

Gedeon Richter

**Report to the Budapest Stock Exchange
12 months to December 2022**

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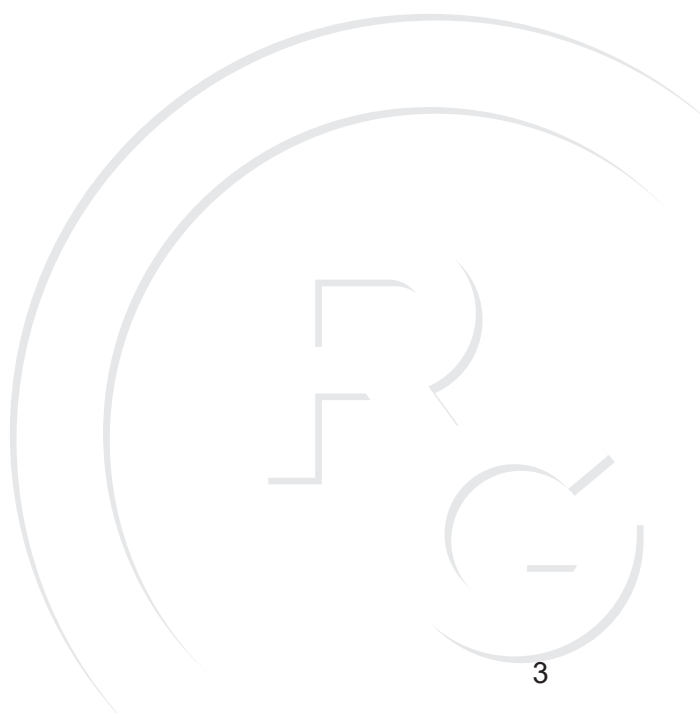
Consolidated figures are prepared in accordance with relevant IFRS regulations and presented in million Hungarian Forint (HUFm). The Report may also contain figures in other currencies but only for indicative purposes.

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

“We have an exceptionally successful year behind us at Gedeon Richter with very healthy growth in underlying revenues and gross profits throughout the year. The exchange rate tailwind up to September turned into a headwind in the last quarter and cost inflation gradually fed through into operating expenses as the year went on. While these adverse effects, combined with certain one-off factors hit the bottomline in Q4, our annual operating profit still came in at a record high.

A long list of new product launches, new partnerships, licensing deals and R&D milestones executed in 2022 lay the foundations for our future success and resilience. These results were achieved despite having to navigate an environment unsettled by macro volatility, supply chain disruption and geopolitical turmoil. I am very proud of the Gedeon Richter team, who contribute more and more each year to serve health and quality of life worldwide.”

Gábor Orbán



Executive Summary

Consolidated sales	HUFm				EURm	
	2022	2021	Change		2022	2021
	12 months to December			%	12 months to December	
Total	802,755	630,595	172,160	27.3	2,039.1	1,758.5

Pharma sales	HUFm				Notes	EURm	
	2022	2021	Change			2022	2021
	12 months to December			%		12 months to December	
Hungary	45,748	43,612	2,136	4.9	6)	116.2	121.6
Europe*	193,668	151,673	41,995	27.7	7)	492.0	423.0
CEE	84,164	71,208	12,956	18.2		213.8	198.6
WEU	109,504	80,465	29,039	36.1		278.2	224.4
CIS	174,450	126,137	48,313	38.3	8)	443.1	351.7
Russia	129,066	85,086	43,980	51.7		327.8	237.2
Ukraine	10,441	14,447	-4,006	-27.7		26.5	40.3
Other CIS	34,943	26,604	8,339	31.3		88.8	74.2
USA	162,148	122,991	39,157	31.8	9)	411.9	343.0
China	21,712	15,593	6,119	39.2	10)	55.2	43.5
Latin America	22,138	13,799	8,339	60.4	11)	56.2	38.5
RoW	36,479	31,214	5,265	16.9	12)	92.6	87.0
Total	656,343	505,019	151,324	30.0		1,667.2	1,408.3

* excluding Hungary

Specialty sales	HUFm				Notes	EURm	
	2022	2021	Change			2022	2021
	12 months to December			%		12 months to December	
cariprazine	145,902	106,176	39,726	37.4	1)	370.6	296.1
Vraylar® royalty (USA)	138,114	101,569	36,545	36.0		350.8	283.2
Vraylar® royalty (CA)	43	0	43	n.a.		0.1	0.0
Reagila®	7,745	4,607	3,138	68.1		19.7	12.9
WHC	235,982	170,314	65,668	38.6	2)	599.4	475.0
Bemfola®	21,627	19,629	1,998	10.2	3)	54.9	54.7
Evra®	28,759	13,512	15,247	112.8	4)	73.1	37.7
OCs	132,926	103,360	29,566	28.6		337.7	288.2
teriparatide	20,911	13,186	7,725	58.6	5)	53.1	36.8
Total	402,795	289,676	113,119	39.1		1,023.1	807.9
Proportion to Pharma sales (%)	61.4	57.4					

Wholesale and retail sales	HUFm				EURm	
	2022	2021	Change		2022	2021
	12 months to December			%	12 months to December	
Total	154,570	134,213	20,357	15.2	392.6	374.3

Approximate exchange rate gain at consolidated sales level: HUF +104.6bn

Note: * In order to become eligible for ESOT's 2 year performance obligations we disclose that the average revenue for the periods between 2021-2022 denominated in HUF (where foreign exchange revenues are calculated at 2020 average rates and where any intercompany effects are excluded) exceeded the consolidated revenues of 2020 by HUF 98,101m.

Selected exchange rates – period averages

	2022 M12	2021 M12
EURHUF	393.68	358.59
USDHUF	375.62	303.76
RUBHUF	5.76	4.10
CNYHUF	55.23	47.18

Exchange rate impact on main consolidated P&L items

As a result of an extraordinary FX environment which prevailed during most of the reported period our business has been significantly impacted by exchange rate gains. We have, consequently decided to highlight the level of such FX related gains at individual P&L items. As the basis for the calculations is that which is used in our internal management accounting, the below figures should be perceived as approximate amounts.

HUFbn	2022 M12
Sales	104.6
Gross profit	69.1
Operating profit	44.4

Selected consolidated business metrics

	HUFm	
	2022	2021
	12 months to December	
Gross margin %	57.4	55.4
Operating margin %	19.1	21.5
Profit margin attributable to owners of the parent %	19.4	22.1

Extraordinary events impacting the reporting period**Extraordinary tax on the Hungarian pharmaceutical industry**

Hungarian Government decided on 23rd December 2022 that an extraordinary tax would be levied on the pharmaceutical industry. Based on Government Decree 582/2022 (XII.23.) this tax is calculated from the actual business year's annual net sales of pharmaceutical products and active pharmaceutical ingredients and it is payable for the years 2022 and 2023.

Based on the decree the tax payable by the Company for the year 2022 is expected to be HUF 27.9 billion according to financial regulations in effect at the time of the publication of this report. The tax has been accounted under Other expenses thus proportionally lowering the Company's operating profit and free cash-flow for 2022.

Russian – Ukrainian conflict

Business in Russia suffered slight temporary delays in the early days of the military conflict, shipments have since then broadly returned to their pre-war routine. Market intelligence data suggest that in the first eleven months retail pharmaceutical sales in Russia increased by 15% in RUB terms primarily due to price increases.

A stockpiling impacted sales at the final consumer level in the first quarter. Wholesaler stocks, however, declined to significantly lower levels by the end of 2022 compared to January. Payments have been received in due order during the entire reported year.

Starting March 2022 we have served Russian wholesalers exclusively from the Gedeon Richter RUS warehouse. Invoices to wholesalers are issued in RUB as previously by local subsidiaries of the Group. Invoices between the latter and the Parent are settled in USD with effect from second quarter 2022. Approximately half of our local turnover is naturally hedged, covering the RUB incurred costs of local manufacturing and marketing activities.

