1. Executive summary

	HUFm				EURm			
	2017	2016	Change		2017	2016	Change	
	9 months to September			%	9 months to September			%
Hungary	27,618	27,353	265	1.0	89.5	87.6	1.9	2.2
EU*	142,264	119,732	22,532	18.8	461.2	383.4	77.8	20.3
EU 12**	92,043	78,948	13,095	16.6	298.4	252.8	45.6	18.0
Poland	18,460	17,420	1,040	6.0	59.9	55.8	4.1	7.3
Romania	55,532	43,632	11,900	27.3	180.0	139.7	40.3	28.8
EU 15	50,221	40,784	9,437	23.1	162.8	130.6	32.2	24.7
CIS	104,889	88,659	16,230	18.3	340.0	284.0	56.0	19.7
Russia	73,293	59,227	14,066	23.7	237.6	189.7	47.9	25.3
Ukraine	7,675	6,373	1,302	20.4	24.9	20.4	4.5	22.1
Other CIS	23,921	23,059	862	3.7	77.5	73.9	3.6	4.9
USA	20,524	11,281	9,243	81.9	66.5	36.1	30.4	84.2
China	18,754	18,972	-218	-1.1	60.8	60.8	0.0	0.0
Latin America	7,252	6,929	323	4.7	23.5	22.2	1.3	5.9
RoW	12,852	11,095	1,757	15.8	41.7	35.5	6.2	17.5
Total	334,153	284,021	50,132	17.7	1,083.2	909.6	173.6	19.1

Notes:
* Current and historical average exchange rates are shown in Chapter 12 on page 23.
** EU12 now includes sales figures for both Poland and Romania. Base period figures were readjusted.

Consolidated sales at HUF 334,153 million, EUR 1,083.2 million, increased in the first nine months to September 2017 by HUF 50,132 million (17.7%) and by EUR 173.6 million (19.1%) when compared with the same period 2016.

While improving sales performance characterised most of our markets, the main drivers of the growth by geographies were Russia which grew by RUB 852.3 million or 5.9% (by EUR 47.9 million or 25.3%) to a consolidated turnover of RUB 15,333.2 million (EUR 237.6 million), the EU15 region which grew by EUR 32.2 million, (24.7%) to EUR 162.8 million, while turnover in the USA grew by US$ 33.8 million (83.9%) to US$ 74.1 million. In addition to the above, the Wholesale and retail segment grew in Romania by RON 185.8 million (31.9%) or by EUR 39.0 million (30.0%) and achieved sales of RON 769.0 million (EUR 168.9 million) during the reported period.

As far as the turnover by product portfolio is concerned, high added value focus products contributed to sales levels achieved, as follows: Esmya® EUR 67.5 million, Vraylar™ (royalties) US$ 35.9 million and Bemfola® EUR 25.0 million while Richter's specialty portfolio, the range of oral contraceptives realised a turnover of EUR 220.6 million.

The improving (15.5%) year-on-year average exchange rate of the Rouble against the Euro contributed significantly to our sales performance in Russia when reported in Euro. Adjusted growth for Russia achieved in the nine months to September 2017 period when recalculated at the base period exchange rate (EURRUB 76.34) grew by EUR 11.2 million (5.9%).

The HUF average exchange rate appreciated against EUR by 1.2%, to 308.47 during the first three quarters of 2017 when compared with the same period in the previous year. For additional exchange rates please refer to Chapter 12, on page 23.

Gross profit in the nine months to September 2017 period at HUF 191,560 (EUR 621.0 million), grew by 15.2% (16.6% in EUR terms) when compared to the base period. Gross margin, however declined by 130 basis points to 57.3% during the reported period.

Operating cost items, amounting to HUF 137,894 million (EUR 447.0 million) were 12.4% (13.8% in EUR terms) above their base period levels primarily due to higher Sales and marketing expenses and increasing Administrative and General expenses. Operating margin was 16.1% for the reported period.

Weaker period end RUB, US$ and CHF exchange rates (against HUF) together with weaker average exchange rates experienced during the reported period in respect of RUB and EUR (against HUF) resulted in a substantial Net Financial Loss of HUF 7,410 million (EUR 24.0 million) primarily in respect of revaluations and realised losses on trade receivables. For a more detailed information on the Net financial result please refer to the table on page 24.

Income and deferred tax recorted a positive balance of HUF 1,342 million (EUR 4.4 milion), which in turn resulted in tax payable at Group level of HUF 2,015 million (EUR 6.5 million).

Profit attributable to owners of the parent at HUF 44,598 million (EUR 144.6 million) were 4.9% (in EUR terms 6.2%) above their levels reported in the nine months to September 2016.

With effect from 1 November 2017, Mr Erik Bogsch, resigned from his position as Chief Executive Officer. He continues to act as Executive Chairman having a focus on the commercial activities and the international, public and government relations for the Company. The Board of Directors appointed its member, Mr Gábor Orbán, Chief Operating Officer, as the new Chief Executive Officer, with effect from 1 November 2017.

2. Main financial indicators and exchange rates

	HUFm			EURm		
	2017	**2016****	**Change**	**2017**	**2016****	**Change**
	9 months to September		%	9 months to September		%
Total revenues	334,153	284,021	17.7	1,083.2	909.6	19.1
Gross profit	191,560	166,335	15.2	621.0	532.7	16.6
Gross margin %	57.3	58.6		57.3	58.6	
Profit from operations	53,666	43,657	22.9	174.0	139.8	24.5
Operating margin %	16.1	15.4		16.1	15.4	
Net financial (loss) / income	(7,410)	2,789	n.a.	(24.0)	8.9	n.a.
Profit before income tax	47,573	47,299	0.6	154.2	151.5	1.8
Profit attributable to owners of the parent	44,598	42,507	4.9	144.6	136.1	6.2
Profit margin attributable to owners of the parent %	13.3	15.0		13.3	15.0	
EBITDA	79,737	69,365	15.0	258.5	222.1	16.4
Basic EPS (HUF, EUR)	240	229	4.8	0.78	0.73	6.8
Average exchange rate (EURHUF)*				308.47	312.23	-1.2

Notes: * Current and historical average exchange rates are shown in Chapter 12 on page 23.
** For detailed information please refer to Appendix 3 on page 35.

3. Key Specialty Products

3.1 Cariprazine (Vraylar™, Reagila®) – Central Nervous System

Following the marketing approval granted in September 2015 by the Food and Drug Administration to Richter's original compound, cariprazine co-developed with Allergan (earlier Forest / Actavis) the product was launched in the USA by Allergan under the brand name Vraylar™ in March 2016. The product was authorized for the indications of schizophrenia and bipolar mania with a number of post marketing studies to be performed by the owners of the licence in the coming years. In addition to the authorized indications the developing companies are seeking further therapeutic approvals, conducting Phase III clinical trials with cariprazine in the treatment of bipolar depression and as adjunctive therapy in major depression.

The Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) adopted a positive opinion on the Company's application for cariprazine (Reagila®). Consequently, on 19 July 2017 Richter announced that the European Commission (EC) granted marketing authorization valid for all European Union Member States to Reagila®.

On 22 September 2017 Richter's US partner, Allergan announced that it received a Refusal to File (RTF) letter from the U.S. Food and Drug Administration (FDA) regarding its Supplemental New Drug Application (sNDA) for cariprazine (Vraylar™) for treatment of negative symptoms associated with schizophrenia, in adult patients.

With effect from 1 January 2017 the Group reported cariprazine (Vraylar™) related royalty income based on sales estimations made for the same period by Richter's US partner, Allergan. The royalty income due to Richter in respect of the first three quarters 2017 amounted to US$ 35.9 million (EUR 32.3 million). This amount contributed materially to the sales levels achieved during the reported period.

3.2 Esmya® – Women's Healthcare

Esmya® reported total sales were EUR 67.5 million in the nine months to September 2017, compared to the EUR 48.1 million turnover recorded in the same period of the previous year. The year-on-year increase was realised mostly in the EU15 region.

	HUFm				EURm			
	2017	2016	Change		2017	2016	Change	
	9 months to September			%	9 months to September			%
Hungary	755	683	72	10.5	2.5	2.2	0.3	13.6
EU *	17,061	12,520	4,541	36.3	55.3	40.1	15.2	37.9
EU 12**	1,422	1,115	307	27.5	4.6	3.6	1.0	27.8
EU 15	15,639	11,405	4,234	37.1	50.7	36.5	14.2	38,9
CIS	1,060	724	336	46.4	3.4	2.3	1.1	47.8
Latin America	778	306	472	154.2	2.5	1.0	1.5	150.0
RoW	1,155	776	379	48.8	3.8	2.5	1.3	52.0
Total	20,809	15,009	5,800	38.6	67.5	48.1	19.4	40.3
Average exchange rate (EURHUF)					308.47	312.23	-3.76	-1.2

Notes: * All Member States of the EU, except for Hungary.
** EU12 now includes sales figures for both Poland and Romania. Base period figures were readjusted.

Following its approval for the long term management of uterine fibroids, Esmya® was granted reimbursed status in Lithuania during the first quarter 2017 and in Belgium during the third quarter 2017.

Following its marketing authorization in the first quarter 2017, Esmya® was launched in Argentina during the third quarter. The product was also granted a marketing authorization in the second quarter in Guatemala. In addition it reached the market during the third quarter 2017 in Suriname and in El Salvador.

