

1. Executive summary

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	6 months to June				6 months to June			
				%				%
Hungary	20,365	20,209	156	0.8	64.8	65.3	-0.5	-0.8
EU*	94,299	95,097	-798	-0.8	300.0	307.3	-7.3	-2.4
EU 12	63,807	61,511	2,296	3.7	203.0	198.8	4.2	2.1
Poland	12,875	12,568	307	2.4	41.0	40.6	0.4	1.0
Romania	38,415	36,829	1,586	4.3	122.2	119.0	3.2	2.7
EU 15	30,492	33,586	-3,094	-9.2	97.0	108.5	-11.5	-10.6
CIS	64,147	73,202	-9,055	-12.4	204.0	236.6	-32.6	-13.8
Russia	45,015	51,576	-6,561	-12.7	143.2	166.7	-23.5	-14.1
Ukraine	3,494	4,868	-1,374	-28.2	11.1	15.8	-4.7	-29.7
Other CIS	15,638	16,758	-1,120	-6.7	49.7	54.1	-4.4	-8.1
USA	15,997	13,845	2,152	15.5	50.9	44.7	6.2	13.9
China	15,928	10,871	5,057	46.5	50.7	35.1	15.6	44.4
Latin America	4,412	4,928	-516	-10.5	14.0	16.0	-2.0	-12.5
RoW	9,282	8,637	645	7.5	29.5	27.9	1.6	5.7
Total	224,430	226,789	-2,359	-1.0	713.9	732.9	-19.0	-2.6

Notes:

* All Member States of the EU, except for Hungary.
Current and historical average exchange rates are shown in Chapter 12 on page 24.

Consolidated sales at HUF 224,430 million, EUR 713.9 million, declined in the first half 2018 by HUF 2,359 million (1.0%) and by EUR 19.0 million (2.6%) when compared with the same period 2017. Currency fluctuations experienced during the reported period impacted negatively consolidated sales by HUF 5,591.

Sales growth in certain products and markets was more than offset by the movement of exchange rates and the decline experienced from **Esmya**[®] sales. Turnover for the reported period was primarily impacted by the declining exchange rates of RUB and USD against the EUR. While RUB lost 14.6% to the EUR on average compared with the first six months to June 2017, USD weakened by 11.5% during the same period. For further details on the evolution of exchange rates please refer to Chapter 12 on page 23.

Chinese sales grew by CNY 127.0 million (48.1%), in EUR terms by 15.6 million (44.4%), and higher US sales also positively impacted turnover for the period. EU12 sales revenues increased EUR 4.2 million. The latter includes turnover in the Romanian wholesale and retail segment up by EUR 2.5 million year-on-year. Weakening RUB, USD, KZT and other regional currencies impacted adversely the Group's turnover in Russia, Ukraine and the Other CIS region.

As far as turnover by product portfolio is concerned, high added value focus products contributed to the sales levels achieved as follows: royalty proceeds from **Vraylar**[®] grew by USD 15.0 million, or 69.1% while **Bemfola**[®] also recorded higher sales levels by EUR 4.2 million, or 23.9%. Sales of **Esmya**[®], however, declined by EUR 23.9 million or 54.2% when compared to the same period in 2017 as a consequence of the temporary measures announced by PRAC in early February 2018. The **range of oral contraceptives** realised a turnover of EUR 145.2 million, EUR 5.8 million less than in the first six months to June 2017.

Gross profit in the first half 2018 at HUF 130,337 (EUR 414.6 million) grew by 0.6% (declined by 1.0% in EUR terms) when compared to the same period of the previous year. Gross margin increased by 100 basis points to 58.1% during the reported period.

Operating cost items, amounting to HUF 94,653 million (EUR 301.1 million) were 1.9% (3.4% in EUR terms) below their base period levels. Operating profit primarily grew due to certain one-off entries accounted for among Other income items. Operating margin increased by 130 basis points and reached 15.9% by the end of the reported period.