Commercial operations were disrupted in Ukraine in late February and only resumed in mid April at significantly lower levels compared to previous sales volumes. Due to a change in Ukrainian legislation, marketing authorizations issued for products having sufficient competitors on the market may be revoked if their manufacturer operates manufacturing units and pays taxes in Russia. A procedure implementing the suspension of 35 of our products was initiated in early October on this legal basis. Richter plans to appeal against the decision. The practical implementation of the above measure did not take place by the end of the reported year, all of our registered products have been marketed throughout the year.

Notes to Specialty Sales

1) Cariprazine – Central Nervous System

Vraylar® royalty income due to Richter in 2022 amounted to HUF 138,157m (USD 385.6m). This amount contributed materially to the sales levels achieved during the reported year. The figures above also include royalty income paid on AbbVie sales recorded in Canada during the third and fourth quarter 2022.

Proceeds from Reagila® amounted to HUF 7,745m (EUR 19.7m) during the reported year.

Figures shown in the following table are actual figures except for royalty income recorded in the fourth quarter 2022 in respect of **Reagila**[®].

	Turnover (Royalties included)				
	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
USDm / Vraylar [®] (royalty (USA+CA)+API)*	109.9	107.7	86.3	83.4	95.2
EURm / Reagila [®] (royalty+product sales)	6.2	4.3	4.9	4.3	4.2

* Note: Forward exchange contracts and extreme volatility of USDHUF exchange rates materially distorted royalty amounts received in respect of **Vraylar**[®] translated at average exchange rates of the respective periods. With the purpose of avoiding such distortions we report royalty amounts payable by AbbVie to Richter at their nominal USD value. For comparison we have restated figures relative to previous periods accordingly.

Recent developments

USA

Based on the positive results of the clinical studies and all the necessary data reported, AbbVie submitted during the first quarter 2022 a supplemental New Drug Application (sNDA) with the U.S. Food and Drug Administration for the expanded use of cariprazine as adjunctive therapy to antidepressants for the treatment of major depressive disorder (MDD) in adults. The Authority approved **Vraylar**[®] (cariprazine) in the above indication in mid December.

Canada

On 27 April 2022 Richter's partner, AbbVie announced that Health Canada had approved **Vraylar**[®] (cariprazine) as monotherapy for the acute management of manic, mixed, and depressive episodes associated with bipolar I disorder in adults, as well as the treatment of schizophrenia in adults. First royalty proceeds were accounted for in respect of Canadian sales realised during the third quarter 2022.

Cariprazine market situation

WEU

Country	Launch	Reimbursed launch
Germany	Q2 2018	yes
UK	Q3 2018	yes
Finland	Q4 2018	yes
Sweden	Q4 2018	yes
Denmark	Q4 2018	yes
Netherlands	Q4 2018	yes
Italy	Q1 2019	yes
Ireland	Q3 2019	yes
Spain	Q3 2019	yes
Portugal	Q3 2019	yes
Belgium	Q1 2020	no*
Luxembourg	Q3 2020	yes
Austria	Q1 2021	no
Greece	Q3 2021	yes

CEE

Country	Launch	Reimbursed launch
Poland	Q1 2018	no*
Estonia	Q1 2018	no*
Slovenia	Q3 2018	yes
Hungary	Q4 2018	yes
Romania	Q4 2018	no
Bulgaria	Q1 2019	yes
Slovakia	Q1 2019	yes
Czech Republic	Q1 2019	yes
Latvia	Q2 2019	no*
Lithuania	Q1 2020	no
Croatia	Q4 2021	no

Europe – Countries outside the European region

Country	Launch	Reimbursed launch
Switzerland	Q4 2018	yes
Norway	Q2 2019	yes
Montenegro	Q1 2020	yes
Serbia	Q1 2020	no*

CIS Other markets

Country	Launch	Reimbursed launch
Russia	Q4 2019	yes
Moldavia	Q4 2019	no
Ukraine	Q1 2020	no
Belarus	Q1 2020	no
Georgia	Q1 2020	no
Kazakhstan	Q1 2020	no
Uzbekistan	Q1 2020	no
Azerbaijan	Q3 2020	no

Country	Launch	Reimbursed launch
Singapore	Q2 2020	no
Thailand	Q2 2020	no
Jordan	Q3 2020	no
Israel	Q4 2020	no**
Saudi Arabia	Q1 2021	no
Egypt	Q2 2021	no
Australia	Q3 2021	yes
United Arab Emirates	Q4 2021	no
Qatar	Q4 2021	no
Indonesia	Q2 2022	no
Canada	Q3 2022	no
Malaysia	Q3 2021	no
Vietnam	Q4 2022	no

* Received reimbursement following the launch.

** Reimbursed in schizophrenia indication, reimbursement for bipolar mania and depression is in progress.

Altogether by the end of 2022 cariprazine was available in 51 countries globally including the USA and Hungary, with reimbursement in most countries where a reimbursement system is in place.

2) Women's Healthcare – Core Business

WHC sales by region

	HUFm				EURm	
	2022	2021	Change	%	2022	2021
	12 months to December				12 months to December	
Hungary	5,086	4,740	346	7.3	12.9	13.2
Europe*	105,074	80,057	25,017	31.2	266.9	223.3
CEE	26,066	19,754	6,312	32.0	66.2	55.1
WEU	79,008	60,303	18,705	31.0	200.7	168.2
CIS	58,803	36,822	21,981	59.7	149.4	102.7
Russia	50,203	28,578	21,625	75.7	127.5	79.7
Ukraine	2,306	3,691	-1,385	-37.5	5.9	10.3
Other CIS	6,294	4,553	1,741	38.2	16.0	12.7
USA	15,954	11,542	4,412	38.2	40.5	32.2
China	15,736	12,365	3,371	27.3	40.0	34.5
Latin America	19,535	11,364	8,171	71.9	49.6	31.7
RoW	15,794	13,424	2,370	17.7	40.1	37.4
Total	235,982	170,314	65,668	38.6	599.4	475.0

* excluding Hungary

WHC sales in 2022 exceeded levels recorded in the same period of the previous year by HUF 65,668m or 38.6%. Higher sales levels were recorded in all of our regions except for Ukraine.

Sales of the WHC product group increased due to turnover of oral contraceptives and the royalty and direct sales income received from [Evra®](#). [Drovelis®](#) launched in the second quarter 2021 contributed primarily to sales growth achieved during the reported year. Turnover of emergency contraceptive [Plan B](#) and to a limited extent sales of certain steroid APIs further lifted US sales.

In line with our endeavour to bring innovative products to our Women's Health franchise and to expand the geographical reach of our highly competitive product portfolio the following products were launched in the fourth quarter 2022: [Ganirelix](#) used in assisted reproductive technology (ART) among others in the Czech Republic, Slovakia and in the Baltic states, [Lidbree](#) in Bulgaria and [Escapelle ODT](#) (orally disintegrating tablets) in Croatia.

WHC sales by product groups

	HUFm				EURm	
	2022	2021	Change		2022	2021
	12 months to December		%		12 months to December	
Oral contraceptives	132,926	103,360	29,566	28.6	337.6	288.2
Drovelis®	6,290	763	5,527	724.6	16.0	2.1
Non-oral contraceptives	32,877	16,262	16,615	102.2	83.6	45.4
Evra®	28,759	13,512	15,247	112.8	73.1	37.7
Infertility	26,306	22,708	3,598	15.8	66.8	63.3
Bemfola®	21,627	19,629	1,998	10.2	54.9	54.7
Cyclogest®	4,173	2,774	1,399	50.4	10.6	7.7
Other WHC therapies	43,873	27,984	15,889	56.8	111.4	78.1
Ryeqo®	2,013	296	1,717	580.1	5.1	0.8
Lenzetto®	5,875	3,587	2,288	63.8	14.9	10.0
Total	235,982	170,314	65,668	38.6	599.4	475.0

Proportion of WHC sales to total pharmaceutical turnover – by region

	%	
	2022	2021
	12 months to December	
Hungary	11.1	10.9
Europe*	54.2	52.8
CEE	31.0	27.7
WEU	72.1	75.0
CIS	33.7	29.2
USA	9.8	9.4
China	72.5	79.3
Latin America	88.3	82.3
RoW	43.3	43.0
Total	36.0	33.7