On 10 October 2017 Allergan announced that the U.S. Food and Drug Administration (FDA) has accepted the New Drug Application (NDA) filing for ulipristal acetate, an investigational drug for the treatment of abnormal uterine bleeding in women with uterine fibroids.

3.3 Bemfola® – Women's Healthcare

Focusing on the meaningful widening of our core Women's Healthcare portfolio in June 2016 Richter acquired the global rights (except for the USA) of the innovative biosimilar product Bemfola®, addressing female fertility.

Bemfola®, a recombinant-human Follicle Stimulating Hormone (r-hFSH) was developed by Finox as a biosimilar to Gonal-f®, an established reference product. Bemfola® was the first biosimilar r-hFSH launched in Europe.

Bemfola® was granted a marketing authorization both for Kosovo and Macedonia in the three months to March 2017 period. Following the completion of the marketing authorization transfer sales activities were overtaken by Richter during the first quarter 2017 in Poland, in the Czech Republic and in Slovakia.

Sales of Bemfola® recorded during the first three quarters 2017 amounted to EUR 25.0 million (US$ 27.8 million). Prior to the acquisition of Finox Holding base period figures did not include any Bemfola® sales.

3.4 Lenzetto® – Women's Healthcare

Lenzetto®, the estradiol spray for treating menopause symptoms, licensed in from Acrux, an Australian company, received multiple marketing approvals in European territories during September 2015. Following its launch in a number of countries during 2016, in the first quarter 2017 Lenzetto® was introduced in Estonia and Luxembourg, in the second quarter the product was also launched in Slovenia, Sweden, Finland and Moldova, while in the third quarter it also reached the Spanish market.

Turnover of Lenzetto® during the first three quarters 2017 amounted to EUR 1.6 million.

3.5 Levosert® – Women's Healthcare

Further extending our Women's Healthcare franchise, a levonorgestrel releasing Intrauterine System (IUS), Levosert® was licensed-in from Allergan in January 2017 for Western and Northern European countries. The product had been earlier launched by Allergan in a number of these countries. Based on an agreement established in 2011 with Uteron Pharma, Richter had also previously marketed Levosert® in many Central and Eastern European countries and thus subsequent to the agreement with Allergan it became a pan european distributor.

Following the completion of the marketing authorization transfer, the product was launched in the second quarter 2017 in Germany. Sales activities were overtaken in the same quarter by Richter in Austria while in the third quarter 2017 in Switzerland, in Sweden and in the UK.

Total turnover achieved by this product in the first three quarters 2017 amounted to EUR 1.4 million.

3.6 Additional projects – Women's Healthcare

3.6.1 In October 2017 Richter and the Sweden based company, Pharmanest agreed that Richter will commercialise Pharmanest's SHACT (Short Acting Lidocaine) technology in Europe, in Latin America and in certain other markets.

SHACT is a novel delivery technology that provides pain relief on mucosal tissue. In a clinical study conducted in Sweden, SHACT treatment was associated with significant reduction of pain and discomfort in women undergoing gynaecological interventions without causing bothersome side effects.

3.6.2 In October 2017 Richter entered into an exclusive license and distribution agreement with Prima-Temp, a US based company, to commercialize its innovative medical device, PriyaRing globally, except for the USA and Canada. PriyaRing is an internal sensor that identifies the subtle temperature changes that occur prior to ovulation.

The ring measures core temperature of a woman every 6 minutes and sends the data directly through wireless connection to a smart device every two hours. The data is sent to the cloud where it is stored and analyzed based on an proprietary Prima-Temp algorithm. The ring does not contain any active ingredient but a temperature measurement sensor. The device detects the subtle changes in temperature prior to ovulation and sends a notification to the smart device.

4. Women's Healthcare – Core Business

In recognition of the strategic importance to the Company of this therapeutic area a detailed presentation of the Women's Healthcare (WH) franchise is given below. This therapeutic area includes the following product groups and therapeutic indications: oral contraceptives (OC), emergency contraceptives (EC), contraceptive devices (CD); menopausal care, fertility, pregnancy care and obstetrics, gynaecological infections and other gynaecological conditions. Please refer to Appendix 2 on pages 33-34 for a comprehensive list of major products belonging to this therapeutic field.

4.1 WH sales by region

	HUFm				EURm			
	2017	**2016**	**Change**		**2017**	**2016**	**Change**	
	9 months to September			%	9 months to September			%
Hungary	3,939	3,902	37	0.9	12.8	12.5	0.3	2.4
EU *	52,894	43,288	9,606	22.2	171.5	138.6	32.9	23.7
EU 12**	9,839	9,431	408	4.3	31.9	30.2	1.7	5.6
Poland	2,660	2,446	214	8.7	8.6	7.8	0.8	10.3
Romania	1,562	1,650	-88	-5.3	5.1	5.3	-0.2	-3.8
EU 15	43,055	33,857	9,198	27.2	139.6	108.4	31.2	28.8
CIS	25,630	20,379	5,251	25.8	83.1	65.3	17.8	27.3
Russia	21,205	16,432	4,773	29.0	68.7	52.6	16.1	30.6
Ukraine	1,805	1,383	422	30.5	5.9	4.5	1.4	31.1
Other CIS	2,620	2,564	56	2.2	8.5	8.2	0.3	3.7
USA	8,968	8,877	91	1.0	29.1	28.4	0.7	2.5
China	5,993	5,381	612	11.4	19.4	17.3	2.1	12.1
Latin America	3,845	3,631	214	5.9	12.4	11.6	0.8	6.9
RoW	6,962	4,917	2,045	41.6	22.6	15.8	6.8	43.0
Total	108,231	90,375	17,856	19.8	350.9	289.5	61.4	21.2
Average exchange rate (EURHUF)					308.47	312.23	-3.76	-1.2

For notes please refer to those under the next table.

The share of total sales arising from Richter's Women's Healthcare portfolio for each reporting region is as folllows:

	%	
	2017	**2016**
	9 months to September	
Hungary	14.5	14.6
EU *	56.0	52.1
EU 12**	22.3	22.3
EU 15	85.7	83.0
CIS	26.4	25.0
USA	43.7	78.7
China	32.0	28.4
Latin America	78.6	81.3
RoW	54.2	44.4
Total	39.2	38.1

Notes: * All Member States of the EU, except for Hungary.
** EU12 now includes sales figures for both Poland and Romania. Base period figures were readjusted.

Total sales recorded by Richter's WH niche franchise at EUR 350.9 million experienced notable growth of EUR 61.4 million, or 21.2% when compared to the base period.

The key driver of the growth was the EU15 region led by the UK, Spain and France. As far as the product portfolio is concerned growth resulted primarily from higher sales levels of recently acquired Bemfola® and of Esmya®.

Sales arising from the OC portfolio acquired in 2010 amounted to EUR 33.9 million, having increased slightly (EUR 1.0 million) when compared to the base period figure.

	EURm			
	2017	2016	Change	
	9 months to September			%
Germany	31.7	34.6	-2.9	-8.4
Spain	22.9	14.7	8.2	55.8
UK	21.4	12.9	8.5	65.9
France	21.1	13.0	8.1	62.3
Italy	18.0	14.1	3.9	27.7
Total Top 5 Sales	115.1	89.3	25.8	28.9
Total EU15 Sales	139.6	108.4	31.2	28.8
Total Top 5 / Total EU15 Sales %	82.4	82.4		

In **Germany,** Richter's contraceptives franchise has been hit by negative media campaigns linked to potential side effects of OCs in general and certain novel APIs – to which Richter has a broader exposure – in particular. In-market sales of Esmya® according to IMS statistics grew by 12.7% in the first nine months 2017 when compared to the base period. Group sales, however were negatively impacted by parallel imports.

Sales by Richter in the **Spanish** market in recent years have surpassed its other main markets in the EU15 region. Sales reported in this market increased by EUR 8.2 million primarily due to good performance of Bemfola®. During the reported period Esmya® also contributed substantially to the sales growth achieved.

Turnover in **France** increased by EUR 8.1 million due to good performance of both Bemfola® and Esmya®. Richter is conducting negotiations with French Authorities on the reimbursement level of Esmya® and its claw-back related issues. According to current regulations the reimbursed sales ceiling was set to an unreasonably low level and all turnover exceeding it is subject to a claw-back by the authorities. The ongoing negotiations are expected to establish more appropriate conditions in respect of both a sales cap and price levels.

Sales in the **UK** were GBP 8.2 million (EUR 8.5 million) higher, although from a very low base. The timing of shipments in respect of certain oral contraceptives had a positive impact on the figure reported. Esmya® also contributed to the higher turnover achieved during the first three quarters of 2017.

In **Italy** Richter Group achieved Women's Healthcare sales of EUR 18.0 million in the reported period, EUR 3.9 million above the levels reported in the first three quarters of 2016. Esmya® and Bemfola® contributed primarily to the sales growth achieved.

WH sales to the **CIS** in the first three quarters 2017 totalled EUR 83.1 million representing an increase of EUR 17.8 million compared to the sales levels achieved in the same period of the previous year. Growth recorded in the CIS region originated primarily in **Russia**. In RUB terms sales to Russia reached RUB 4,436.2 million, an increase of RUB 418.5 million or 10.4% due to the positive impact of higher sales of a range of oral contraceptives. The Group's Women's Healthcare franchise performed at a higher growth rate than its overall product portfolio in each of the three quarters reported in 2017.