Financial gains on Unrealised financial items resulted from the revaluation at period end' exchange rates of Trade receivables and trade payables, Foreign currency loans receivable and Deposits. The above were partly offset by a loss incurred following the fair value reassessment of Exchangeable bonds which was accounted for among Other foreign currency denominated items. Translation gains resulted from the period end appreciation of RUB, USD and EUR against HUF. Realised financial gains resulting from Interest income were almost entirely offset by a loss incurred at Other financial items. For more detailed information on the Net financial result please refer to the table on page 24.

Income and deferred tax reported a negative balance of HUF 1,167 million (EUR 3.7 million), which in turn resulted in tax expense at Group level of HUF 3,202 million (EUR 10.2 million).

Profit attributable to owners of the parent at HUF 38,813 million (EUR 123.5 million) was 34.8% (in EUR terms 32.7%) above the level reported in the same period 2017.

2. Main financial indicators and exchange rates

	HUFm			EURm		
	2018	2017**	Change	2018	2017**	Change
	6 months to June			6 months to June		
			%			%
Total revenues	224,430	226,789	-1.0	713.9	732.9	-2.6
Gross profit	130,337	129,525	0.6	414.6	418.6	-1.0
Gross margin %	58.1	57.1		58.1	57.1	
Profit from operations	35,684	33,060	7.9	113.5	106.8	6.3
Operating margin %	15.9	14.6		15.9	14.6	
Net financial (loss) / income	5,756	-3,902	n.a.	18.3	-12.6	n.a.
Profit before income tax	42,136	29,979	40.6	134.0	96.9	38.3
Profit attributable to owners of the parent	38,813	28,799	34.8	123.5	93.1	32.7
Profit margin attributable to owners of the parent %	17.3	12.7		17.3	12.7	
EBITDA	53,260	50,519	5.4	169.5	163.2	3.9
Basic EPS (HUF, EUR)	208	155	34.2	0.66	0.50	32.0
Average exchange rate (EURHUF)*				314.36	309.42	1.6

Notes: * Current and historical average exchange rates are shown in Chapter 12 on page 24.
 ** For further information on restated base period figures please see Appendix 3 on page 35.

3. Key Specialty Products

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

Vraylar[®] royalty income due to Richter in respect of first half 2018 amounted to USD 36.7 million (EUR 30.4 million). This amount contributed materially to the sales levels achieved during the reported period.

In addition, Reagila[®] recorded EUR 0.5 million sales in the reported period.

	Turnover				
	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2
USDm / Vraylar [®]	21.5*	15.2	15.3	14.4	11.5
EURm / Reagila [®]	0.5	0.0	0.0	0.0	0.0

* estimated sales figure

Following the marketing approval granted in September 2015 by the Food and Drug Administration to Richter's original compound, cariprazine co-developed with Allergan 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, by submitting the sNDA for the treatment of bipolar depression.

In July 2017 Richter announced that the European Commission (EC) granted marketing authorization valid for all European Union Member States to Reagila[®].

In 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.

In December 2017 Richter announced jointly with Allergan, positive topline results for a phase III study of cariprazine for the treatment of adults with major depressive episodes associated with bipolar I disorder (bipolar I depression) while on 3 April 2018 the two companies announced positive topline results from the third of three pivotal trials of cariprazine in the same indication.

Application files for the reimbursement of Reagila[®] on individual European markets were compiled during the second half of 2017 and the submission procedure is advancing well. Reagila[®] was launched in April 2018 in Germany. The product was also launched in Poland and on certain other markets of the EU12 region.

3.2 Esmya® – Women’s Healthcare

Esmya® reported total sales of EUR 20.2 million in the first half 2018, compared to the EUR 44.1 million turnover recorded in the same period of the previous year. The year-on-year decline resulted from the temporary limitation of sales as ruled by PRAC.