* excluding Hungary

Western Europe Top 5 markets

	MEUR	
	2022	2021
	12 months to December	
Germany	38.2	35.4
Spain	36.3	32.8
Italy	31.5	23.9
France	26.1	20.6
UK	23.4	17.2
Total Top 5 Sales	155.5	129.9
Total WEU Sales	200.7	168.2
Total Top 5 Sales %	77.5	77.2

3) Bemfola® – Women’s Healthcare

	HUFm				EURm	
	2022	2021	Change		2022	2021
	12 months to December		%		12 months to December	
Hungary	772	739	33	4.5	2.0	2.1
Europe*	18,396	15,589	2,807	18.0	46.7	43.5
CEE	2,248	1,773	475	26.8	5.7	5.0
WEU	16,148	13,816	2,332	16.9	41.0	38.5
CIS	-7	268	-275	-102.6	0.0	0.7
Latin America	268	11	257	2,336.4	0.6	0.0
RoW	2,198	3,022	-824	-27.3	5.6	8.4
Total	21,627	19,629	1,998	10.2	54.9	54.7

* excluding Hungary

The positive impact of the removal of previous restrictions related to the COVID-19 pandemic led to rebounding sales of Bemfola® on most markets partly offset by declining sales recorded in Australia. Turnover achieved by the product in 2022 amounted to HUF 21,627m, exceeding base figures by HUF 1,998m or 10.2% primarily due to proceeds from WEU region. Sales proceeds from South Korea also contributed to the higher turnover reported. Negative sales recorded in Ukraine were due to credit notes issued to wholesalers in respect of sales realised in the last quarter 2021. In EUR terms sales performance at EUR 54.9m reported for 2022 remained virtually unchanged when compared to the levels recorded in the previous year.

4) Evra® – Women’s Healthcare

	HUFm				EURm	
	2022	2021	Change		2022	2021
	12 months to December		%		12 months to December	
Hungary	27	6	21	350.0	0.1	0.0
Europe*	11,504	5,349	6,155	115.1	29.2	14.9
CEE	2,568	985	1,583	160.7	6.5	2.7
WEU	8,936	4,364	4,572	104.8	22.7	12.2
CIS	610	295	315	106.8	1.6	0.9
Latin America	10,904	4,410	6,494	147.3	27.7	12.3
RoW	5,714	3,452	2,262	65.5	14.5	9.6
Total	28,759	13,512	15,247	112.8	73.1	37.7

* excluding Hungary

The asset purchase agreement concluded in January 2021 with Janssen Pharmaceutica NV and the complementary transitional business licence agreement provided for 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 Evra® ranked 4th on our Top10 products list.

Direct sales of this product amounted to HUF 21,339m (EUR 54.2m) in 2022 while royalty income recorded by **Evra**[®] totalled HUF 7,217m (EUR 18.3m) during the same year.

5) Teriparatide – biosimilar portfolio

Total sales proceeds from teriparatide amounted to HUF 20,911m (EUR 53.1m) in 2022. 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 Israeli market. Sales proceeds from Japan contributed HUF 3,809m representing 18% of total sales achieved by the product.

Notes to Pharmaceutical Sales

6) Hungary

The underlying market increased by 8.5% while retail sales of Richter products increased at a higher rate of 11.6% according to the latest available IQVIA (successor of IMS) data. The Company is now ranked fourth 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 7.4%.

7) Europe

The **Central and Eastern European** region sales represented 43% of total European sales of the Group's pharmaceutical segment.

Turnover recorded in **Poland** increased by HUF 5,163m (PLN 42.7m), or 19.0% (12.3%) in 2022 and totalled HUF 32,324m (PLN 388.8m). Higher sales of **Evra**[®], which was launched directly by Richter in January 2022 together with turnover from **Drovelis**[®] have contributed the most to the turnover achieved. As **Reagila**[®] received reimbursed status in the last quarter 2021 Richter intensified its promotional efforts and proceeds of this product contributed substantially to the growth rate recorded in this market. Following a drop in sales of **Groprinosin** in the second year of the pandemic, sales of this product gained momentum again in the reported year.

In **Romania** total sales were HUF 14,992m (RON 189.4m) in 2022. Sales growth of HUF 2,175m, 17.0% (RON 13.4m, 7.6%) resulted primarily from well-established branded generic products partly subsequent to a low base period performance. As a result of certain price modifications implemented at the beginning of March 2022 by the regulatory authority, substantial price increases could be recorded for some of our products.

Turnover in the **Western European region** increased substantially by HUF 29,039m or 36.1% (EUR 53.8m, 24.0%). Growth recorded in France, Spain, Italy and UK contributed the most to the sales level achieved in 2022. As far as the product portfolio is concerned increasing proceeds from **Terrosa®**, **Evra®** and **Bemfola®** were complemented by turnover of recently launched **Drovelis®** and **Ryeqo®**. In addition, proceeds from contract manufacturing activities at Richter-Helm Biologics also contributed to the substantial growth reported in this region. WEU sales represented 57% of total European pharmaceutical turnover.

8) CIS

Sales to **Russia** at HUF 129,066m (RUB 22,407.3m) increased by 51.7% in HUF terms (8.0% in RUB terms). The RUB appreciated against the HUF on an average by 40.5% compared to 2021. Notwithstanding a volatile market environment presenting unforeseeable risks connected to the ongoing war and the subsequent sanctions imposed on Russia, business operations prevailed broadly at levels experienced prior to the pandemic.

In the first quarter 2022 an overall 23% price increase was implemented to our portfolio of non-EDL drugs. These price adjustments implemented at the end of the first quarter impacted turnover by 12.3% for the full year 2022. The slight decrease in volumes delivered in the last three quarters of 2022 were not reflected in retail sales given destocking by wholesalers.

In-market sales figures (IQVIA, data for the first eleven months) suggest that retail sales recorded in RUB terms by Richter products increased by 21.2% exceeding overall market growth at 15.4% in RUB terms primarily related to price increases implemented by manufacturers and distributors during the first quarter 2022.

Sales of originator products together with the performance of some local producers reported a significant increase during the reported year while most generic manufacturers recorded sales in line with Richter's performance when expressed in RUB terms.

Sales levels during 2022 at EUR 327.8m increased by EUR 90.6m when compared to the 2021 as the growth achieved in EUR terms was further boosted by a stronger EURRUB average exchange rate experienced during the reported year.

As a result of the uncertain financial environment Richter stopped direct sales to distributors from Hungary to Russia switching instead to sales via Gedeon Richter RUS, the Group's local manufacturing unit and warehouse. Shipments to GR-RUS are invoiced and settled in USD. To date we have not experienced any financial disruption to the timely payment of outstanding invoices.

Sales reported in **Ukraine** in 2022, at EUR 26.5m declined by 34.2%. These figures include sales realised up to late February, together with turnover achieved since mid April. Due to a change in Ukrainian legislation, marketing authorizations issued for products having sufficient competitors on the market may be revoked if their manufacturer operates manufacturing units and pays taxes in Russia. A procedure implementing the suspension of 35 of our products was initiated in early October on this legal basis. Richter plans to appeal against the decision. Practical implementation of the above measure had not taken place by the end of the reported year, so all of our registered products have been marketed throughout the year.

Sales to **Other CIS** markets reported a turnover of HUF 34,943m, representing a HUF 8,339m increase when compared to the sales performance achieved in 2021. Higher turnover was primarily recorded in Uzbekistan and Kazakhstan and Moldova. Weakening of EUR against USD during the reported period impacted unfavourably EUR denominated sales proceeds in certain markets of the region partly offsetting the achieved overall good turnover reported in this group of countries.

9) USA

Sales to the **USA**, our leading market in terms of revenue, increased by HUF 39,157m (31.8%) or USD 26.8m (6.6%). Royalty revenues linked to **Vraylar**[®] amounted to HUF 138,114m (USD 385.5m), a growth of 36.0% (18.2% in USD terms) when compared to 2021.

An increase in API sales also impacted positively our performance achieved.

10) China

As a result of our efforts to further strengthen our women's health presence in this region, we purchased the SHE Healthcare marketing company together with its paediatric portfolio and its proprietary online sales platform. Richter plans to take advantage of the latter in promoting its women's healthcare products. In addition, a marketing authorization was issued during the third quarter of 2022 concerning one of our fourth generation OCs containing drospirenone.

