 December			
	2021 Not audited HUFm	Notes	2020 Audited HUFm	Change %
Revenues	630,595		566,776	11.3
Cost of sales	(281,322)		(248,006)	13.4
Gross profit	349,273	18)	318,770	9.6
Sales and marketing expenses	(114,596)	19)	(105,555)	8.6
Administration and general expenses	(28,665)	20)	(28,211)	1.6
Research and development expenses	(61,005)	21)	(53,977)	13.0
Other income and other expenses (net)	(9,493)	22)	(17,267)	-45.0
Reversal of impairment on financial and contract assets	318		1,329	-76.1
Profit from operations	135,832	23)	115,089	18.0
Finance income	30,106		28,780	4.6
Finance costs	(22,473)		(29,605)	-24.1
Net financial income/(loss)	7,633	24)	(825)	n.a.
Share of profit of associates and joint ventures	3,110		900	245.6
Profit before income tax	146,575		115,164	27.3
Income and deferred tax	(856)	25)	(4,487)	-80.9
Local business tax and innovation contribution	(4,539)		(4,625)	-1.9
Profit for the year	141,180		106,052	33.1
Profit attributable to:				
Owners of the parent	139,626	26)	104,683	33.4
Non-controlling interest	1,554		1,369	13.5
Statement of comprehensive income				
Profit for the year	141,180		106,052	33.1
Actuarial gain/(loss) on retirement defined benefit plans	631		(1,707)	n.a.
Changes in the fair value of equity instruments at FVOCI	2,154		(1,077)	n.a.
Items that will not be reclassified to profit or loss (net of tax)	2,785		(2,784)	n.a.
Exchange differences arising on translation of subsidiaries	8,626		(591)	n.a.
Exchange differences arising on translation of associates and joint ventures	(53)		(103)	-48.5
Fair value loss on cash-flow hedges	(23)		-	n.a.
Changes in fair value of debt instruments at FVOCI	(1,620)		-	n.a.
Items that may be subsequently reclassified to profit or loss (net of tax)	6,930		(694)	n.a.
Other comprehensive income for the year	9,715		(3,478)	n.a.
Total comprehensive income for the year	150,895		102,574	47.1
Attributable to:				
Owners of the parent	149,092		100,725	48.0
Non-controlling interest	1,803		1,849	-2.5
Earnings per share (EPS)	HUF		HUF	%
Basic	751		563	33.4
Diluted	751		563	33.4

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Consolidated Income Statement – EUR

	For the year ended 31 December		
	2021 Not audited EURm	2020 Audited EURm	Change %
Revenues	1,758.5	1,614.8	8.9
Cost of sales	(784.5)	(706.6)	11.0
Gross profit	974.0	908.2	7.2
Sales and marketing expenses	(319.6)	(300.7)	6.3
Administration and general expenses	(79.9)	(80.4)	-0.6
Research and development expenses	(170.1)	(153.8)	10.6
Other income and other expenses (net)	(26.5)	(49.2)	-46.1
Reversal of impairment on financial and contract assets	0.9	3.8	-76.3
Profit from operations	378.8	327.9	15.5
Finance income	84.0	82.0	2.4
Finance costs	(62.7)	(84.4)	-25.7
Net financial income/(loss)	21.3	(2.4)	n.a.
Share of profit of associates and joint ventures	8.7	2.6	234.6
Profit before income tax	408.8	328.1	24.6
Income and deferred tax	(2.4)	(12.8)	-81.3
Local business tax and innovation contribution	(12.7)	(13.1)	-3.1
Profit for the year	393.7	302.2	30.3
Profit attributable to:			
Owners of the parent	389.4	298.3	30.5
Non-controlling interest	4.3	3.9	10.3
Average exchange rate (EURHUF)	358.59	350.98	2.2
Statement of comprehensive income			
Profit for the year	393.7	302.2	30.3
Actuarial gain/(loss) on retirement defined benefit plans	1.8	(4.8)	n.a.
Changes in the fair value of equity instruments at FVOCI	6.0	(3.1)	n.a.
Items that will not be reclassified to profit or loss (net of tax)	7.8	(7.9)	n.a.
Exchange differences arising on translation of subsidiaries	24.1	(1.7)	n.a.
Exchange differences arising on translation of associates and joint ventures	(0.2)	(0.3)	-33.3
Fair value loss on cash-flow hedges	(0.1)	-	n.a.
Changes in fair value of debt instruments at FVOCI	(4.5)	-	n.a.
Items that may be subsequently reclassified to profit or loss (net of tax)	19.3	(2.0)	n.a.
Other comprehensive income for the year	27.1	(9.9)	n.a.
Total comprehensive income for the year	420.8	292.3	44.0
Attributable to:			
Owners of the parent	415.8	287.0	44.9
Non-controlling interest	5.0	5.3	-5.7
Earnings per share (EPS)	EUR	EUR	%
Basic	2.09	1.60	30.6
Diluted	2.09	1.60	30.6