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	6 months to June				6 months to June			
				%				%
Hungary	426	533	-107	-20.1	1.4	1.7	-0.3	-17.6
EU *	4,392	11,159	-6,767	-60.6	14.0	36.1	-22.1	-61.2
EU 12	434	900	-466	-51.8	1.4	2.9	-1.5	-51.7
EU 15	3,958	10,259	-6,301	-61.4	12.6	33.2	-20.6	-62.1
CIS	563	680	-117	-17.2	1.7	2.2	-0.5	-22.7
Latin America	358	484	-126	-26.0	1.1	1.6	-0.5	-31.3
RoW	622	791	-169	-21.4	2.0	2.5	-0.5	-20.0
Total	6,361	13,647	-7,286	-53.4	20.2	44.1	-23.9	-54.2
Average exchange rate (EURHUF)					314,36	309,42	4,94	1,6

Note: * All Member States of the EU, except for Hungary.

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

In December 2017 the European Medicines Agency (EMA) Pharmacovigilance Risk Assessment Committee (PRAC) commenced a review of drug induced liver injury potentially related to Esmya®.

On 9 February 2018 PRAC initiated the implementation of temporary precautionary measures as a part of its review procedure.

The PRAC recommended regular liver monitoring for women taking Esmya® for uterine fibroids. The PRAC also recommended that no new patients should be started on Esmya® and no patients who had completed a course of treatment should start another one. Treatments commenced prior to this decision were allowed to be completed. PRAC recommendations were temporary measures to protect patients’ health. On 18 May 2018 the Pharmacovigilance Risk Assessment Committee (PRAC) made its final recommendation as a conclusion of its review procedure on drug induced liver injury potentially related to Esmya®, an opinion which was also endorsed on 1 June 2018 by CHMP.

On 30 July 2018 the European Commission decision adopted the opinion of CHMP on the Esmya® referral, which opened the way for the relaunch of this product.

3.3 Bemfola® – Women’s Healthcare

Focusing on a meaningful extension to 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.

On 10 July 2018 Richter acquired the intellectual property rights, relevant studies, related data and documents of Bemfola® for the use in the United States.

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.

Sales of Bemfola® recorded during the six months to June 2018 amounted to EUR 21.8 million (USD 26.3 million) when compared to a turnover of EUR 17.6 million (USD 19.1 million) realised in the base period.

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. The product has been launched through 2016 and 2018 in most of the EU12 countries and certain EU15 markets. Lenzetto® was included on reimbursement lists on a number of these markets.

Turnover of Lenzetto® during the first six months of 2018 amounted to EUR 1.7 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. Levosert® was launched in Denmark, Norway and Iceland in April 2018.

Total turnover achieved by this product in first half 2018 amounted to EUR 1.6 million.

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, such as uterine fibroids. 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			
	2018	2017	Change		2018	2017	Change	
	6 months to June				6 months to June			
				%				%
Hungary	2,627	2,821	-194	-6.9	8.4	9.1	-0.7	-7.7
EU *	32,941	35,231	-2,290	-6.5	104.8	113.9	-9.1	-8.0
EU 12	7,356	6,554	802	12.2	23.4	21.2	2.2	10.4
Poland	2,526	1,732	794	45.8	8.0	5.6	2.4	42.9
Romania	974	1,056	-82	-7.8	3.1	3.4	-0.3	-8.8
EU 15	25,585	28,677	-3,092	-10.8	81.4	92.7	-11.3	-12.2
CIS	15,116	18,103	-2,987	-16.5	48.1	58.5	-10.4	-17.8
Russia	12,449	15,015	-2,566	-17.1	39.6	48.5	-8.9	-18.4
Ukraine	855	1,271	-416	-32.7	2.7	4.1	-1.4	-34.1
Other CIS	1,812	1,817	-5	-0.3	5.8	5.9	-0.1	-1.7
USA	5,723	6,437	-714	-11.1	18.2	20.8	-2.6	-12.5
China	4,561	4,388	173	3.9	14.5	14.2	0.3	2.1
Latin America	2,100	2,507	-407	-16.2	6.7	8.1	-1.4	-17.3
RoW	4,547	4,938	-391	-7.9	14.4	15.9	-1.5	-9.4
Total	67,615	74,425	-6,810	-9.2	215.1	240.5	-25.4	-10.6
Average exchange rate (EURHUF)					314,36	309,42	4,94	1,6

Note: * All Member States of the EU, except for Hungary.