Sales growth of HUF 6,119m (39.2%) arose primarily from the higher sales of Escapelle and Panangin together with turnover from Bromocriptin resulting from the uneven timing of shipments.

11) Latin America

Higher turnover was recorded in most countries of this region, out of which the performance of Mexico contributed primarily to the higher sales levels. As for the product portfolio, royalty proceeds and direct sales of **Evra**[®] contributed the most to the turnover achieved.

12) Rest of the World

Higher sales levels of **Evra**[®] and teriparatide contributed primarily to the sales growth achieved in 2022. Geographically, growth was driven by higher turnover recorded in Mongolia, Israel, Canada and Japan.

Background Information on Pharmaceutical Sales

by region in currencies of invoicing

	Currency (million)	2022 12 months to December	2021 12 months to December	Change %
Hungary	HUF	45,748	43,612	4.9
Europe*	EUR	492.0	423.0	16.3
CEE	EUR	213.8	198.6	7.7
WEU	EUR	278.2	224.4	24.0
CIS	EUR	443.1	351.7	26.0
	USD	464.4	415.3	11.8
Russia	RUB	22,407.3	20,752.6	8.0
Ukraine	EUR	26.5	40.3	-34.2
Other CIS	EUR	88.8	74.2	19.7
	USD	93.0	87.6	6.2
USA	USD	431.7	404.9	6.6
China	CNY	393.1	330.5	18.9
Latin America	USD	59.0	45.4	30.0
RoW	EUR	92.6	87.0	6.4
	USD	97.1	102.8	-5.5

* excluding Hungary

to Top 10 markets

	HUFm				EURm	
	2022 12 months to December	2021 12 months to December	Change %		2022 12 months to December	2021 12 months to December
USA	162,148	122,991	39,157	31.8	411.9	343.0
Russia	129,066	85,086	43,980	51.7	327.8	237.2
Hungary	45,748	43,612	2,136	4.9	116.2	121.6
Poland	32,324	27,162	5,162	19.0	82.1	75.7
Germany	26,194	22,718	3,476	15.3	66.5	63.4
China	21,712	15,593	6,119	39.2	55.2	43.5
Spain	20,696	15,541	5,155	33.2	52.6	43.3
Romania	14,992	12,817	2,175	17.0	38.1	35.7
France	14,790	8,852	5,938	67.1	37.6	24.8
Italy	14,724	9,708	5,016	51.7	37.4	27.1
Total Top 10	482,394	364,080	118,314	32.5	1,225.4	1,015.3
Total Sales	656,343	505,019	151,324	30.0	1,667.2	1,408.3
Total Top 10 / Total Sales %					73.5	72.1

of Top 10 products

	HUFm				EURm	
	2022	2021	Change		2022	2021
	12 months to December				12 months to December	
				%		
Vraylar® / Reagila® / cariprazine Oral	146,537	106,581	39,956	37.5	372.2	297.2
contraceptives	132,926	103,360	29,566	28.6	337.7	288.2
Mydeton / Mydocalm	29,105	18,226	10,879	59.7	73.9	50.8
Evra®	28,759	13,512	15,247	112.8	73.1	37.7
Bemfola®	21,627	19,629	1,998	10.2	54.9	54.7
Terrosa® / teriparatide	20,911	13,186	7,725	58.6	53.1	36.8
Cavinton	18,730	16,860	1,870	11.1	47.6	47.0
Panangin	18,617	15,765	2,852	18.1	47.3	44.0
Verospiron	18,071	15,805	2,266	14.3	45.9	44.1
Aflamin	14,438	11,507	2,931	25.5	36.7	32.1
Total Top 10	449,721	334,431	115,290	34.5	1,142.4	932.6
Total Sales	656,343	505,019	151,324	30.0	1,667.2	1,408.3
Total Top 10 / Total Sales %					68.5	66.2

Background Information on Wholesale and Retail Sales

	HUFm				EURm	
	2022	2021	Change		2022	2021
	12 months to December				12 months to December	
				%		
Hungary	0	2	-2	-100.0	0.0	0.0
Europe*	141,044	118,209	22,835	19.3	358.3	329.6
CEE	141,044	118,209	22,835	19.3	358.3	329.6
CIS	6,594	11,104	-4,510	-40.6	16.7	31.0
Other CIS	6,594	11,104	-4,510	-40.6	16.7	31.0
Latin America	6,932	4,898	2,034	41.5	17.6	13.7
Total	154,570	134,213	20,357	15.2	392.6	374.3

* 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Not audited	Audited	Not audited	Audited	Not audited	Audited	Not audited	Audited	Not audited	Audited
P&L items HUFm										
Revenues	656,343	505,019	154,570	134,213	9,717	7,150	(17,875)	(15,787)	802,755	630,595
Cost of sales	(208,888)	(166,752)	(142,213)	(123,964)	(9,084)	(6,346)	17,894	15,740	(342,291)	(281,322)
Gross profit	447,455	338,267	12,357	10,249	633	804	19	(47)	460,464	349,273
Profit from operations	152,085	135,047	(49)	465	144	386	1,375	(66)	153,555	135,832
Net financial income	9,051	12,351	73	(527)	64	12	(3,230)	(4,203)	5,958	7,633
Miscellaneous items										
Capital expenditure HUFm	71,165	142,460	104	595	310	262	-	(20)	71,579	143,297
Number of employees at the end of the period	10,767	10,751	1,031	1,100	369	411	-	-	12,167	12,262
Business metrics %										
Gross margin	68.2	67.0	8.0	7.6	6.5	11.2	-	-	57.4	55.4
Operating margin	23.2	26.7	0.0	0.3	1.5	5.4	-	-	19.1	21.5

Consolidated Financial Statements

Company name: Gedeon Richter Plc.
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 Investor relations manager: Katalin Ördög

Consolidated Balance Sheet – Assets

	31 December 2022 Not audited HUFm	Notes	31 December 2021 Audited HUFm	Change %
ASSETS	1,340,289		1,145,282	17.0
Non-current assets	764,519	13)	732,660	4.3
Property, plant and equipment	315,949		278,394	13.5
Investment property	-		110	-100.0
Goodwill	35,101		35,005	0.3
Other intangible assets	196,714		220,915	-11.0
Investments in associates and joint ventures	9,281		10,800	-14.1
Non-current financial assets at amortised cost	20,801		5,335	289.9
Non-current financial assets at FVTPL	67,724		84,651	-20.0
Non-current financial assets at FVOCI	68,193		73,274	-6.9
Derivative financial instruments*	31,446		9,107	245.3
Deferred tax assets	15,878		12,285	29.2
Long term receivables	3,432		2,784	23.3
Current assets	575,770	14)	412,622	39.5
Inventories	153,335		131,349	16.7
Contract assets	6,150		3,865	59.1
Trade receivables	175,182		184,760	-5.2
Other current assets	41,120		30,474	34.9
Current financial assets at amortised cost	44,716		912	n.a.
Current financial assets at FVOCI	1,536		-	n.a.
Derivative financial instruments*	2,154		296	627.7
Current tax asset	4,844		1,110	336.4
Cash and cash equivalents	79,719		59,856	33.2
Assets classified as held for sale	67,014		-	n.a.

* The extension of the Group's financial instruments portfolio required the reassessment of the presentation of different categories of the financial and non-financial instruments.

Prepared in accordance with IAS 34 Interim Financial Reporting.