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Consolidated Income Statement – 3 months to December HUF, EUR

	October-December 3 months					
	2021	2020	Change	2021	2020	Change
	HUFm	Audited HUFm	%	EURm	Not audited EURm	%
Revenues	176,274	150,387	17.2	483.2	418.6	15.4
Cost of sales	(79,160)	(72,373)	9.4	(217.0)	(202.0)	7.4
Gross profit	97,114	78,014	24.5	266.2	216.6	22.9
Sales and marketing expenses	(30,803)	(22,335)	37.9	(84.4)	(61.6)	37.0
Administration and general expenses	(6,674)	(7,156)	-6.7	(18.2)	(19.9)	-8.5
Research and development expenses	(12,886)	(11,185)	15.2	(35.1)	(30.9)	13.6
Other income and other expenses (net)	(4,979)	(5,391)	-7.6	(13.8)	(15.1)	-8.6
Reversal of impairment on financial and contract assets	126	859	-85.3	0.4	2.4	-83.3
Profit from operations	41,898	32,806	27.7	115.1	91.5	25.8
Finance income	11,880	5,444	118.2	32.8	15.0	118.7
Finance costs	(6,053)	(11,190)	-45.9	(16.6)	(31.5)	-47.3
Net financial income/(loss)	5,827	(5,746)	n.a.	16.2	(16.5)	n.a.
Share of profit/(loss) of associates and joint ventures	691	(932)	n.a.	1.9	(2.7)	n.a.
Profit before income tax	48,416	26,128	85.3	133.2	72.3	84.2
Income and deferred tax	(300)	(3,327)	-91.0	(0.8)	(9.4)	-91.5
Local business tax and innovation contribution	(1,057)	(1,053)	0.4	(2.9)	(2.9)	0.0
Profit for the period	47,059	21,748	116.4	129.5	60.0	115.8
Profit attributable to:						
Owners of the parent	46,518	21,581	115.6	128.0	59.6	114.8
Non-controlling interest	541	167	224.0	1.5	0.4	275.0
Average exchange rate (EURHUF)				363.39	362.47	0.3
Earnings per share (EPS)	HUF	HUF	%	EUR	EUR	%
Basic	250	116	115.5	0.69	0.32	115.6
Diluted	250	116	115.5	0.69	0.32	115.6

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Consolidated Cash-flow Statement

	For the year ended 31 December	
	2021	2020
	Not audited HUFm	Audited HUFm
	Notes	
Operating activities		
Profit before income tax	146,575	115,164
Depreciation and amortisation	44,922	39,846
Non cash items accounted through Consolidated Income Statement	(1,425)	(2,031)
Net interest and dividend income	(3,568)	(1,504)
Changes in provision for defined benefit plans	(8)	703
Reclass of results on changes of property, plant and equipment and intangible assets	(939)	767
Gain on disposal of subsidiaries	(1,391)	-
Impairment recognised on intangible assets and goodwill	2,591	8,256
Expense recognised in respect of equity-settled share-based payments	1,590	1,642
<i>Movements in working capital</i>		
Increase in trade and other receivables	(36,470)	(3,341)
Increase in inventories	(20,983)	(13,900)
Increase/(decrease) in payables and other liabilities	17,173	(4,545)
Interest paid	(27)	(22)
Income tax paid	(8,136)	(7,515)
Net cash-flow from operating activities	139,904	133,520
Investing activities		
Payments for property, plant and equipment	(46,127)	(36,903)
Payments for intangible assets	(97,170)	(29,735)
Proceeds from disposal of property, plant and equipment	1,857	432
Government grant received related to investments	693	2,197
Payments to acquire financial assets	(143,206)	(47,454)
Proceeds on sale or redemption on maturity of financial assets	30,998	10,807
Disbursement of loans net	(1,294)	848
Interest received	2,950	915
Dividend receives	9	2
Net cash inflow from disposal of subsidiaries	2,118	-
Net cash-flow to investing activities	(249,172)	(98,891)
Financing activities		
Purchase of treasury shares	(819)	(1,650)
Dividend paid	(42,140)	(13,500)
Principal elements of lease payments	(2,055)	(3,143)
Repayment of borrowings	(244,846)	-
Proceeds from borrowings	315,119	-
Net cash-flow from/(to) financing activities	25,259	(18,293)
Net (decrease)/increase in cash and cash equivalents	(84,009)	16,336
Cash and cash equivalents at beginning of year	142,068	128,573
Effect of foreign exchange rate changes on the balances held in foreign currencies	1,603	(2,647)
Cash and cash equivalents at end of year	59,662	142,262

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

Notes to Consolidated Financial Statements

13) Non-current assets

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

The level of Property, plant and equipment increased as a result of certain capital expenditure programmes carried out at the Group during the reported year.