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

	%	
	2018	2017
	6 months to June	
Hungary	13.1	14.2
EU *	54.1	55.6
EU 12	24.1	22.0
EU 15	84.0	85.4
CIS	25.7	26.6
USA	35.8	46.5
China	28.6	40.4
Latin America	76.4	75.9
RoW	49.0	57.2
Total	36.8	39.6

Note: * All Member States of the EU, except for Hungary.

Total sales recorded by Richter's WH niche franchise at EUR 215.1 million declined by EUR 25.4 million, or 10.6% when compared to the previous year primarily as a consequence of both the temporary measures implemented by PRAC, which impacted sales of [Esmya®](#), and the decline experienced in the sales levels of WHC products in Russia.

Sales arising from the acquired OC portfolio amounted to EUR 21.8 million, having declined by EUR 0.7 million or 3.1% when compared to the performance achieved in the same period of the previous year.

Turnover within the EU15 region grew primarily in Belgium but this was more than offset by declines experienced in Spain, Germany, UK, Sweden and Italy. As far as the product portfolio is concerned higher sales levels of the [range of oral contraceptives](#) and [Bemfola®](#) did not offset the decline experienced in the turnover of [Esmya®](#).

EU15 Top 5 markets	EURm			
	2018	2017	Change	
	6 months to June			%
Germany	18.2	20.6	-2.4	-11.7
France	13.6	14.4	-0.8	-5.6
Spain	12.5	15.7	-3.2	-20.4
UK	10.8	13.1	-2.3	-17.6
Italy	10.6	12.0	-1.4	-11.7
Total Top 5 Sales	65.7	75.8	-10.1	-13.3
Total EU15 Sales	81.4	92.7	-11.3	-12.2
Total Top 5 / Total EU15 Sales %	80.7	81.8		

In **Germany**, Richter's contraceptives franchise has been hit by negative media campaigns linked to potential side effects of OCs in general and certain APIs, to which Richter has a broader exposure in particular. Group sales declined by EUR 2.4 million primarily driven by lower sales levels of [Esmya®](#) and further erosion of the [range of oral contraceptives](#).

Turnover in **France** declined by EUR 0.8 million primarily due to lower turnover of [Esmya®](#) partly offset by a good performance of [Bemfola®](#) and a [range of oral contraceptives](#).

Sales reported in **Spain** decreased by EUR 3.2 million. Declining [Esmya®](#) sales were only partly offset by higher sales levels of [Bemfola®](#) during the six months to June 2018 period.

Sales in the **UK** were GBP 1.6 million (EUR 2.3 million) lower. A significant decline experienced in sales of [Esmya®](#) were partly offset by a better performance of [Bemfola®](#) during the first half 2018.

In **Italy** Richter Group achieved Women's Healthcare sales of EUR 10.6 million in the reported period, EUR 1.4 million below the levels reported in the same period 2017. A better performance recorded by the [range of oral contraceptives](#) together with improving sales figures of [Bemfola®](#) did not offset lower turnover of [Esmya®](#).

WH sales to the **CIS** in the first six months to June 2018 totalled EUR 48.1 million representing a decline of EUR 10.4 million compared to the sales levels achieved in the same period of the previous year. The decline recorded in the CIS region originated primarily in **Russia**. In RUB terms sales to Russia reached RUB 2,842.2 million, a decline of RUB 197.2 million or 6.5%. Lower sales performance of a [range of oral contraceptives](#) were partly offset by higher turnover proceeds from [Gynazol](#) and [Fluomizin](#).