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Consolidated Balance Sheet – Equity and Liabilities

	31 December 2022 Not audited HUFm	Notes	31 December 2021 Audited HUFm	Change %
EQUITY AND LIABILITIES	1,340,289		1,145,282	17.0
Capital and reserves	1,060,352	15)	923,022	14.9
Share capital	18,638		18,638	0.0
Treasury shares	(2,123)		(2,862)	-25.8
Share premium	15,214		15,214	0.0
Capital reserves	3,475		3,475	0.0
Foreign currency translation reserves	47,846		29,363	62.9
Revaluation reserves for financial assets at FVOCI	(339)		1,346	n.a.
Cash-flow hedge reserve	820		(23)	n.a.
Retained earnings	966,375		849,735	13.7
Non-controlling interest	10,446		8,136	28.4
Non-current liabilities	100,430		99,047	1.4
Deferred tax liability	3,928		3,798	3.4
Non-current financial liabilities at FVTPL	41,516		55,301	-24.9
Derivative financial instruments *	25,484		8,518	199.2
Lease liability	10,789		12,722	-15.2
Other non-current liabilities and accruals	13,634		12,830	6.3
Provisions	5,079		5,878	-13.6
Current liabilities	179,507	16)	123,213	45.7
Trade payables	46,092		79,638	-42.1
Contract liabilities	1,931		1,593	21.2
Current tax liabilities	3,848		2,722	41.4
Current financial liabilities at FVTPL	2,855		3,192	-10.6
Derivative financial instruments *	4,786		85	n.a.
Lease liability	4,437		4,595	-3.4
Other current liabilities and accruals	64,361		28,267	127.7
Provisions	2,153		3,121	-31.0
Liabilities directly associated with assets classified as held for sale	49,044		-	n.a.

* The extension of the Group's financial instruments portfolio required the reassessment of the presentation of different categories of the financial and non-financial instruments.

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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	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 year	-	-	-	-	-	-	-	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 subsidiary	-	-	-	-	-	-	-	-	-	(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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HUF m	Share capital	Share premium	Capital reserve	Treasury shares	Revaluation reserves for 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 2021	18,638	15,214	3,475	(2,862)	1,346	29,363	(23)	849,735	914,886	8,136	923,022
Profit for the year	-	-	-	-	-	-	-	155,581	155,581	1,674	157,255
Exchange differences arising on translation of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	-	19,392	-	-	19,392	848	20,240
Actuarial gain on retirement defined benefit plans	-	-	-	-	-	(909)	-	-	(909)	-	(909)
Changes in the fair value of financial assets at FVOCI	-	-	-	-	690	-	-	1,131	1,131	-	1,131
Reclassification of gain on transfer of equity investments at FVOCI to retained earnings	-	-	-	-	(2,375)	-	-	2,375	-	-	-
Change in fair value of hedging instruments recognised in OCI	-	-	-	-	-	-	(8,432)	-	(8,432)	-	(8,432)
Hedging gain reclassified to profit or loss	-	-	-	-	-	-	9,275	-	9,275	-	9,275
Total comprehensive income at 31 December 2022	-	-	-	-	(1,685)	18,483	843	159,087	176,728	2,522	179,250
Purchase of treasury shares	-	-	-	(1,326)	-	-	-	-	(1,326)	-	(1,326)
Transfer of treasury shares	-	-	-	2,065	-	-	-	(2,065)	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	1,552	1,552	-	1,552
Ordinary share dividend for 2021	-	-	-	-	-	-	-	(41,934)	(41,934)	-	(41,934)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(212)	(212)
Transactions with owners in their capacity as owners for year ended 31 December 2022	-	-	-	739	-	-	-	(42,447)	(41,708)	(212)	(41,920)
Balance at 31 December 2022	18,638	15,214	3,475	(2,123)	(339)	47,846	820	966,375	1,049,906	10,446	1,060,352

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Consolidated Income Statement – HUF

	For the year ended 31 December			
	2022 Not audited HUFm	Notes	2021 Audited HUFm	Change %
Revenues	802,755		630,595	27.3
Cost of sales	(342,291)		(281,322)	21.7
Gross profit	460,464	17)	349,273	31.8
Sales and marketing expenses	(147,487)	18)	(114,596)	28.7
Administration and general expenses	(34,863)	19)	(28,665)	21.6
Research and development expenses	(75,109)	20)	(61,005)	23.1
Other income	23,688	21)	12,998	82.2
Other expenses	(74,702)	21)	(22,491)	232.1
Reversal of impairment on financial and contract assets	1,564		318	391.8
Profit from operations	153,555	22)	135,832	13.0
Finance income	88,803		30,106	195.0
Finance costs	(82,845)		(22,473)	268.6
Net financial income	5,958	23)	7,633	-21.9
Share of profit of associates and joint ventures	6,150		3,110	97.7
Profit before income tax	165,663		146,575	13.0
Income and deferred tax	(2,155)	24)	(856)	151.8
Local business tax and innovation contribution	(6,253)		(4,539)	37.8
Profit for the year	157,255		141,180	11.4
Profit attributable to:				
Owners of the parent	155,581	25)	139,626	11.4
Non-controlling interest	1,674		1,554	7.7
Statement of comprehensive income				
Profit for the year	157,255		141,180	11.4
Actuarial gain on retirement defined benefit plans	1,131		631	79.2
Changes in the fair value of equity instruments at FVOCI	1,209		2,154	-43.9
Items that will not be reclassified to profit or loss (net of tax)	2,340		2,785	-16.0
Exchange differences arising on translation of subsidiaries	20,240		8,626	134.6
Exchange differences arising on translation of associates and joint ventures	(909)		(53)	n.a.
Fair value loss on cash-flow hedges	(8,432)		(23)	n.a.
Hedging gain reclassified to profit or loss	9,275		-	n.a.
Changes in fair value of debt instruments at FVOCI	(519)		(1,620)	-68.0
Items that may be subsequently reclassified to profit or loss (net of tax)	19,655		6,930	183.6
Other comprehensive income for the year	21,995		9,715	126.4
Total comprehensive income for the year	179,250		150,895	18.8
Attributable to:				
Owners of the parent	176,728		149,092	18.5
Non-controlling interest	2,522		1,803	39.9
Earnings per share (EPS)	HUF		HUF	%
Basic	835		751	11.2
Diluted	835		751	11.2

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Consolidated Income Statement – EUR

	For the year ended 31 December		
	2022	2021	Change
	Not audited EURm	Not Audited EURm	%
Revenues	2,039.1	1,758.5	16.0
Cost of sales	(869.5)	(784.5)	10.8
Gross profit	1,169.6	974.0	20.1
Sales and marketing expenses	(374.5)	(319.6)	17.2
Administration and general expenses	(88.6)	(79.9)	10.9
Research and development expenses	(190.8)	(170.1)	12.2
Other income	60.2	36.3	65.8
Other expenses	(189.8)	(62.8)	202.2
Reversal of impairment on financial and contract assets	4.0	0.9	344.4
Profit from operations	390.1	378.8	3.0
Finance income	225.5	84.0	168.5
Finance costs	(210.4)	(62.7)	235.6
Net financial income	15.1	21.3	-29.1
Share of profit of associates and joint ventures	15.6	8.7	79.3
Profit before income tax	420.8	408.8	2.9
Income and deferred tax	(5.5)	(2.4)	129.2
Local business tax and innovation contribution	(15.9)	(12.7)	25.2
Profit for the year	399.4	393.7	1.4
Profit attributable to:			
Owners of the parent	395.2	389.4	1.5
Non-controlling interest	4.2	4.3	-2.3
Average exchange rate (EURHUF)	393.68	358.59	9.8
Statement of comprehensive income			
Profit for the year	399.4	393.7	1.4
Actuarial gain on retirement defined benefit plans	2.9	1.8	61.1
Changes in the fair value of equity instruments at FVOCI	3.1	6.0	-48.3
Items that will not be reclassified to profit or loss (net of tax)	6.0	7.8	-23.1
Exchange differences arising on translation of subsidiaries	51.4	24.1	113.3
Exchange differences arising on translation of associates and joint ventures	(2.3)	(0.2)	n.a.
Fair value loss on cash-flow hedges	(21.4)	(0.1)	n.a.
Hedging gain reclassified to profit or loss	23.5	-	n.a.
Changes in fair value of debt instruments at FVOCI	(1.3)	(4.5)	-71.1
Items that may be subsequently reclassified to profit or loss (net of tax)	49.9	19.3	158.5
Other comprehensive income for the year	55.9	27.1	106.3
Total comprehensive income for the year	455.3	420.8	8.2
Attributable to:			
Owners of the parent	448.9	415.8	8.0
Non-controlling interest	6.4	5.0	28.0
Earnings per share (EPS)	EUR	EUR	%
Basic	2.12	2.09	1.4
Diluted	2.12	2.09	1.4