The higher levels of Non-current financial assets at fair value through profit or loss and Non-current financial assets at fair value through other comprehensive income resulted from the increase of securities (HUF 118.0bn), which is linked to the purchase of government securities, corporate bonds and other securities. The latter purchases were financed via a bonds issued in the amount of HUF 70bn. (See Appendix.)

14) Current assets

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

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

Trade receivables increased during the reported year.

15) Capital and reserves

Retained earnings amounted to HUF 849,735m and increased by HUF 98,327m. The increase was due to profits realized during the reported year.

16) Non-current liabilities

On 2 June 2021 the Group held a successful auction for qualified investors and received funding in the amount of HUF 70,273m from the issued bonds. The issuance was held in the frame of the Bond Funding for Growth Scheme (“NKP”) of the Hungarian National Bank that aims to improve the efficiency of monetary policy transmission and increasing the liquidity of the corporate bond market.

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

17) Current liabilities

Current liabilities have increased primarily as a result of higher levels of Trade payables.

18) Gross profit and margin

Gross profit was positively impacted by

- a significant year-on-year increase (HUF 22,620m) in royalties receivable linked to sales of **Vraylar®** in the USA;
- royalty accounted for in respect of **Evra®** (HUF 13,358m) which is a new item;

while it was negatively impacted by:

- a decline in sales of relatively high margin **oral contraceptives**;
- the absence of the flu season which affected turnover of antiviral **Groprinosin** negatively in 2021 compared to heavy stockpiling in the base year.

Amortisation of acquired portfolio

Amortisation of the marketing and intellectual property rights of the OC portfolio acquired from Grünenthal amounted to HUF 4,238m. Corresponding figures for the base year was HUF 4,313m.

Amortization of **Bemfola®** amounted to HUF 2,080m, and we accounted for HUF 3,523m in respect of **Evra®** on the same grounds during the reported year.

Gross margin

55.4% 56.2%

Gross margin declined during the reported year when compared to that achieved in 2020 as a result of the previously detailed offsetting items. This decline was also a consequence of higher turnover being achieved by the core Pharmaceutical segment, which was exceeded by the sales growth reported by the lower margin Wholesale and retail business.

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

19) Sales and marketing expenses

Proportion to sales:

18.2% 18.6%

The proportion of Sales and marketing expenses to sales declined during the reported year. The monetary amount of these slightly increased primarily in our Western European and Chinese operations while in the base year promotional activities were severely limited by COVID-19 pandemic related measures, with conferences and other commercial events having been cancelled in most of the regions where direct marketing activities are carried out by Richter.

In accordance with a repurchase obligation related to employee share bonuses, the Company repurchased 3,413 shares from employees who resigned from the Parent company during the fourth quarter 2021.

In line with a programme related to employee share bonuses, on 20 December 2021 the Company granted a total of 212,693 shares in respect of 4,783 of its employees. The above shares in the value of HUF 1,851m will be deposited at employees' individual securities accounts at UniCredit Bank Hungary Zrt. until 1 January 2024.

On 3 January 2022, following the expiry of the lock-up period the Company was able to remove all restrictions on 320,534 Richter ordinary shares granted to its employees on 17 December 2019, thereby enabling these shares to be traded.

The total number of Company shares at Group level held in Treasury at 31 December 2021 was 62,471.

Share ownership structure

The shareholder structure at 31 December 2021 is presented in detail in the following table:

Ownership	Ordinary shares	Voting rights	Share capital
	Number	%	%
Domestic ownership	64,689,461	34.72	34.70
State ownership total	126	0.00	0.00
out of which MNV Zrt.	0	0.00	0.00
out of which Municipality	126	0.00	0.00
Institutional investors	57,190,857	30.70	30.68
out of which Maecenas	18,637,486	10.00	10.00
Universitatis Corvini Foundation	18,637,486	10.00	10.00
out of which Mathias Corvinus			
Collegium Foundation			
out of which Foundation for			
National Health and	9,777,658	5.25	5.25
Education			
of Medical Doctors			
Retail investors	7,498,478	4.02	4.02
International ownership	121,139,280	65.02	65.00
Institutional investors	120,901,513	64.89	64.87
out of which FMR LLC	9,457,941	5.08	5.07
Retail investors	237,767	0.13	0.13
Treasury shares and shares transferred to ESOT*	535,279	0.25	0.29
Undisclosed ownership	10,840	0.01	0.01
Share capital	186,374,860	100.00	100.00