WH sales to the **USA** in the first half 2018 decreased marginally by USD 0.5 million, 2.2% as higher sales levels of finished form [Plan B / Plan B One-Step](#) were more than offset by the decline recorded in the sales of certain steroid APIs.

WH sales in the **ROW** countries reported a EUR 1.5 million decline when compared with the first half of the previous year primarily due to lower sales of a [range of oral contraceptives](#) and [Esmya®](#). [Bemfola®](#) recorded higher sales levels, primarily in Australia.

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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Restated*								Restated*	
	6 months to June		6 months to June		6 months to June		6 months to June		6 months to June	
Total revenues	183,662	187,990	44,809	43,576	2,871	2,513	(6,912)	(7,290)	224,430	226,789
Gross profit	125,524	125,640	4,411	3,838	293	352	109	(305)	130,337	129,525
Profit from operations	35,308	32,828	225	377	44	105	107	(250)	35,684	33,060
Share of profit of associates and joint ventures	(225)	182	928	824	20	(6)	(27)	(179)	696	821
Number of employees at period end	10,704	10,272	1,485	1,467	437	423	-	-	12,626	12,162

Note: * For further information on restated base period figures please see Appendix 3 on page 35.

6. Pharmaceuticals sales report

Sales in the Pharmaceutical segment in the first half 2018 totalled HUF 183,662 million (EUR 584.3 million), representing a decrease of 2.3% (3.8% in EUR terms) compared to the same period of last year.

6.1 Pharmaceutical sales by region

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	6 months to June				6 months to June			
				%				%
Hungary	20,021	19,906	115	0.6	63.7	64.3	-0.6	-0.9
EU *	60,939	63,405	-2,466	-3.9	193.9	204.9	-11.0	-5.3
EU 12**	30,471	29,828	643	2.2	97.0	96.4	0.6	0.7
Poland	12,875	12,568	307	2.4	41.0	40.6	0.4	1.1
Romania	5,079	5,146	-67	-1.3	16.2	16.6	-0.4	-2.4
EU 15	30,468	33,577	-3,109	-9.3	96.9	108.5	-11.6	-10.7
CIS	58,756	68,024	-9,268	-13.6	186.9	219.9	-33.0	-15.0
Russia	45,015	51,574	-6,559	-12.7	143.2	166.7	-23.5	-14.1
Ukraine	3,465	4,841	-1,376	-28.4	11.0	15.7	-4.7	-29.9
Other CIS	10,276	11,609	-1,333	-11.5	32.7	37.5	-4.8	-12.8
USA	15,997	13,845	2,152	15.5	50.9	44.7	6.2	13.9
China	15,928	10,871	5,057	46.5	50.7	35.1	15.6	44.4
Latin America	2,747	3,303	-556	-16.8	8.7	10.7	-2.0	-18.7
RoW	9,274	8,636	638	7.4	29.5	27.9	1.6	5.7
Total	183,662	187,990	-4,328	-2.3	584.3	607.5	-23.2	-3.8
Average exchange rate (EURHUF)					314,36	309,42	4,94	1,6

6.2 Pharmaceutical sales by region in currencies of invoicing

	Currency (million units)	2018	2017	Change
		6 months to June		%
Hungary	HUF	20,021	19,906	0.6
EU *	EUR	193.9	204.9	-5.3
EU 12	EUR	97.0	96.4	0.7
Poland	PLN	172.9	173.4	-0.3
Romania	RON	75.3	75.5	-0.3
EU 15	EUR	96.9	108.5	-10.7
CIS	EUR	186.9	219.9	-15.0
	USD	226.0	238.4	-5.2
Russia	RUB	10,277.4	10,440.0	-1.6
Ukraine	USD	13.3	17.0	-21.8
Other CIS	EUR	32.7	37.5	-12.8
	USD	39.5	40.6	-2.7
USA	USD	61.6	48.5	27.0
China	CNY	391.0	264.0	48.1
Latin America	USD	10.6	11.6	-8.6
RoW	EUR	29.5	27.9	5.7
	USD	35.7	30.3	17.8

Note: * All Member States of the EU, except for Hungary.