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Consolidated Income Statement – 3 months to December

HUF, EUR

	October-December 3 months					
	2022 Not audited HUFm	2021 Not audited HUFm	Change %	2022 Not audited EURm	2021 Not audited EURm	Change %
Revenues	223,968	176,274	27.1	545.0	483.2	12.8
Cost of sales	(100,208)	(79,160)	26.6	(244.6)	(217.0)	12.7
Gross profit	123,760	97,114	27.4	300.4	266.2	12.8
Sales and marketing expenses	(44,040)	(30,803)	43.0	(107.5)	(84.4)	27.4
Administration and general expenses	(9,971)	(6,674)	49.4	(24.3)	(18.2)	33.5
Research and development expenses	(19,265)	(12,886)	49.5	(46.6)	(35.1)	32.8
Other income	5,205	4,839	7.6	12.4	13.1	-5.3
Other expenses	(57,802)	(9,818)	488.7	(146.1)	(26.9)	443.1
Reversal of impairment on financial and contract assets	1,373	126	989.7	3.5	0.4	775.0
Profit from operations	(740)	41,898	n.a.	(8.2)	115.1	n.a.
Finance income	(8,236)	11,880	n.a.	(25.0)	32.8	n.a.
Finance costs	(37,116)	(6,053)	513.2	(92.4)	(16.6)	456.6
Net financial (loss)/income	(45,352)	5,827	n.a.	(117.4)	16.2	n.a.
Share of profit of associates and joint ventures	2,351	691	240.2	5.8	1.9	205.3
Profit before income tax	(43,741)	48,416	n.a.	(119.8)	133.2	n.a.
Income and deferred tax	5,157	(300)	n.a.	13.4	(0.8)	n.a.
Local business tax and innovation contribution	(1,418)	(1,057)	34.2	(3.4)	(2.9)	17.2
Profit for the period	(40,002)	47,059	n.a.	(109.8)	129.5	n.a.
Profit attributable to:						
Owners of the parent	(40,422)	46,518	n.a.	(110.8)	128.0	n.a.
Non-controlling interest	420	541	-22.4	1.0	1.5	-33.3
Average exchange rate (EURHUF)				364.32	363.39	0.3
Earnings per share (EPS)	HUF	HUF	%	EUR	EUR	%
Basic	(217)	250	n.a.	(0.59)	0.69	n.a.
Diluted	(217)	250	n.a.	(0.59)	0.69	n.a.

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Consolidated Cash-flow Statement

	For the year ended 31 December	
	2022	2021
	Not audited HUFm	Audited HUFm
	Notes	
Operating activities		
Profit before income tax	165,663	146,575
Depreciation and amortisation	48,569	44,922
Non cash items accounted through Consolidated Income Statement	24,366	(1,425)
Net interest and dividend income	(6,979)	(3,568)
Changes in provision for defined benefit plans	(906)	(8)
Reclass of results on changes of property, plant and equipment and intangible assets	(3,892)	(939)
Gain on disposal of subsidiaries	-	(1,391)
Impairment recognised on intangible assets and goodwill	19,861	2,591
Impairment of securities	297	-
Expense recognised in respect of equity-settled share-based payments	1,552	1,590
<i>Movements in working capital</i>		
Increase in trade and other receivables	(51,307)	(36,470)
Increase in inventories	(38,994)	(20,983)
Increase in payables and other liabilities	48,243	17,173
Interest paid	(7,256)	(27)
Income tax paid	(14,290)	(8,136)
Net cash flow from operating activities	184,927	139,904
Cash flow from investing activities		
Payments for property, plant and equipment	(59,231)	(46,127)
Payments for intangible assets	(12,348)	(97,170)
Proceeds from disposal of property, plant and equipment	2,807	1,857
Government grant received related to investments	-	693
Payments to acquire financial assets	(57,723)	(143,206)
Proceeds on sale or redemption on maturity of financial assets	13,523	30,998
Disbursement of loans net	(18,053)	(1,294)
Interest received	13,418	2,950
Dividend receives	43	9
Net cash outflow on acquisition of subsidiaries	(1,263)	-
Net cash inflow from disposal of subsidiaries	-	2,118
Net cash flow to investing activities	(118,827)	(249,172)
Cash flow from financing activities		
Purchase of treasury shares	(1,326)	(819)
Dividend paid	(42,146)	(42,140)
Principal elements of lease payments	(3,437)	(2,055)
Repayment of borrowings	(178,487)	(244,846)
Proceeds from borrowings	178,487	315,119
Net cash flow (to)/from financing activities	(46,909)	25,259
Net increase/(decrease) in cash and cash equivalents	19,191	(84,009)
Cash and cash equivalents at beginning of year	59,856	142,068
Effect of foreign exchange rate changes on the balances held in foreign currencies	1,632	1,603
Cash and cash equivalents at end of year	80,679	59,662

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

Subsequent to the sale of Romanian Wholesale and retail companies of the Group, all related balance sheet items have been reclassified as Assets classified as held for sale or Liabilities directly associated with assets classified as held for sale.

13) Non-current assets

Higher levels of Property, plant and equipment resulted from various CAPEX programmes carried out at the group during the reported year.

The level of Other intangible assets decreased primarily in relation to impairment losses detailed below at Note 21. amounting altogether to HUF 19,862m.

Non-current financial assets at amortised costs reflect a longterm USD deposit amounting to USD 30m, which was realised by the Parent.

Lower levels of Non-current financial assets at fair value through profit or loss (FVTPL) and Non-current financial assets at fair value through other comprehensive income (FVOCI) amounting altogether to HUF 22.0bn reflect the impact of changes in fair value.

In order to follow reporting best practice with effect from fourth quarter 2022 we report separately from Non-current financial assets at fair value through profit or loss (FVTPL) the amount related to Derivative financial instruments.

14) Current assets

Higher Inventories were built up during 2022 at a number of subsidiaries of the Group in order to reduce supply related risks. Appreciation of the RUB also inflated this figure. In addition to the above higher inventories were built up at the Parent linked to recent product launches (Evra[®], Drovelis[®], Ryeqo[®]) together with higher stocks of intermediate and finished products, raw and packaging materials to prevent disruptions in the distribution chains anticipated to happen in the coming periods.

The level of Trade receivables decreased during the reported year as a result of reclassification of trade receivables at Romanian wholesale and retail companies of the Group as Assets classified as held for sale.

15) Capital and reserves

Foreign currency translation reserves increased by HUF 18,483m and amounted to HUF 47,846m primarily due to the volatile exchange rate environment.

Retained earnings amounted to HUF 966,375m and increased by HUF 116,640m. The increase was due to profits realized during the reported year.

16) Current liabilities

Subsequent to the sale of Romanian Wholesale and retail business of the Group the relevant amount of Trade payables has been reclassified as Liabilities directly associated with assets classified as held for sale.

The level of both Current and Non-current financial liabilities at fair value through profit or loss (FVTPL) decreased primarily by changes in the fair value of Richter bonds. In order to follow reporting best practice with effect from fourth quarter 2022 we report among liabilities, separately from both Current and Non-current financial liabilities at fair value through profit or loss (FVTPL) the amount relating to derivative financial instruments.

The level of both long and short term Derivative financial instruments increased during the reported year as a result of interest swap transactions at fair value and FX translations.

Levels of Other current liabilities and accruals have increased during the reported year. This item includes the extraordinary tax levied on pharmaceutical industry in respect of 2022, which amounts to HUF 27,860m.

17) Gross profit and margin

Gross profit was positively impacted by

- the extraordinary FX environment. Based on internal management accounting estimates this affected positively the gross profit by approximately HUF 70bn.
- a significant year-on-year increase (HUF 36,588m) in royalties received from the sales of **Vraylar**[®] in the USA and Canada. Approximately half of this amount reflects the impact of USDHUF exchange rate changes,
- the increase of turnover proceeds from certain traditional and WHC products, the latter including oral contraceptives and **Bemfola**[®]. Recent product launches of **Drovelis**[®] and **Ryeqo**[®] also contributed to the gross profit expansion.

while it was negatively impacted by

- increased production overhead costs. The latter prevailed only to a limited extent as these items feed through into cost of goods sold gradually over time.