WH sales to the **USA** in the first nine months 2017 grew marginally by US$ 0.6 million, 2.0% due to higher turnover recorded by Plan B / Plan B One-Step and certain steroid APIs.

Certain products belonging to Richter's Women's Healthcare portfolio showed good performance in **China** due to the impact of some preshipments reported in the first quarter 2017.

WH sales in the **ROW** countries reported a healthy growth when compared with the same period of the previous year primarily due to the combined result of Bemfola® sales recorded in Australia, in Norway and in Israel, which were recently included in the consolidation and higher Esmya® sales recorded in Canada.

5. Business segment information

The activities of Richter Group are presented in this Report along three operating segments. Those subsidiaries of the Group that are engaged in the core activities of research and development together with manufacturing and sale of pharmaceutical products have been classified as the Pharmaceutical segment. The performance of those distributor and retail subsidiaries that represent the distribution chain in some of our markets and facilitate our products reaching final buyers are presented under the Wholesale and Retail segment. Finally, the Other segment relates to the business of those group members that do not belong to any of the above segments. These companies provide services to group members belonging to the Pharmaceutical segment.

In the following section we present key data by business segments:

HUFm	Pharmaceuticals		Wholesale and retail		Other		Eliminations		Group total	
	2017	2016 Restated*	2017	2016	2017	2016	2017	2016	2017	2016 Restated*
	9 months to September		9 months to September		9 months to September		9 months to September		9 months to September	
Total revenues	275,827	237,277	65,437	53,308	3,776	3,345	(10,887)	(9,909)	334,153	284,021
Gross profit	185,530	160,541	5,925	5,391	429	458	(324)	(55)	191,560	166,335
Profit from operations	53,060	43,681	833	515	64	126	(291)	(665)	53,666	43,657
Share of profit of associates and joint ventures	183	(772)	1,151	1,713	13	19	(30)	(107)	1,317	853
Number of employees at period end	10,406	9,975	1,457	1,458	425	351	-	-	12,288	11,784

Note: * For detailed information please refer to Appendix 3 on page 35.

6. Pharmaceuticals sales report

Sales in the Pharmaceutical segment in the first three quarters 2017 totalled HUF 275,827 million (EUR 894.2 million), representing an increase of 16.2% (17.7% in EUR terms) compared to the same period of last year.

6.1 Pharmaceutical sales by region

	HUFm				EURm			
	2017	2016	Change		2017	2016	Change	
	9 months to September			%	9 months to September			%
Hungary	27,189	26,753	436	1.6	88.1	85.6	2.5	2.9
EU *	94,392	83,101	11,291	13.6	306.0	266.2	39.8	15.0
EU 12**	44,181	42,326	1,855	4.4	143.2	135.6	7.6	5.6
Poland	18,460	17,420	1,040	6.0	59.9	55.8	4.1	7.3
Romania	7,670	7,010	660	9.4	24.8	22.5	2.3	10.2
EU 15	50,211	40,775	9,436	23.1	162.8	130.6	32.2	24.7
CIS	97,225	81,618	15,607	19.1	315.2	261.4	53.8	20.6
Russia	73,291	59,224	14,067	23.8	237.6	189.7	47.9	25.3
Ukraine	7,634	6,335	1,299	20.5	24.8	20.3	4.5	22.2
Other CIS	16,300	16,059	241	1.5	52.8	51.4	1.4	2.7
USA	20,524	11,281	9,243	81.9	66.5	36.1	30.4	84.2
China	18,754	18,972	-218	-1.1	60.8	60.8	0.0	0.0
Latin America	4,893	4,468	425	9.5	15.9	14.3	1.6	11.2
RoW	12,850	11,084	1,766	15.9	41.7	35.5	6.2	17.5
Total	275,827	237,277	38,550	16.2	894.2	759.9	134.3	17.7
Average exchange rate (EURHUF)					308.47	312.23	-3.76	-1.2

6.2 Pharmaceutical sales by region in currencies of invoicing

	Currency (million units)	2017	2016	Change %
		9 months to September		
Hungary	HUF	27,189	26,753	1.6
EU *	EUR	306.0	266.2	15.0
EU 12 **	EUR	143.2	135.6	5.6
Poland	PLN	255.2	243.5	4.8
Romania	RON	113.2	100.7	12.4
EU 15	EUR	162.8	130.6	24.7
CIS	EUR	315.2	261.4	20.6
	US$	351.0	291.9	20.2
Russia	RUB	15,332.7	14,480.3	5.9
Ukraine	US$	27.6	22.7	21.6
Other CIS	EUR	52.8	51.4	2.7
	US$	58.8	57.4	2.4
USA	US$	74.1	40.3	83.9
China	EUR	60.8	60.8	0.0
Latin America	US$	17.7	16.0	10.6
RoW	EUR	41.7	35.5	17.5
	US$	46.4	39.6	17.2

Notes: * All Member States of the EU, except for Hungary.
** EU12 now includes sales figures for both Poland and Romania. Base period figures were readjusted.

6.3 Sales to Top 10 markets

	HUFm				EURm			
	2017	2016	Change		2017	2016	Change	
	9 months to September			%	9 months to September			%
Russia	73,291	59,224	14,067	23.8	237.6	189.7	47.9	25.3
Hungary	27,189	26,753	436	1.6	88.1	85.6	2.5	2.9
USA	20,524	11,281	9,243	81.9	66.5	36.1	30.4	84.2
China	18,754	18,972	-218	-1.1	60.8	60.8	0.0	0.0
Poland	18,460	17,420	1,040	6.0	59.9	55.8	4.1	7.3
Germany	13,512	13,906	-394	-2.8	43.8	44.5	-0.7	-1.6
Romania	7,670	7,010	660	9.4	24.8	22.5	2.3	10.2
Ukraine	7,634	6,335	1,299	20.5	24.8	20.3	4.5	22.2
Spain	7,141	4,869	2,272	46.7	23.2	15.6	7.6	48.7
France	7,131	4,805	2,326	48.4	23.1	15.4	7.7	50.0
Total Top 10	201,306	170,575	30,731	18.0	652.6	546.3	106.3	19.5
Total Sales	275,827	237,277	38,550	16.2	894.2	759.9	134.3	17.7
Total Top 10 / Total Sales %					73.0	71.9		

6.4 Hungary

In **Hungary** sales totalled HUF 27,189 million (EUR 88.1 million) in the first three quarters 2017, a slight increase of 1.6% (2.9% in EUR terms) compared to the base period.

Marginal changes to the price regulation system did not impact materially the Group’s overall performance in the reported period. However, a tender system first introduced in 2011 aiming towards semestral price adjustments adversely affected several major Richter brands. Price cuts applied with effect from 1 October 2017 are expected to amount to an annual revenue loss of approximately HUF 15 million.

Based on the latest available market audit (IMS) data for the nine months to September 2017 the pharmaceutical market increased by 4.9% year-on-year. Retail sales of Richter products increased by 0.2% compared to the same period 2016 and the Company is now the fourth player on the Hungarian pharmaceutical market with a 5.2% share. When considering only the market for retail prescription drugs, Richter qualifies for second place with a market share of 7.3%.

The Hungarian market has stabilised, albeit at significantly lower levels than a few years ago. In accordance with the regulations extraordinary taxes levied on the pharmaceutical industry and payable in 2017 can be offset by up to 90% of the tax liability depending on the level of R&D expenditures and wage related expenses of staff employed in this field. Given the high amounts directed to this activity Richter has been exempted from the payment of this extraordinary tax from the second quarter of each year.

6.5 European Union

Sales in the **European Union**, excluding Hungary, amounted to EUR 306.0 million in the first nine months of 2017, EUR 39.8 million (15.0%) higher than the levels recorded in the same period of 2016.

In the **EU12** region (which now includes sales figures for both Poland and Romania with base period figures readjusted accordingly) sales totalled EUR 143.2 million in the first nine months of 2017, EUR 7.6 million higher when compared to the base period. This region represented 47% of total EU sales of the Group's pharmaceutical segment.

In **Poland** the Group recorded sales of PLN 255.2 million (EUR 59.9 million) in the first three quarters 2017, an increase of PLN 11.7 million (EUR 4.1 million) compared to the same period in 2016. Due to a strong flu season, sales of our leading product, Groprinosin substantially increased during the reported period. Nevertheless, sales continued to be adversely impacted by price erosion on some of our generic products and parallel imports of certain other products, although at a lower level than previously.

In **Romania** sales amounted to RON 113.2 million (EUR 24.8 million) in the first three quarters 2017, an increase of RON 12.5 million (EUR 2.3 million) when compared with the base period. As a consequence of substantial price decreases implemented by the Government in recent years, a number of original products were withdrawn from the market, which in turn provided sales opportunities for some generic products. The implementation of a revised price list has been further delayed and it is expected to enter into force with effect from 1 January 2018.

In the **EU15** region sales amounted to EUR 162.8 million in the first nine months to September 2017, EUR 32.2 million higher than in the corresponding period of the previous year. This region contributed 53% of total EU pharmaceutical sales.