6.3 Sales to Top 10 markets

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	6 months to June				6 months to June			
				%				%
Russia	45,015	51,574	-6,559	-12.7	143.2	166.7	-23.5	-14.1
Hungary	20,021	19,906	115	0.6	63.7	64.3	-0.6	-0.9
USA	15,997	13,845	2,152	15.5	50.9	44.7	6.2	13.9
China	15,928	10,871	5,057	46.5	50.7	35.1	15.6	44.4
Poland	12,875	12,568	307	2.4	41.0	40.6	0.4	1.0
Germany	8,203	8,974	-771	-8.6	26.1	29.0	-2.9	-10.0
Romania	5,079	5,146	-67	-1.3	16.2	16.6	-0.4	-2.4
France	4,830	4,877	-47	-1.0	15.3	15.8	-0.5	-3.2
Spain	4,151	4,946	-795	-16.1	13.2	16.0	-2.8	-17.5
Italy	3,723	3,901	-178	-4.6	11.8	12.6	-0.8	-6.3
Total Top 10	135,822	136,608	-786	-0.6	432.1	441.4	-9.3	-2.1
Total Sales	183,662	187,990	-4,328	-2.3	584.3	607.5	-23.2	-3.8
Total Top 10 / Total Sales %					74.0	72.7		

6.4 Hungary

In **Hungary** sales totalled HUF 20.021 million (EUR 63.7 million) in the first half 2018, a virtually flat performance (+0.6% in HUF terms and -0.9% in EUR terms) compared to the same period of 2017.

Based on the latest available market audit (IMS) data for the six months to June 2018 the pharmaceutical market increased by 5.7% year-on-year. Retail sales of Richter products increased by 4.9% compared to 2017 and the Company is now the fifth player on the Hungarian pharmaceutical market with a 5.1% share. When considering only the market for retail prescription drugs, Richter qualifies for second place with a market share of 7.5%.

In accordance with the regulations extraordinary taxes levied on the pharmaceutical industry and payable in 2018 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.

Marginal changes to the price regulation system did not impact materially the Group's overall performance in the reported period.

6.5 European Union

Sales in the **European Union**, excluding Hungary, amounted to EUR 193.9 million in the first half of 2018, EUR 11.0 million (5.3%) lower than the levels recorded in the base period.

In the **EU12** region sales totalled EUR 97.0 million in the first six months of 2018, EUR 0.6 million higher when compared to the base period. This region represented 50% of total EU sales of the Group's pharmaceutical segment.

In **Poland** the Group recorded sales of PLN 172.9 million (EUR 41.0 million) in the first half 2018, a slight decrease of PLN 0.5 million (an increase of EUR 0.4 million) compared to the same period in 2017. Good performance of a range of WH products could not offset the adverse impacts of both parallel imports and declining sales of our leading product, [Groprinosin](#).

In **Romania** sales amounted to RON 75.3 million (EUR 16.2 million) in the first half 2018, a slight decrease of RON 0.2 million (EUR 0.4 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 repeatedly delayed and it is now expected to enter into force with effect from 1 October 2018.

In the **EU15** region sales amounted to EUR 96.9 million in the first half 2018, EUR 11.6 million lower than in the base period. The decrease of [Esmya](#)[®] sales was partially counterbalanced by increasing sales of a [range of oral contraceptives](#) and [Bemfola](#)[®].

This region contributed 50% of total EU pharmaceutical sales.

Top 5 markets in the EU15 region:

	EURm			
	2018	2017	Change	%
	6 months to June			
Germany	26.1	29.0	-2.9	-10.0
France	15.3	15.8	-0.5	-3.2
Spain	13.2	16.0	-2.8	-17.5
Italy	11.8	12.6	-0.8	-6.3
UK	11.8	14.3	-2.5	-17.5
Total Top 5 Sales	78.2	87.7	-9.5	-10.8
Total EU15 Sales	96.9	108.5	-11.6	-10.7
Total Top 5 / Total EU15 Sales %	80,7	80,8		

Considering that more than 84% 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 half 2018 totalled EUR 186.9 million, a decline of EUR 33.0 million (15.0%) compared to the sales levels achieved in the same period of the previous year. Declines reported in EUR were driven primarily by weakening exchange rates of USD, RUB and KZT.