Gross profit was also positively impacted by a higher amount of royalties received and direct sales proceeds from **Evra**[®], (+HUF 15,247m altogether), while gross margin was impacted slightly negatively.

Amortisation of acquired portfolio

Amortisation of the marketing and intellectual property rights of the OC portfolio acquired from Grünenthal amounted to HUF 4,140m, nearly similar to the figure incurred in the base year.

Amortization of Bemfola® amounted to HUF 2,080m, and we accounted for HUF 4,037m in respect of Evra® on the same grounds during the reported period.

Gross margin

57.4% 55.4%

Gross margin increased during the reported period when compared to that achieved in 2021 as a result of the previously detailed items. This increase was also a consequence of the higher turnover in the core Pharmaceutical segment, which exceeded the sales growth reported by the lower margin Wholesale and retail business.

18) Sales and marketing expenses

Proportion to sales:

18.4% 18.2%

The proportion of Sales and marketing expenses to sales slightly increased during the reported period. The monetary amount of these items increased primarily in our European, Russian and Latin American operations while in the base period promotional activities were partly restricted by COVID-19 pandemic related measures in most of the regions where direct marketing activities are carried out by Richter. FX changes prevailing in the reported period inflated these costs by approximately HUF 17.6bn.

Registration fee for medical representatives

The annual registration fee payable in respect of medical representatives in Hungary amounted to HUF 139m in 2022. In accordance with the regulations, tax payable in 2022 on this ground can be offset by 90% of the tax liability depending on the level of R&D expenditures and wage related expenses of the staff employed in this field. Given the high amounts directed to this activity Richter is practically exempted from the payment of this extraordinary tax from the second quarter of each year.

19) Administrative and general expenses

These expenses were impacted by FX volatility experienced during the year under review by approximately 40%. In addition higher consultancy fees and to a limited extent inflationary pressure also boosted these costs.

20) Research and development expenses

Proportion to sales:

9.4% 9.7%

R&D expenses were also impacted by FX changes experienced during 2022 by approximately 30%. Higher costs were incurred primarily by the ongoing clinical trials carried out in co-operation with AbbVie together with development programs executed in the field of biotechnology and Women's Healthcare. Higher R&D costs resulted also from certain CNS projects successfully moving into their clinical phase.

21) Other income and Other expenses**Claw-back**

Other income and Other expenses include in 2022 liabilities amounting to HUF 7,249m in respect of the claw-back regimes. Such claw-backs increased primarily in the UK, France and Romania.

One-off items

Milestone income totalled HUF 10,623m during 2022, including HUF 10,530m (USD 30.0m) received from AbbVie in respect of the collaboration established between the two companies in March 2022 covering the field of neuropsychiatric diseases, the acceptance by the FDA for review of the sNDA request related to the aMDD indication of cariprazine and the marketing authorization thereof received in December 2022.

During the base period a total milestone income of HUF 3,072m was accounted for as cariprazine was included for the schizophrenia indication to the Pharmaceutical Benefits Scheme (PBS) in Australia, in respect of tocilizumab under development licensed-out to Mochida and licensing-out of denosumab under development to Hikma.

Extraordinary tax levied on the industry in late December 2022 amounts to HUF 27,860m.

Subsequent to the review of previously established co-operations and development programmes an impairment loss was accounted for in respect of three R&D programmes. In addition to the above an impairment on Goodwill of our Mexican joint venture was accounted for. Total amount of the above impairment losses was HUF 20,068m. Impairment losses accounted for in the base year amounted altogether to HUF 2,485m.

Impairment of stocks was also accounted for in respect of the terminated programmes mentioned above amounting altogether to HUF 4,458m.

20% tax obligation payable

In 2022 an expense of HUF 478m was paid to settle the 20% tax obligation on turnover related to reimbursed sales in Hungary. In accordance with the regulations this type of tax can be offset by 90% of the tax liability depending on the level of R&D expenditures and wage related expenses of the staff employed in this field.

22) Profit from operations, operating margin and EBITDA

Reported Profit from operations increased during 2022 due to favourable exchange rates when compared to 2021. The positive impact of the extraordinary FX environment amounted to approximately HUF 44.4bn at EBIT level while one-off milestones received during the reported period exceeded their base period value by HUF 6.5bn clean of FX impacts.

Operating margin

19.1% 21.5%

EBITDA

HUF 196,480m HUF 176,123m

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

23) Consolidated net financial (loss) / income

	HUFm			EURm		
	2022	2021	Change	2022	2021	Change
	12 months to December			12 months to December		
Unrealised financial items	(17,887)	4,403	-22,290	(45.5)	12.3	-57.8
Exchange (loss)/gain on trade receivables and trade payables	(16,740)	3,911	-20,651	(42.5)	10.9	-53.4
Gain on foreign currency loans receivable	3,842	984	2,858	9.8	2.7	7.1
Gain on foreign currency securities	1,391	2,374	-983	3.5	6.6	-3.1
Foreign exchange difference of other financial assets and liabilities	(780)	(18)	-762	(1.9)	(0.1)	-1.8
Unwinding of discounted value related to contingent-deferred purchase price liabilities	(37)	-	-37	(0.2)	-	-0.2
Result of unrealised forward exchange contracts	10	195	-185	0.0	0.6	-0.6
Interest expenses related to IFRS 16 standard	(774)	(636)	-138	(2.0)	(1.8)	-0.2
Foreign exchange difference related to IFRS 16 standard	(85)	(109)	24	(0.2)	(0.3)	0.1
Unrealised fair value difference on financial instruments	(4,417)	(1,540)	-2,877	(11.2)	(4.2)	-7.0
Impairment loss on investments	-	(758)	758	-	(2.1)	2.1
Impairment of securities	(297)	-	-297	(0.8)	-	-0.8
Realised financial items	23,845	3,230	20,615	60.6	9.0	51.6
Loss on forward exchange contracts	(6,380)	-	-6,380	(16.2)	-	-16.2
Exchange gain realised on trade receivables and trade payables	24,636	2,240	22,396	62.6	6.3	56.3
Foreign exchange difference on conversion of cash	1,651	(1,980)	3,631	4.1	(5.5)	9.6
Dividend income	43	9	34	0.1	0.0	0.1
Interest income	13,418	2,950	10,468	34.1	8.2	25.9
Interest expense	(7,256)	(27)	-7,229	(18.4)	(0.1)	-18.3
Loss of cash-flow hedge (reclassification from OCI)	(95)	-	-95	(0.2)	-	-0.2
Result of sale of equity instruments	(3,112)	-	-3,112	(7.9)	-	-7.9
Other financial items	940	38	902	2.4	0.1	2.3
Net financial income	5,958	7,633	-1,675	15.1	21.3	-6.2

The key factor behind the volatility of unrealised financial items has been the revaluation of USD denominated trade receivables from our Russian subsidiary as in 2022 approximately 70% of sales volume was invoiced in US dollar instead of RUB. The fact that the functional currencies of the two entities are different resulted in a negative impact at the consolidated level in both the parent company and the subsidiary due to the exchange rate movements in fourth quarter 2022 (USD weakened against HUF and strengthened against RUB).

Hedging policy

As the FX composition of Group revenues and expenditures significantly differ, operating profit is exposed to fluctuations in several currencies. The management of foreign exchange risk is based on a strategy approved by the Board of Directors. The Finance function regularly evaluates the net groupwide risk exposure and analyses potential hedging opportunities. The Group currently uses only plain vanilla derivative instruments (e.g. forward contracts) for hedging purposes. Hedging transactions are concluded exclusively by the Parent Company and are executed in cases where the risk situation and the potential benefits are considered reasonable. In the fourth quarter of 2021 the Group introduced hedge accounting rules under IFRS9 in respect of the transactions hedging part of the 2022 exposures and we regularly used derivatives to manage FX risk through the year.

In the fourth quarter 2022, regarding the USD revenues, the Group maintains a rolling open hedging transaction for six quarters (2023 Q1 - 2024 Q2), thus on 31 December, 2022, there was an open forward stock of USD 241m under USDHUF hedge accounting.