* Treasury shares include the combined ownership of the parent company, the ESOT 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 9 December 2021 Richter and Hikma announced that they entered into an exclusive license agreement to commercialise Richter's denosumab, comprising two biosimilar products referencing Prolia® and Xgeva® ("Products"), in the United States. The Products are used for the treatment of osteoporosis and fractures due to bone metastasis respectively and are currently in global Phase 1 and Phase 3 clinical studies.
- On 22 February 2022 Richter announced, that its partner, AbbVie submitted a supplemental New Drug Application (sNDA) for cariprazine (Vraylar®) to the U.S. Food and Drug Administration (FDA) for the adjunctive treatment of major depressive disorder (MDD) in patients who are receiving ongoing antidepressant therapy. The submission is supported by results from previously announced clinical trials.

Risk management

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

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

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

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 2021 results is prepared in accordance with the applicable accounting standards and according to the best of our knowledge. The report above provides a true and fair view of the financial position of Gedeon Richter Plc. and its subsidiaries included in the consolidation, it presents the major risks and factors of uncertainty and it also contains an explanation of material events and transactions that have taken place during the reported period and their impact on the financial position of Gedeon Richter Plc. and its subsidiaries included in the consolidation.

Budapest, 28 February 2022



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'). EUR and USD amounts have been converted from HUF at average exchange rates for indicative purposes only. Financial statements for twelve months period ended 31 December 2020 are audited. Financial statements for the twelve months period ended 31 December 2021 are unaudited.

Appendix

“RICHTER 2031 HUF Bonds”

On 2 June 2021 the Group held a successful auction for qualified investors and received funding in the amount of HUF 70,273 m from the issued bonds. The issuance was held in the frame of the Bond Funding for Growth Scheme (“NKP”) of the Hungarian National Bank that aims to improve the efficiency of monetary policy transmission and increasing the liquidity of the corporate bond market.

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

Total face value: HUF 70,000 m

Maturity: 10 years

Repayment schedule of the principal: 10-10-10% in 2028, 2029 and 2030, 70% at maturity in 2031

Coupon amount: 1.75% per annum

Settlement date of interest and principal: 4th June respectively.

Financial liability derived from the issuance of bonds was initially recognised at fair value (HUF 63,213 m) that amount was calculated based on the price offered by independent market participants on the closed auction. The amount of premium received at issuance (HUF 7,060 m) is presented among Other non-current liabilities and accruals on the consolidated balance sheet and subsequently recognized in the profit or loss as financial income on a systematic basis over the term of the bond.

The Group decided to apply the fair option and designated the financial liability from the bond issuance as subsequently measured at fair value through profit or loss. This accounting policy choice significantly reduces a recognition and measurement inconsistency that would arise from the accounting treatment of the bond at fixed interest rate and the interest rate swaps (IRS) aiming to manage the fair value risk of the underlying financial instrument.

Fair value of financial instruments

HUFm	31 December 2021				31 December 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current financial assets at FVTPL	77,527	8,358	7,873	93,758	-	4,479	6,318	10,797
Non-current financial assets at FVOCI	73,274	-	-	73,274	38,216	-	-	38,216
Current financial assets at fair value	271	-	-	271	-	5,478	1,664	7,142
Hedging derivatives - foreign currency forwards	25	-	-	25	-	-	-	-
Total assets recurring fair value measurements	151,097	8,358	7,873	167,328	38,216	9,957	7,982	56,155
Financial liabilities								
Non-current financial liabilities at FVTPL	8,479	54,468	-	62,947	-	-	-	-
Current financial liabilities at FVTPL	76	1,225	-	1,301	-	-	-	-
Hedging derivatives - foreign currency forwards	48	-	-	48	-	-	-	-
Total liabilities recurring fair value measurements	8,603	55,693	-	64,296	-	-	-	-

The fair value of the financial liability derived from the issuance of bonds was classified as Level 2 because of the lack of an active market. The Group used the discounted cash flow method to determine the fair value of the liability and discounted the cash flows from payments of interest and principal. The discount rate was calculated based on the relevant zero-coupon rates as at the date of valuation and considered a margin between the commercial bank offers at the auction and the yield of the government bonds.