Top 5 markets in the EU15 region:

	EURm			
	2017	**2016**	**Change**	
	9 months to September			%
Germany	43.8	44.5	-0.7	-1.6
Spain	23.2	15.6	7.6	48.7
France	23.1	15.4	7.7	50.0
UK	23.0	14.5	8.5	58.6
Italy	18.8	15.5	3.3	21.3
Total Top 5 Sales	131.9	105.5	26.4	25.0
Total EU15 Sales	162.8	130.6	32.2	24.7
Total Top 5 / Total EU15 Sales %	81.0	80.8		

Considering that more than 85% of turnover originating from this region arises from the Women's Healthcare portfolio a more detailed description of the EU15 markets has been presented in Chapter 4 – Women's Healthcare – Core Business on page 5.

6.6 CIS

Sales to the **CIS** in the first three quarters 2017 totalled EUR 315.2 million, a significant increase of EUR 53.8 million (20.6%) compared to the sales levels achieved in the same period of the previous year. As a result of an improving overall economic and FX environment higher sales levels were recorded in Russia, in Ukraine and in the Other CIS republics.

Macroeconomic recovery was evident in **Russia** during the third quarter 2017. Large infrastructure projects, primarily in the energy and transportation sectors, fueled investment growth, while low inflation and improving confidence supported private consumption. Industrial production accelerated while the unemployment rate further declined. The improving economic backdrop, along with a weak USD, has enabled the Rouble to gain ground this year.

Sales to Russia totalled RUB 15,332.7 million in the first nine months to September 2017 period, RUB 852.4 million (5.9%) higher when compared to the same period in the previous year. The increased sales achieved resulted from an improving product mix, particularly a higher share of the Women's Healthcare franchise and certain, limited price increases implemented at the end of 2016. The improving (15.5%) year-on-year average exchange rate of the Rouble against the Euro contributed significantly to our sales performance in Russia when reported in Euro. Sales levels during the reported period at EUR 237.6 million increased by EUR 47.9 million when compared with the turnover reported in the same period 2016.

Sales to **Ukraine** amounted to US$ 27.6 million (EUR 24.8 million) in the first nine months 2017, an increase of US$ 4.9 million (EUR 4.5 million) compared to the turnover reported for the same period 2016, although still from a low base.

Ukrainian markets have stabilized to some extent, however Richter maintains its more strict receivables control policy implemented by the Company since the beginning of 2014. By the end of the reported period, the local currency, UAH, had devalued year-on-year against the US$ by 4.2%.

Sales in **Other CIS republics** totalled EUR 52.8 million (US$ 58.8 million) in the first three quarters of 2017, representing an increase of EUR 1.4 million (US$ 1.4 million) compared to the same period in 2016. Oil and natural gas prices stabilised and currency appreciations in certain countries have positively impacted the overall performance of this region.

6.7 USA

Sales in the **USA** totalled US$ 74.1 million (EUR 66.5 million) in the first nine months of 2017, an increase of US$ 33.8 million (EUR 30.4 million) over the base period figure. The significant year-on-year growth was mainly due to cariprazine (Vraylar™) royalty income and additionally the result of certain amendments made with effect from 1 January 2017 to the accounting treatment in respect of our profit sharing and royalty income. Higher API sales also contributed to the sales growth achieved during the reported period.

With effect from 1 January 2017 the Group reports cariprazine related royalty income based on sales estimations made for the same period by Richter's US partner, Allergan. These amounted to US$ 35.9 million (EUR 32.3 million) in respect of the first three quarters 2017.

6.8 China

Sales to **China** amounted to EUR 60.8 million in the first nine months 2017, unchanged when compared with the base period. Timing of shipments offset the positive impact generated in the first quarter of 2017 by regulatory related preshipments.

6.9 Latin America

Sales in **Latin American** countries amounted to US$ 17.7 million in the first three quarters 2017, an increase of US$ 1.7 million when compared with the same period last year primarily due to higher sales levels of Esmya®.

6.10 Rest of the World

Sales in these countries amounted to EUR 41.7 million (US$ 46.4 million) in the first three quarters 2017 resulting primarily from a better performance achieved by Women's Healthcare products in the focus. Turnover increased by EUR 6.2 million (US$ 6.8 million) when compared with the same period in 2016.

6.11 Sales of Top 10 Products

	HUFm				EURm			
	2017	2016	Change		2017	2016	Change	
	9 months to September			%	9 months to September			%
Hormonal contraceptives	68,037	65,250	2,787	4.3	220.6	209.0	11.6	5.6
Cavinton	23,458	22,848	610	2.7	76.0	73.2	2.8	3.8
Esmya®	20,809	15,009	5,800	38.6	67.5	48.1	19.4	40.3
Mydeton	14,844	13,090	1,754	13.4	48.1	41.9	6.2	14.8
Panangin	13,275	10,245	3,030	29.6	43.0	32.8	10.2	31.1
Vraylar™ / cariprazine	9,950	956	8,994	940.8	32.3	3.1	29.2	941.9
Verospiron	9,252	8,554	698	8.2	30.0	27.4	2.6	9.5
Bemfola®	7,697	-	7,697	n.a.	25.0	-	25.0	n.a.
Lisopress	6,978	6,568	410	6.2	22.6	21.0	1.6	7.6
Groprinosin	6,113	5,892	221	3.8	19.8	18.9	0.9	4.8
Total Top 10	180,413	148,412	32,001	21.6	584.9	475.4	109.5	23.0
Total Sales	275,827	237,277	38,550	16.2	894.2	759.9	134.3	17.7
Total Top 10 / Total Sales %					65.4	62.6		

7. Pharmaceuticals – Operating profit and margin

Please note that certain financial items are presented in a simple structure which follows the same pattern: the first line contains the HUF figures, namely reported period (M9 2017), base period (M9 2016), change in HUF and change in percentage, (left to right) while the second line is the same for indicative EUR figures.

Operating profit

HUF 53,060mn	HUF 43,681mn	+HUF 9,379mn	+21.5%
EUR 172.1mn	EUR 139.9mn	+EUR 32.2mn	+23.0%

Operating margin

19.2%	18.4%

Operating profit for the Group originated primarily from the Pharmaceuticals segment. Operating margin improved as a result of growth in pharmaceutical turnover having exceeded the increase in operating costs.

Amortization of acquired assets

Following the acquisitions made in 2010 and 2016 the amortisation of Esmya, the acquired OC portfolio and Bemfola were incurred as cost items in the reported period and amounted to HUF 7,161 million when compared to HUF 5,642 reported in the base period for Esmya and the acquired OC portfolio.

8. Wholesale and retail sales report

	HUFm				EURm			
	2017	2016	Change		2017	2016	Change	
	9 months to September			%	9 months to September			%
Hungary	-	88	-88	-100.0	-	0.3	-0.3	-100.0
EU *	52,094	40,584	11,510	28.4	168.9	129.9	39.0	30.0
EU 12**	52,094	40,584	11,510	28.4	168.9	129.9	39.0	30.0
Poland	-	-	-	-	-	-	-	-
Romania	52,094	40,584	11,510	28.4	168.9	129.9	39.0	30.0
EU 15	-	-	-	-	-	-	-	-
CIS	10,327	9,622	705	7.3	33.5	30.8	2.7	8.8
Russia	-	-	-	-	-	-	-	-
Ukraine	-	-	-	-	-	-	-	-
Other CIS	10,327	9,622	705	7.3	33.5	30.8	2.7	8.8
USA	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-
Latin America	3,016	3,014	2	0.1	9.7	9.7	0.0	0.0
RoW	-	-	-	-	-	-	-	-
Total	65,437	53,308	12,129	22.8	212.1	170.7	41.4	24.3
Average exchange rate (EURHUF)					308.47	312.23	-3.76	-1.2

Notes: * All Member States of the EU, except for Hungary.
** EU12 now includes sales figures for both Poland and Romania. Base period figures were readjusted.

The principal aim of the Wholesale and Retail companies is to support the sales levels of our products on the Group's selected traditional markets.

Sales amounted to EUR 212.1 million in the first nine months 2017, a EUR 41.4 million increase compared to the same period of the previous year.

Our Romanian subsidiaries realised 80% of the turnover in the Wholesale and Retail segment (RON 769.0 million), with the remainder primarily being invoiced by our subsidiaries in the CIS region. The sales increase in Romania was RON 185.8 million (31.9%) in the first three quarters 2017. A significant reduction in payment delays occurred on the Romanian pharma market during the reported period, while the amount of outstanding receivables also decreased.

9. Wholesale and retail – Operating profit and margin

The combined amount of operating profit from subsidiaries and the stakeholding proportional amount of income from associates and joint ventures operating in the Wholesale and Retail segment totalled HUF 1,984 million during the reported period.

The consolidated operating profit of subsidiaries belonging to this segment was HUF 833 million, when compared to an operating profit of HUF 515 million realised in the same period of 2016.

10. Consolidated figures

10.1 Sales

Consolidated sales

HUF 334,153mn	HUF 284,021mn	+HUF 50,132mn	+17.7%
EUR 1,083.2mn	EUR 909.6mn	+EUR 173.6mn	+19.1%

10.2 Costs, expenses, profits

Cost of sales

HUF 142,593mn	HUF 117,686mn	+HUF 24,907mn	+21.2%
EUR 462.2mn	EUR 376.9mn	+EUR 85.3mn	+22.6%

Amortization of acquired assets

Amortization of the acquired intangible asset Esmya amounted to HUF 2,143 million while amortization of another intangible asset Bemfola was HUF 1,494 million in the nine months to September 2017 period.
Following the acquisition of the Finox Group a reassessment was made of the fair value of Bemfola inventories and given that the sale of these inventories was carried over to 2017 it had the impact of increasing costs.