Due to the current situation in the RUB foreign exchange market and to the fact that approximately 70% of sales volume was invoiced in USD instead of RUB, we discontinued our hedge operations in ruble foreign exchange exposure at the parent company level. Meanwhile we started hedging USD denominated trade receivables against HUF, and working with our banking partners on a new subsidiary level hedging strategy by using derivatives and a loan facility.

In addition the open „held for trading” foreign currency forwards were USD 11.6m and EUR 3.4m.

24) Income and deferred tax

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

In 2022 the Group reported HUF 2,155m tax expense, which resulted from a HUF 5,431m corporate tax expense and a HUF 2m extraordinary tax income and a HUF 3.274m deferred tax income.

25) Net income margin attributable to owners of the parent

19.4 %	22.1%
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26) and 27) Capital expenditure

Capital expenditure for the Group including payments for intangible assets (HUF 12,348m) totalled HUF 71,579m in 2022 when compared to HUF 143,297m reported for the same period 2021. Figure in the base period includes the settlement of the acquisition of intangible asset Evra contraceptive patch in the amount of HUF 76,721m.

Corporate matters

Information regarding Richter shares

The number of shares in issue at 31 December 2022 was unchanged compared to 30 September 2022, i.e. 186,374,860 shares.

The number of shares held by the Parent company in Treasury decreased during the fourth quarter of 2022.

	Ordinary shares				
	31 December 2022	30 September 2022	30 June 2022	31 March 2022	31 December 2021
Number	18,274	143,414	136,911	134,828	59,471
Book value (HUF '000)	157,241	1,039,519	988,878	975,485	512,049

On 31 December 2022 the Group's subsidiaries held a total of 3,000 ordinary Richter shares.

The Company purchased 153,045 treasury shares on the Budapest Stock Exchange during the fourth quarter 2022.

In accordance with a repurchase obligation related to employee share bonuses, the Company repurchased 3,207 shares from employees who resigned from the Parent company during the fourth quarter 2022.

In line with a programme related to employee share bonuses, on 20 December 2022 the Company granted a total of 281,392 shares in respect of 4,847 of its employees. The above shares in the value of HUF 2,201m will be deposited at employees' individual securities accounts at UniCredit Bank Hungary Zrt. until 1 January 2025.

On 2 January 2023, following the expiry of the lock-up period the Company was able to remove all restrictions on 277,947 Richter ordinary shares granted to its employees on 17 December 2020, thereby enabling these shares to be traded.

Total number of Company shares held in Treasury including those transferred to ESOT was 428,650 at 31 December 2022.

Share ownership structure

The shareholder structure at 31 December 2022 is presented in detail in the following table:

Ownership	Ordinary shares	Voting rights	Share capital
	Number	%	%
Domestic ownership	62,278,172	33.42	33.42
State ownership total	126	0.00	0.00
out of which Municipality	126	0.00	0.00
Institutional investors	54,918,917	29.47	29.47
out of which Maecenas			
Universitatis Corvini Foundation	18,637,486	10.00	10.00
out of which Mathias Corvinus			
Collegium Foundation	18,637,486	10.00	10.00
out of which Foundation for			
National Health and			
Education	9,777,658	5.25	5.25
of Medical Doctors			
Retail investors	7,359,129	3.95	3.95
International ownership	123,657,438	66.35	66.34
Institutional investors	123,442,704	66.24	66.23
out of which FMR LLC	9,457,941	5.08	5.07
Retail investors	214,734	0.11	0.11
Treasury shares and shares transferred to ESOT*	428,650	0.22	0.23
Undisclosed ownership	10,600	0.01	0.01
Share capital	186,374,860	100.00	100.00

* Treasury shares with exception of those owned by ESOT do not have voting rights attached.

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 14 November 2022 Richter informed its shareholders that with effect from November 15, 2022 Mr. Erik Bogsch resigns from his position regarding the direct supervision of Commercial, International and Government Relations, and in the future he will assist the Company's operations as advisor.
Mr. Erik Bogsch continues to be member of the Board of Directors of Gedeon Richter Plc. and will simultaneously serve as Chairman in the body of the Board of Directors, in the capacity of which he takes a relevant role in the strategic management of the Company.
- On 14 November 2022 Richter informed its shareholders that with effect from November 15, 2022, the number of members of the Executive Board will increase with employees in leadership positions who were previously directly supporting the activities of the Executive Board. In future, Katalin Erdei, Director of Human Resources, Tamás Szolyák, Director, Global Regulatory Science and Portfolio Management, and Attila Szénási, Director of Pharmaceutical Manufacturing activities, will take part in the work of the Executive Board as members of the body. Erik Bogsch is no longer a member of the Executive Board of Gedeon Richter Plc. as of November 15, 2022.

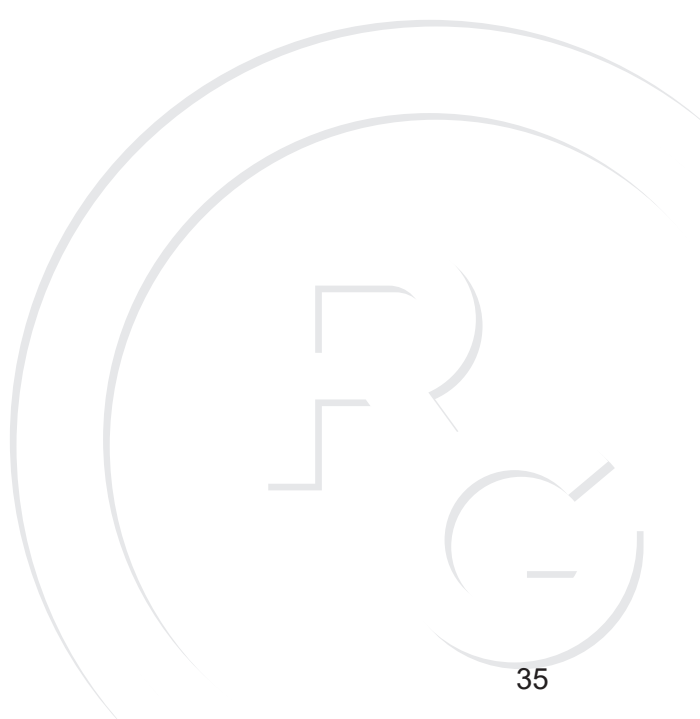
- On 1 December 2022 Richter informed its shareholders that, with effect from November 30, 2022 Mr. Csaba Lantos resigned from his membership in the Company's Board of Directors due to legal conflict of interest consequent to his appointment as a Minister.
- On 19 December 2022 Richter's partner AbbVie announced that the U.S. Food and Drug Administration (FDA) approved **Vraylar**[®] (cariprazine) as an adjunctive therapy to antidepressants for the treatment of major depressive disorder (MDD) in adults. Supported by clinical data demonstrating efficacy and well-established tolerability, this additional indication provides a new option for adults who have a partial response to the treatment of an antidepressant.
- On 20 December 2022 Richter announced it signed a Binding Term Sheet (BTS) with Mithra for the commercialisation of **Donesta**[®], an estetrol-based product candidate for Hormone Replacement Therapy in postmenopausal women. The parties intend to finalise their partnership in an agreement during the first quarter 2023.
- On 27 December 2022 Richter announced that under Government Decree 582/2022 (XII.23.) on the extra profit taxes the expected magnitude of supplementary pharmaceutical tax payable by the Company for the year 2022 is expected to be approximately HUF 28 billion. On 4 June 2022 the Government of Hungary issued a decree (Government Decree of 197/2022. (VI.4.)) imposing new taxes on a number of industries, which has been extended on 23 December 2022 to the pharmaceutical industry (Government Decree of 582/2022 (XII.23.)).
- On 27 February 2023 the Company informed its honourable shareholders that Ilona Dávid and dr. László Szabó today announced that with the effect of this day they resign from their memberships in the Gedeon Richter Plc.'s Board of Directors.

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:

- Risks related to Russian-Ukrainian war
- 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 and risks related to cost inflation.



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 2022 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 2023



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 2021 are audited. Financial statements for the twelve months period ended 31 December 2022 are unaudited.