Sales in **Russia** totalled RUB 10,277.4 million in the first half 2018, a decline of RUB 162.6 million or 1.6% when compared to the same period of the previous year. A lower (14.6%) year-on-year average exchange rate of the Rouble against the Euro impacted significantly our sales performance in Russia when reported in Euro. Sales levels during the reported period at EUR 143.2 million declined by EUR 23.5 million or 14.1% when compared with the turnover reported in the same period 2017.

As a result of the ongoing restructuring of the Russian wholesaling market and worsening liquidity at pharmacy chains Richter places special emphasis on conducting a cautious credit policy.

Sales to **Ukraine** amounted to USD 13.3 million (EUR 11.0 million) in the six months to June 2018, a decline of USD 3.7 million (EUR 4.7 million) compared to the turnover reported for the first half 2017. An 11.5% weaker USD exchange rate against the EUR during the reported period impacted negatively the sales performance when reported in EUR. The lower year-on-year performance was also partly due to certain regulatory related preshipments made during the previous year.

The Ukrainian economy has stabilized to some extent, with purchasing power having slightly increased. The average exchange rate of the local currency, UAH, remained within a very narrow range, around the level of 26.7 to the USD during the first half 2018.

Sales in **Other CIS republics** totalled EUR 32.7 million (USD 39.5 million) in the first half 2018, representing a decline of EUR 4.8 million (USD 1.1 million) compared to the same period in 2017. Currency depreciations in certain countries negatively impacted the overall performance of this region.

6.7 USA

Sales in the **USA** totalled USD 61.6 million (EUR 50.9 million) in the first half of 2018, an increase of USD 13.1 million (EUR 6.2 million) compared to the same period of 2017. The significant year-on-year growth was mainly due to cariprazine (**Vraylar**[®]) royalty income, which increased by USD 15.0 million.

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. Royalty income amounted to USD 36.7 million (EUR 30.4 million) in the first half of 2018.

6.8 China

Sales to **China** amounted to EUR 50.7 million in the first half 2018, an increase of EUR 15.6 million when compared with the base period due to higher sales levels of **Cavinton** which includes certain preshipments and the **emergency contraceptive**.

With effect from 1 January 2018, invoicing currency in China was replaced from EUR to local currency (CNY). Sales in local currency terms totalled CNY 391.0 million.

6.9 Latin America

Sales in **Latin American** countries amounted to USD 10.6 million (EUR 8.7 million) in the first half 2018, a decrease of USD 1.0 million (EUR 2.0 million) when compared with the base period primarily due to strengthening generic competition and shipment delays.

6.10 Rest of the World

Sales in these countries amounted to EUR 29.5 million (USD 35.7 million) in the first half of 2018. Turnover increased by EUR 1.6 million (USD 5.4 million) when compared with the same period in 2017. Vietnam, Switzerland and Serbia contributed the most to the sales performance achieved during the reported period.