Gross margin

57.3%	58.6%

Price erosion experienced on our traditional markets, an increase of costs related to tightening regulatory measures, together with the amortization of Esmya and Bemfola impacted negatively on the gross margin. Furthermore, the share of turnover of the lower margin Wholesale and Retail segment in Romania increased which also negatively impacted gross margin. All the above were only partly offset by royalty income received from Allergan in respect of Vraylar™ and the appreciation of the average exchange rate of the Rouble experienced during the reported period both against HUF and EUR.

Sales and marketing expenses

HUF 87,197mn	HUF 80,305mn	+HUF 6,892mn	+8.6%
EUR 282.7mn	EUR 257.2mn	+EUR 25.5mn	+9.9%

Proportion to sales:
26.1% 28.3%

Higher marketing costs incurred on the EU15, on the Chinese and on the Latin American markets and the inclusion of Finox into the consolidation, which further increased such costs were complemented by increased expenses in Russia, in Ukraine and in Other CIS region together with an appreciation of the Rouble and certain currencies of Other CIS region countries.

Amortization of acquired portfolio

Amortisation of the marketing and intellectual property rights of the OC portfolio acquired from Grünenthal in the amount of HUF 3,311 million represented 1.0% of sales achieved in the reported period. After adjustment for this amortization, S&M expenses represented 25.1% of turnover.

Registration fee for medical representatives

The annual registration fee payable in respect of medical representatives in Hungary amounted to HUF 213 million (EUR 0.7 million) in the first nine months of 2017. In accordance with the regulations tax payable in 2017 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 exempted from the payment of this extraordinary tax from the second quarter of each year.

Administrative and general expenses

HUF 17,045mn	HUF 13,958mn	+HUF 3,087mn	+22.1%
EUR 55.2mn	EUR 44.7mn	+EUR 10.5mn	+23.5%

These expenses grew primarily due to the inclusion of the Finox group and to some extent as a result of higher employee costs, legal assistance and other advisory fees.

Research and development expenses

HUF 29,156mn	HUF 26,546mn	+HUF 2,610mn	+9.8%
EUR 94.5mn	EUR 85.0mn	+EUR 9.5mn	+11.2%

Proportion to sales:
8.7% 9.3%

These expenses include the ongoing clinical trials being carried out in the field of biotechnology together with those managed in co-operation with Allergan (earlier Forest / Actavis). R&D expenses of the Group also include such costs at the operations of GR Polska and GR Romania.

Other income and other expenses (net)

(HUF 4,496mn)	(HUF 1,869mn)	+HUF 2,627mn	+140.6%
(EUR 14.6mn)	(EUR 6.0mn)	+EUR 8.6mn	+143.3%

Claw-back

During the reported period other income and expenses include liabilities amounting to HUF 4,748 million (EUR 15.5 million) in respect of the claw-back regimes effective in Romania, Germany, France, Spain, Portugal, Belgium, Italy, Bulgaria and Latvia.

One-off items

The base period figure included one-off income amounting to HUF 3,453 million (EUR 11.1 million) recorded in connection with the 100% acquisition of the joint venture Gedeon Richter Rxmidas JV Co. Ltd. engaged in the trading of OTC products on the Chinese market. Other expenses incurred in the base period also include an impairment loss of intangible assets amounting to HUF 2.409 million (EUR 7.7 million) and a HUF 852 million (EUR 2.7 million) inventory write-off both connected to the market withdrawal of Lisvy®. Similarly Richter accounted in the third quarter 2016 for a one-off income paid by Recordati as an upfront payment, amounting to HUF 3,112 million (EUR 10 million) as stipulated in the concluded agreement relating to future European sales and marketing of cariprazine.

Settlement of accounts were made and contracts terminated during the first three quarters 2017 in respect of the market withdrawal of Lisvy® and as a result thereof Richter accounted for other income amounting to HUF 2.147 (EUR 7.0 million).

20% tax obligation payable

In the nine months to September 2017 an expense of HUF 390 million (EUR 1.3 million) was accounted for in respect of the 20% tax obligation payable with regard to turnover related to reimbursed sales in Hungary. In accordance with the regulations tax payable in 2017 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 exempted from the payment of this extraordinary tax from the second quarter of each year.

Profit from operations

HUF 53,666mn	HUF 43,657mn	+HUF 10,009mn	+22.9%
EUR 174.0mn	EUR 139.8mn	+EUR 34.2mn	+24.5%

The increase resulted primarily from the impact of a significantly higher turnover which more than offset the increase in the levels of operating costs and the decline experienced at gross margins.

Consolidated operating margin

16.1%	15.4%

Net financial (loss) / income

(HUF 7,410mn)	HUF 2,789mn	-HUF 10,199mn	-
(EUR 24.0mn)	EUR 8.9mn	-EUR 32.9mn	-

The substantial financial loss was driven by unrealised financial items, primarily by the revaluation at period end weaker CHF, RUB and US$ exchange rates on foreign currency loans receivables together with trade payables and receivables. Weaker average RUB and US$ exchange rates for the period also caused financial loss among the realised items, most notably trade payables and receivables. For a more detailed information on Net financial result please refer to the table on page 24.

Share of profit of associates and joint ventures

HUF 1,317mn	HUF 853mn	+HUF 464mn	+54.4%
EUR 4.2mn	EUR 2.8mn	+EUR 1.4mn	+50.0%

Profit before income tax

HUF 47,573mn	HUF 47,299mn	+HUF 274mn	+0.6%
EUR 154.2mn	EUR 151.5mn	+EUR 2.7mn	+1.8%

Taxation

By virtue of Hungarian Tax Regulations, the base income of the Parent Company of the Group (incorporated in Hungary) 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. In addition, the Parent Company is also entitled to a tax allowance in respect of the capital expenditure programme carried out at the Debrecen biosimilar manufacturing site. Other members of the Group are subject to customary tax regulations effective in their respective countries of incorporation.

Income and deferred tax

(HUF 1,342mn)	HUF 1,640mn	-HUF 2,982mn	-
(EUR 4.4mn)	EUR 5.2mn	-EUR 9.6mn	-

During the first nine months of 2017 the Group recorded HUF 1,632 million (EUR 5.3 million) in respect of corporate tax expense and HUF 2.974 million (EUR 9.6 million) deferred tax income resulting in HUF 1,342 million (EUR 4.4 million) tax income.

Local business tax and innovation contribution

HUF 3,357mn	HUF 2,822mn	+HUF 535mn	+19.0%
EUR 10.9mn	EUR 9.1mn	+EUR 1.8mn	+19.8%

Profit for the period

HUF 45,558mn	HUF 42,837mn	+HUF 2,721mn	+6.4%
EUR 147.7mn	EUR 137.2mn	+EUR 10.5mn	+7.7%

Profit attributable to owners of the parent

HUF 44,598mn	HUF 42,507mn	+HUF 2,091mn	+4.9%
EUR 144.6mn	EUR 136.1mn	+EUR 8.5mn	+6.2%

Net income margin attributable to owners of the parent

13.3%	15.0%

10.3 Earnings per share

Basic earnings per share

HUF 240	HUF 229	+HUF 11	+4.8%
EUR 0.78	EUR 0.73	+EUR 0.05	+6.8%

Diluted earnings per share

HUF 240	HUF 229	+HUF 11	+4.8%
EUR 0.78	EUR 0.73	+EUR 0.05	+6.8%

The weighted average number of shares in issue used for the EPS calculation on 30 September 2017 was 186,158,576 while at the end of the base period it was 185,593,397.

10.4 Balance sheet

Changes for all balance sheet items are reported in comparison to 31 December 2016 audited figures.

Total assets and total shareholders' equity and liabilities of the Group

HUF 822,145mn	HUF 813,877mn	+HUF 8,268mn	+1.0%

Non-current assets

HUF 493,048mn	HUF 503,931mn	-HUF 10,883mn	-2.2%

The amount of Goodwill accounted for decreased following a reassessment made in respect of the acquisitions realised in recent years. The level of Other intangible assets decreased primarily as a result of the amortization and the foreign exchange difference at period-end related to the Esmya and Bemfola intangible assets.

Current assets

HUF 329,097mn	HUF 309,946mn	+HUF 19,151mn	+6.2%

Current assets increased, primarily due to a higher level of Other current assets (non-current loans having converted to current loans) and of Trade receivables. Cash and cash equivalents increased as a result of positive cash flow realised by the Company.

Capital and reserves

HUF 700,207mn	HUF 681,873mn	+HUF 18,334mn	+2.7%

Retained earnings increased by HUF 25,871 million and amounted to HUF 640,528 million. This increase was partly offset by a HUF 8,277 million decrease of translation difference impacting on Foreign currency translation reserve.

Non-current liabilities

HUF 34,958mn	HUF 42,792mn	-HUF 7,834mn	-18.3%

The decline recorded is a result of EUR 21 million non-current borrowings having been reclassified as current.

Current liabilities

HUF 86,980mn	HUF 89,212mn	-HUF 2,232mn	-2.5%

Current liabilities of the Group declined as a result of contradictory impacts: Trade payables declined while Other current liabilities and accruals increased and the level of Borrowing remained unchanged (an EUR 21 million loan became current liability while an EUR 21 million tranche was repaid to the EIB during the reported period).

10.5 Capital expenditure

Capital expenditure for the Group including payments for intangible assets totalled HUF 25,380 million in first three quarters 2017 when compared to HUF 20,347 million reported for the base period.

11. Corporate matters

11.1 Information regarding Richter shares

11.1.1 The number of shares in issue at 30 September 2017 was unchanged compared to 30 June 2017, i.e. 186,374,860 shares.

11.1.2 The number of shares held by the Parent company in Treasury slightly increased during the third quarter of 2017.

	Ordinary shares				
	30 September 2017	30 June 2017	31 March 2017	31 December 2016	30 September 2016
Number	130,650	127,651	185,981	181,350	90,988
Book value (HUF ‘000)	856,959	841,640	1,098,368	1,068,477	492,763

On 30 September 2017 the Group’s subsidiaries held a total of 60,284 ordinary Richter shares.

In accordance with a repurchase obligation related to employee share bonuses, the Company repurchased 2,999 shares from employees who resigned from the Parent company during the third quarter 2017.

The Board of Directors of Gedeon Richter Plc. first decided to introduce a bonus share programme at the Company in 1996. Beneficiaries of the programme are the heads of departments, senior managers and selected key employees of the Company. Based on a detailed assessment of the individual's performance, bonus shares are granted at the end of every six months. Bonus shares to be granted at the end of the second half of 2017 are expected to amount to HUF 492 million.

The total number of Company shares at Group level held in Treasury at 30 September 2017 was 190,934.

11.1.3 Share ownership structure

The shareholder structure at 30 September 2017 is presented in detail in the following table:

Ownership	**Ordinary shares Number**	**Voting rights %**	**Share capital %**
Domestic ownership	60,360,614	32.41	32.39
State ownership total	47,051,794	25.27	25.25
out of which MNV Zrt.	47,051,668	25.27	25.25
out of which Municipality	126	0.00	0.00
Institutional investors	6,282,748	3.37	3.37
Retail investors	7,026,072	3.77	3.77
International ownership	125,684,377	67.52	67.44
Institutional investors	124,887,525	67.09	67.01
out of which Aberdeen Asset Mgmt. Plc.	18,243,530	9.80	9.79
out of which Harding Loevner LP	9,367,925	5.03	5.03
Retail investors	796,852	0.43	0.43
Treasury shares*	190,934	0.00	0.10
Undisclosed ownership	138,935	0.07	0.07
Share capital	186,374,860	100.00	100.00

Note: * Treasury shares include the combined ownership of the parent company and 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.

11.2 Extraordinary announcements

11.2.1 On 1 August 2017 Richter notified its shareholders that with effect from the day of release, Mr Tibor Horváth was appointed to the role of Commercial Director of the Company.

11.2.2 On 2 October 2017 Richter informed its shareholders that Mr Erik Bogsch, with effect from 1 November 2017 resigned from his position as Chief Executive Officer and will continue to act as Executive Chairman having a focus on the commercial activities as well as international, public and government relations for the Company.

The Board of Directors on a meeting held on 2 October 2017 appointed its member, Mr Gábor Orbán, Chief Operating Officer, as the new Chief Executive Officer, with effect from 1 November 2017.

11.2.3 On 12 October 2017 Richter and Pharmanest AB announced that Richter will commercialise Pharmanest's SHACT (Short Acting Lidocaine) technology, a novel innovative proprietary pain relief pharmaceutical formulation, in Europe, in Latin America and in certain other markets.

11.2.4 On 31 October 2017 Richter announced that it has entered into an exclusive license and distribution agreement with Prima-Temp Inc., a US based company, to commercialize its innovative medical device, PriyaRing globally, except for the USA and Canada. PriyaRing is an internal sensor that identifies the subtle temperature changes that occur prior to ovulation.

The agreement was complemented by the acquisition of a minority stake in Prima-Temp for a consideration of US$ 5 million.

12. Historical exchange rates

12.1 At period end

	30.09.2017	30.06.2017	31.03.2017	31.12.2016	30.09.2016
EURHUF	311.23	308.87	308.70	311.02	309.15
US$HUF	263.75	270.87	288.64	293.69	276.35
RUBHUF	4.56	4.56	5.15	4.78	4.36
EURRUB	68.25	67.73	59.94	65.07	70.91
EURUS$	1.18	1.14	1.07	1.06	1.12

12.2 Average

	2017 M9	2017 H1	2017 Q1	2016 M12	2016 M9
EURHUF	308.47	309.42	309.10	311.46	312.23
US$HUF	276.96	285.26	290.24	281.24	279.64
RUBHUF	4.78	4.94	4.94	4.19	4.09
EURRUB	64.53	62.64	62.57	74.33	76.34
EURUS$	1.11	1.08	1.06	1.11	1.12

13. Net financial result for the Group

	HUFm			EURm		
	2017	2016	Change	2017	2016	Change
	9 months to September			9 months to September		
Unrealised financial items	(4,300)	(1,452)	-2,848	(14.0)	(4.7)	-9.3
Exchange (loss)/gain on trade receivables and trade payables	(903)	62	-965	(2.9)	0.2	-3.1
Loss on foreign currency loans receivable	(3,101)	(769)	-2,332	(10.1)	(2.5)	-7.6
Period end foreign exchange translation difference of borrowings	(20)	480	-500	(0.1)	1.5	-1.6
Exchange loss on other currency related items	(276)	(652)	376	(0.9)	(2.1)	1.2
Unwinding of discounted value related to contingent-deferred purchase price liabilities	-	(571)	571	-	(1.8)	1.8
Result of unrealised forward exchange contracts	-	(2)	2	-	(0.0)	0.0
Realised financial items	(3,110)	4,241	-7,351	(10.0)	13.6	-23.6
Exchange (loss)/gain realised on trade receivables and trade payables	(3,775)	1,481	-5,256	(12.2)	4.7	-16.9
Foreign exchange difference on conversion of cash	(832)	31	-863	(2.7)	0.1	-2.8
Dividend income	1	1,835	-1,834	0.0	5.9	-5.9
Interest income	1,108	1,439	-331	3.6	4.6	-1.0
Interest expense	(462)	(603)	141	(1.5)	(1.9)	0.4
Other financial items	850	58	792	2.8	0.2	2.6
Net financial (loss)/income	(7,410)	2,789	-10,199	(24.0)	8.9	-32.9

Company name: Gedeon Richter Plc.
Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
Sector: Pharmaceutical
Reporting period: January-September 2017

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

14. Balance Sheet

	30 September 2017 Unaudited HUFm	31 December 2016 Audited HUFm	Change %
ASSETS	822,145	813,877	1.0
Non-current assets	493,048	503,931	-2.2
Property, plant and equipment	190,984	191,002	0.0
Goodwill	64,734	68,632	-5.7
Other intangible assets	185,124	192,677	-3.9
Investments in associates and joint ventures	8,517	8,541	-0.3
Other financial assets	33,611	32,864	2.3
Deferred tax assets	7,825	5,416	44.5
Loans receivable	2,253	4,799	-53.1
Current assets	329,097	309,946	6.2
Inventories	83,847	81,246	3.2
Trade receivables	121,301	116,223	4.4
Other current assets	21,145	14,991	41.1
Investments in securities	18	751	-97.6
Current tax assets	145	682	-78.7
Cash and cash equivalents	102,641	96,053	6.9
EQUITY AND LIABILITIES	822,145	813,877	1.0
Capital and reserves	700,207	681,873	2.7
Share capital	18,638	18,638	0.0
Treasury shares	(1,074)	(1,285)	-16.4
Share premium	15,214	15,214	0.0
Capital reserve	3,475	3,475	0.0
Foreign currency translation reserve	10,201	18,478	-44.8
Revaluation reserve for available for sale investments	8,647	8,825	-2.0
Retained earnings	640,528	614,657	4.2
Non-controlling interest	4,578	3,871	18.3
Non-current liabilities	34,958	42,792	-18.3
Borrowings	22,243	28,874	-23.0
Deferred tax liability	5,374	5,962	-9.9
Other non-current liabilities and accruals	3,869	4,448	-13.0
Provisions	3,472	3,508	-1.0
Current liabilities	86,980	89,212	-2.5
Borrowings	7,781	7,776	0.1
Trade payables	37,715	45,926	-17.9
Current tax liabilities	69	655	-89.5
Other current liabilities and accruals	40,003	32,929	21.5
Provisions	1,412	1,926	-26.7

Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
Sector: Pharmaceutical
Reporting period: January-September 2017

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

15. Consolidated statement of changes in equity

HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Foreign currency translation reserve	Retained earnings	Revaluation reserve for available for sale investments	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2016	18,638	15,214	3,475	(1,285)	18,478	614,657	8,825	**678,002**	3,871	**681,873**
Profit for the period	-	-	-	-	-	44,598	-	**44,598**	960	**45,558**
Exchange differences arising on translation of foreign operations	-	-	-	-	(8,290)	18	-	**(8,272)**	(191)	**(8,463)**
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	13	-	-	**13**	-	**13**
Revaluation for available for sale investments	-	-	-	-	-	-	(178)	**(178)**	-	**(178)**
Comprehensive income at 30 September 2017	-	-	-	-	(8,277)	44,616	(178)	**36,161**	769	**36,930**
Net treasury shares transferred and purchased	-	-	-	211	-	-	-	**211**	-	**211**
Ordinary share dividend for 2016	-	-	-	-	-	(19,756)	-	**(19,756)**	-	**(19,756)**
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	**-**	(92)	**(92)**
Additional paid in capital to subsidiaries	-	-	-	-	-	-	-	**-**	30	**30**
Recognition of share-based payments	-	-	-	-	-	1,011	-	**1,011**		**1,011**
Balance at 30 September 2017	18,638	15,214	3,475	(1,074)	10,201	640,528	8,647	**695,629**	4,578	**700,207**

Company name: Gedeon Richter Plc.
Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
Sector: Pharmaceutical
Reporting period: January-September 2017

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

16. Income Statement – HUF

For the year ended 31 December 2016 Audited HUFm		For the period ended 30 September 2017 Unaudited HUFm	2016 Restated* HUFm	Change %
389,690	Total revenues	334,153	284,021	17.7
(164,002)	Cost of sales	(142,593)	(117,686)	21.2
225,688	Gross profit	191,560	166,335	15.2
(107,564)	Sales and marketing expenses	(87,197)	(80,305)	8.6
(20,339)	Administration and general expenses	(17,045)	(13,958)	22.1
(35,153)	Research and development expenses	(29,156)	(26,546)	9.8
(8,016)	Other income and other expenses (net)	(4,496)	(1,869)	140.6
54,616	Profit from operations	53,666	43,657	22.9
26,600	Finance income	11,562	15,899	-27.3
(14,788)	Finance cost	(18,972)	(13,110)	44.7
11,812	Net financial (loss)/income	(7,410)	2,789	n.a.
1,798	Share of profit of associates and joint ventures	1,317	853	54.4
68,226	Profit before income tax	47,573	47,299	0.6
3,005	Income and deferred tax	1,342	(1,640)	n.a.
(4,208)	Local business tax and innovation contribution	(3,357)	(2,822)	19.0
67,023	Profit for the period	45,558	42,837	6.4
	Profit attributable to:			
66,200	Owners of the parent	44,598	42,507	4.9
823	Non-controlling interest	960	330	190.9
	Statement of comprehensive income			
67,023	Profit for the period	45,558	42,837	6.4
(44)	Actuarial loss on retirement defined benefit plans	-	-	n.a.
(44)	Items that will not be reclassified to profit or loss	-	-	n.a.
1,546	Exchange differences arising on translation of foreign operations	(8,463)	(1,780)	375.4
34	Exchange differences arising on translation of associates and joint ventures	13	233	-94.4
5,502	Revaluation for available for sale investments	(178)	3,890	n.a.
7,082	Items that may be subsequently reclassified to profit or loss	(8,628)	2,343	n.a.
7,038	Other comprehensive income	(8,628)	2,343	n.a.
74,061	Total comprehensive income	36,930	45,180	-18.3
	Attributable to:			
73,203	Owners of the parent	36,161	44,937	-19.5
858	Non-controlling interest	769	243	216.5
HUF	**Earnings per share (EPS)**	HUF	HUF	%
356	Basic	240	229	4.8
356	Diluted	240	229	4.8

Note: * For detailed information please refer to Appendix 3 on page 35.
Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
Sector: Pharmaceutical
Reporting period: January-September 2017

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

17. Income Statement – EUR

For the year ended 31 December 2016 Audited EURm		For the period ended 30 September 2017 Unaudited EURm	2016 Restated* EURm	Change %
1,251.2	Total revenues	1,083.2	909.6	19.1
(526.6)	Cost of sales	(462.2)	(376.9)	22.6
724.6	Gross profit	621.0	532.7	16.6
(345.3)	Sales and marketing expenses	(282.7)	(257.2)	9.9
(65.3)	Administration and general expenses	(55.2)	(44.7)	23.5
(112.9)	Research and development expenses	(94.5)	(85.0)	11.2
(25.7)	Other income and other expenses (net)	(14.6)	(6.0)	143.3
175.4	Profit from operations	174.0	139.8	24.5
85.4	Finance income	37.5	50.9	-26.3
(47.5)	Finance cost	(61.5)	(42.0)	46.4
37.9	Net financial (loss)/income	(24.0)	8.9	n.a.
5.8	Share of profit of associates and joint ventures	4.2	2.8	50.0
219.1	Profit before income tax	154.2	151.5	1.8
9.6	Income and deferred tax	4.4	(5.2)	n.a.
(13.5)	Local business tax and innovation contribution	(10.9)	(9.1)	19.8
215.2	Profit for the period	147.7	137.2	7.7
	Profit attributable to:			
212.6	Owners of the parent	144.6	136.1	6.2
2.6	Non-controlling interest	3.1	1.1	181.8
311.46	Average exchange rate (EURHUF)	308.47	312.23	-1.2
	Statement of comprehensive income			
215.2	Profit for the period	147.7	137.2	7.7
(0.1)	Actuarial loss on retirement defined benefit plans	-	-	n.a.
(0.1)	Items that will not be reclassified to profit or loss	-	-	n.a.
5.0	Exchange differences arising on translation of foreign operations	(27.4)	(5.7)	380.7
0.1	Exchange differences arising on translation of associates and joint ventures	0.0	0.7	-100.0
17.6	Revaluation for available for sale investments	(0.6)	12.5	n.a.
22.7	Items that may be subsequently reclassified to profit or loss	(28.0)	7.5	n.a.
22.6	Other comprehensive income	(28.0)	7.5	n.a.
237.8	Total comprehensive income	119.7	144.7	-17.3
	Attributable to:			
235.0	Owners of the parent	117.2	143.9	-18.6
2.8	Non-controlling interest	2.5	0.8	212.5
EUR	**Earnings per share (EPS)**	**EUR**	**EUR**	**%**
1.14	Basic	0.78	0.73	6.8
1.14	Diluted	0.78	0.73	6.8

Note: * For detailed information please refer to Appendix 3 on page 35.
Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
Sector: Pharmaceutical
Reporting period: January-September 2017

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

18. Income Statement

	July-September 3 months					
	2017 HUFm	2016* HUFm	Change %	2017 EURm	2016* EURm	Change %
Total revenues	107,364	96,749	11.0	350.3	310.7	12.7
Cost of sales	(44,570)	(39,524)	12.8	(145.5)	(127.0)	14.6
Gross profit	62,794	57,225	9.7	204.8	183.7	11.5
Sales and marketing expenses	(27,042)	(25,922)	4.3	(88.3)	(83.3)	6.0
Administration and general expenses	(5,283)	(4,642)	13.8	(17.2)	(14.9)	15.4
Research and development expenses	(8,235)	(6,789)	21.3	(26.9)	(21.8)	23.4
Other income and other expenses (net)	(869)	(1,657)	-47.6	(2.8)	(5.4)	-48.1
Profit from operations	21,365	18,215	17.3	69.6	58.3	19.4
Finance income	2,399	2,583	-7.1	7.9	8.3	-4.8
Finance cost	(5,907)	(4,330)	36.4	(19.3)	(13.9)	38.8
Net financial loss	(3,508)	(1,747)	100.8	(11.4)	(5.6)	103.6
Share of profit/(loss) of associates and joint ventures	496	(143)	n.a.	1.5	(0.3)	n.a.
Profit before income tax	18,353	16,325	12.4	59.7	52.4	13.9
Income and deferred tax	(556)	(863)	-35.6	(1.7)	(2.7)	-37.0
Local business tax and innovation contribution	(1,164)	(939)	24.0	(3.8)	(3.1)	22.6
Profit for the period	16,633	14,523	14.5	54.2	46.6	16.3
Profit attributable to:						
Owners of the parent	16,402	14,337	14.4	53.5	46.0	16.3
Non-controlling interest	231	186	24.2	0.7	0.6	16.7
Average exchange rate (EUR/HUF)				306.88	311.65	-1.5

Earnings per share (EPS)	HUF	HUF	%	EUR	EUR	%
Basic	88	77	14.3	0.29	0.24	20.8
Diluted	88	77	14.3	0.29	0.24	20.8

Note: *For detailed information please refer to Appendix 3 on page 35.
Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
Sector: Pharmaceutical
Reporting period: January-September 2017

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

19. Cash flow Statement

For the year ended 31 December 2016 Audited HUFm		For the period ended 30 September 2017 Unaudited HUFm	For the period ended 30 September 2016 Restated* HUFm
	Operating activities		
68,226	Profit before income tax	47,573	47,299
32,895	Depreciation and amortisation	26,070	23,941
(6,725)	Non cash items accounted through Total Comprehensive Income	(754)	(3,813)
(245)	Period end foreign exchange translation difference of borrowings	20	(480)
(4,531)	Net interest and dividend income	(647)	(2,671)
(15)	Changes in provision for defined benefit plans	(35)	(53)
(461)	Decrease/(increase) on changes of property, plant and equipment and intangible assets	469	(55)
3,873	Impairment recognised on intangible assets	-	3,523
63	Impairment on investments	-	-
4,724	Expense recognised in respect of equity-settled share-based payments	786	340
	Movements in working capital		
(18,095)	Increase in trade and other receivables	(5,142)	(14,380)
(11,446)	Increase in inventories	(2,601)	(9,789)
16,358	Increase in trade payables and other current and non-current liabilities	5,783	11,651
(827)	Interest expense	(462)	(603)
(6,375)	Income tax paid	(5,030)	(3,438)
77,419	Net cash flow from operating activities	66,030	51,472
	Investing activities		
(30,551)	Payments for property, plant and equipment	(18,145)	(18,709)
(5,902)	Payments for intangible assets	(7,235)	(1,638)
401	Proceeds from disposal of property, plant and equipment	865	325
(88)	Payments to acquire financial assets	(20)	(94)
3,950	Proceeds on sale or redemption on maturity of financial assets	733	3,951
(614)	Disbursement of loans net	(834)	(681)
2,566	Interest income	1,108	1,439
2,792	Dividend income	1	1,835
(63,555)	Net cash outflow on acquisition of subsidiaries	(8,045)	(66,821)
(91,001)	Net cash flow to investing activities	(31,572)	(80,393)
	Financing activities		
(1,758)	Proceeds from disposal of/(purchase of) treasury shares	436	(77)
(13,563)	Dividend paid	(19,756)	(13,414)
(6,813)	Repayment of borrowings (-)	(6,662)	(5,403)
-	Proceeds from borrowings (+)	16	-
(22,134)	Net cash flow to financing activities	(25,966)	(18,894)
(35,716)	Net increase/(decrease) in cash and cash equivalents	8,492	(47,815)
132,374	Cash and cash equivalents at beginning of year	96,053	132,374
(605)	Effect of foreign exchange rate changes on the balances held in foreign currencies	(1,904)	491
96,053	Cash and cash equivalents at end of period	102,641	85,050

Note: * For detailed information please refer to Appendix 3 on page 35.
Prepared in accordance with IAS 34 Interim Financial Reporting.

Disclosures

I, the undersigned declare, that Gedeon Richter Plc. takes full responsibility, that the interim management report published today, which contains the Group's nine months to September 2017 results is prepared in accordance with the applicable accounting standards and according to the best of our knowledge. The report above provides a true and fair view of the financial position of Gedeon Richter Plc., comprises the subsidiaries included in the consolidation, contains an explanation of material events and transactions that have taken place during the reported year and their impact on the financial position of Gedeon Richter Plc. and its subsidiaries included in the consolidation.

Budapest, 9 November 2017

Gábor Orbán
Chief Executive Officer

The financial statements in this report cover the activities of Gedeon Richter Group ('The Group' or 'Richter Group') and Gedeon Richter Plc. ('The Company' or 'Richter'). These interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial reporting. EUR and US$ amounts have been converted from HUF at average exchange rates for indicative purposes only. Financial statements for the twelve months to December 2016 are audited. Financial statements for the nine months period ended 30 September 2017 and 30 September 2016 are unaudited. The Company has adopted the same accounting policies during the preparation of this report as for the preparation of the most recent annual financial report.

Appendix 1

New product launches

Richter introduced the following new products either in the third quarter 2017 or in the period between the end of the reporting period and the publication of this quarterly report:

Country	Product	Active ingredient	Therapeutic area
Romania	Epistat	fenspiride	Respiratory, antiasthmatic
	Raenom	ivabradin	Cardiovascular, cardiac therapy
Slovakia	Postinor-1	levonorgestrel	Women's Healthcare, emergency contraceptive
Bulgaria	Raenom	ivabradin	Cardiovascular, cardiac therapy
Baltic States	Bemfola®	follitropin alfa	Women's Healthcare, fertility
	Raenom	ivabradin	Cardiovascular, cardiac therapy
Belgium	Gynoflor*	estriol+lactobacillus	Women's Healthcare, restoration of vaginal flora and atrophic vaginitis
Serbia	Azalia	desogestrel	Women's Healthcare, oral contraceptice

Note: * Licensed-in product

Appendix 2

Women's healthcare products and active ingredients

Brand name	Active ingredients	Product type
Oral contraceptives (OC)		
Volina / Midiana / Aranka / Maitalon 30 / Rosina	DRP+30mcg EE	Fourth generation
Symicia / Daylette / Volina Mite / Rezia / Jolian Maitalon 20 / Darylia / Daylla / Dimia / Liladros / Arankelle	DRP+20mcg EE	Fourth generation
Regulon / Desorelle / Desmin 30	DSG+30mcg EE	Third generation
Novynette / Desmin 20 / Femina	DSG+20mcg EE	Third generation
Azalia / Lactinette	DSG	Third generation
Lindynette 20 / Karissa	GST+20mcg EE	Third generation
Lindynette 30	GST+30mcg EE	Third generation
Milligest / Tristin / Perlean	GST+30/40mcg EE	Third generation
Violetta / Varianta	GST+15mcg EE	Third generation
Kleodina	LVG+30mcg EE	Second generation
Rigevidon / Microfemin	LVG+30mcg EE	Second generation
Tri-Regol	LVG+30/40mcg EE	Second generation
Belara / Chariva / Lybella / Balanca	CLM+30mcg EE	
Belarina / Evafem	CLM+20mcg EE	
Neo-Eunomin	BCLM+50mcg EE	
Eve 20	norethisterone+20mcg EE	First generation
Siluette / Mistral / Mistra / Sibilla	dienogest+30 mcg EE	Fourth generation
Emergency contraceptives (EC)		
Postinor / Rigesoft / Levonelle-2 / Plan B	LVG (2x)	
Escapelle / Levonelle One-Step / Postinor-1 Plan B One-Step / Evitta	LVG (1x)	
Other contraceptive methods (CM)		
Goldlily / Silverlily	Au+Cu, Ag+Cu	IUD
Levosert®*	levonorgestrel	IUD

Continued on the following page

Note: * Licensed-in

Abbreviations used:

LVG:	Levonorgestrel	DRP:	Drospirenone
EE:	Ethinyl estradiol	GST:	Gestodene
CLM:	Chlormadinone	DSG:	Desogestrel
		BCLM:	Biphasic-chlormadinone

Continued from previous page:

Brand name	Active ingredients	Product type
Menopausal care		
Tulita / Minivel	norethisterone+estradiol	Hormone replacement therapy
Triaklim	norethisterone+estradiol	Hormone replacement therapy
Pausogest	norethisterone+estradiol	Hormone replacement therapy
Goldar*	tibolone	Hormone replacement therapy
Estrimax	estradiol	Hormone replacement therapy
Lenzetto®*	estradiol	Hormone replacement therapy (spray)
Ossica	ibandronate	Osteoporosis
Sedron / Ostalon / Beenos	alendronate	Osteoporosis
Calci-Sedron-D / Ostalon Calci D	alendronate+Ca, vitamine D	Osteoporosis
Pregnancy care and Obstetrics		
Gravida*	vitamins	Pregnancy care
Oxytocin	oxytocine	Labour induction (injection)
Bromocriptin	bromocriptin mesilate	Prolactin inhibitor
Loritan*		Medical pad for the detection of potential leakage of the amniotic liquid
Fertility		
Bemfola®	follitropin alfa	Fertility treatment
Gynaecological infections		
Mycosyst / Mycosyst Gyno / Flucon	fluconazole	Antifungal
Gyno Femidazol	miconazole nitrate	Antifungal
Gynofort / Gynazol*	butoconazole nitrate	Antifungal (cream)
Klion D	metronidazole+miconazole	Antifungal
Fluomizin*	dequalinium chloride	Anti-infective, antispetic
Gynoflor*	estriol+lactobacillus	Restoration of vaginal flora and atrophi vaginitis
Other Gynaecological conditions		
Esmya®	ulipristal acetate	Uterine myoma
Levosert®*	levonorgestrel	Menorrhagia
Norcolut	norethisterone	Premenstruation syndrome, mastodynia, dysfunctional uterine bleeding, endometriosis
Bulk Products		Oral contraception

Note: * Licensed-in

Abbreviations used:

LVG:	Levonorgestrel
EE:	Ethinyl estradiol
CLM:	Chlormadinone
DRP:	Drospirenone
GST:	Gestodene
DSG:	Desogestrel
BCLM:	Biphasic-chlormadinone

Appendix 3

Changes impacting Consolidated Financial Statements

With effect from 1 January 2017 stand-alone IFRS reporting also became compulsory for Gedeon Richter Plc. The Company implemented changes to the IT system supporting the transition. As part of this development the Company reviewed its methodology to eliminate intra-group profit on sale of inventories. This review discovered that previously applied average margins for elimination were not precise on purchased inventories and that intra-group profit on own manufactured inventories was not fully eliminated. As a consequence, the inventory had been incorrectly overstated and cost of sales understated. The above described IT development enabled the Group to fully eliminate intragroup profit on sale of inventory.

Additionally, the preparation of a stand-alone IFRS report of Gedeon Richter Plc. has revealed that a previously identified difference between the IFRS and statutory value of property, plant and equipment and its depreciation has not been reviewed annually. As a consequence, the balance of property, plant and equipment was understated and previous years' depreciation was overstated. The review resulted in correction of the value of property, plant and equipment and retained earnings.

In accordance with IAS 8 standard the corresponding figures for previous periods have been restated accordingly.