6.11 Sales of Top 10 Products

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	6 months to March				6 months to June			
				%				%
Hormonal contraceptives	45,644	46,714	-1,070	-2.3	145.2	151.0	-5.8	-3.8
Cavinton	18,304	13,812	4,492	32.5	58.2	44.6	13.6	30.5
Vraylar® / Reagila® / cariprazine	9,707	6,256	3,451	55.2	30.9	20.2	10.7	53.0
Mydeton	9,257	10,271	-1,014	-9.9	29.4	33.2	-3.8	-11.4
Panangin	7,658	9,365	-1,707	-18.2	24.4	30.3	-5.9	-19.5
Bemfola®	6,841	5,461	1,380	25.3	21.8	17.6	4.2	23.9
Esmya®	6,361	13,647	-7,286	-53.4	20.2	44.1	-23.9	-54.2
Verospiron	5,992	6,929	-937	-13.5	19.1	22.4	-3.3	-14.7
Lisopress	5,132	5,292	-160	-3.0	16.3	17.1	-0.8	-4.7
Aflamin	4,905	3,682	1,223	33.2	15.6	11.9	3.7	31.1
Total Top 10	119,801	121,429	-1,628	-1.3	381.1	392.4	-11.3	-2.9
Total Sales	183,662	187,990	-4,328	-2.3	584.3	607.5	-23.2	-3.8
Total Top 10 / Total Sales %					65.2	64.6		

7. Pharmaceuticals – Operating profit and margin

The first line contains the HUF figures, namely **reported period (H1 2018)**, base period (H1 2017), change in HUF and change in percent, (left to right) while the second line is the same for indicative EUR figures.

Operating profit

HUF 35,308mn	HUF 32,828mn	+HUF 2,480mn	+7.6%
EUR 112.4mn	EUR 106.1mn	+EUR 6.3mn	+5.9%

Operating margin

19.2%	17.5%
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Operating profit for the Group originated primarily from the Pharmaceuticals segment.

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 4,601 million when compared to HUF 4,785 million reported in the base period.

8. Wholesale and retail sales report

	HUFm				EURm			
	2018	2017	Change	%	2018	2017	Change	%
	6 months to June				6 months to June			
Hungary	-	-	-	-	-	-	-	-
EU *	35,711	34,378	1,333	3.9	113.6	111.1	2.5	2.3
EU 12	35,711	34,378	1,333	3.9	113.6	111.1	2.5	2.3
Poland	-	-	-	-	-	-	-	-
Romania	35,711	34,378	1,333	3.9	113.6	111.1	2.5	2.3
EU 15	-	-	-	-	-	-	-	-
CIS	7,032	7,127	-95	-1.3	22.4	23.0	-0.6	-2.6
Russia	-	-	-	-	-	-	-	-
Ukraine	-	-	-	-	-	-	-	-
Other CIS	7,032	7,127	-95	-1.3	22.4	23.0	-0.6	-2.6
USA	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-
Latin America	2,066	2,071	-5	-0.2	6.6	6.7	-0.1	-1.5
RoW	-	-	-	-	-	-	-	-
Total	44,809	43,576	1,233	2.8	142.6	140.8	1.8	1.3
Average exchange rate (EURHUF)					314,36	309,42	4,94	1,6

Note: * All Member States of the EU, except for Hungary.

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 142.6 million in the six months to June 2018, a EUR 1.8 million increase compared to the base period.

Our Romanian subsidiaries realised around 80% of the turnover in the Wholesale and Retail segment (RON 529.8 million), with the remainder primarily being invoiced by our subsidiaries in the CIS region. The sales performance in Romania increased by 5.1% in RON terms during the first half 2018.

The suspension of the licence to operate of Pharmafarm SA, Richter's wholesaler subsidiary as imposed by the Romanian National Agency for Medicines and Medical Devices (NAMMD) with effect from 21 June 2018 resulted in a slight negative impact on our performance in this market during the reported period. Having submitted a corrective and preventive plan to the Authority we are now awaiting for the procedure of on site controls to be successfully completed in order to obtain a new license to operate.

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 1,153 million during the reported period.

The consolidated operating profit of subsidiaries belonging to this segment was HUF 225 million, during the reported period and HUF 377 million in the first six months to June 2017.

10. Consolidated figures

10.1 Sales

Consolidated sales

HUF 224,430mn	HUF 226,789mn	-HUF 2,359mn	-1.0%
EUR 713.9mn	EUR 732.9mn	-EUR 19.0mn	-2.6%

10.2 Costs, expenses, profits

Cost of sales

HUF 94,093mn	HUF 97,264mn	-HUF 3,171mn	-3.3%
EUR 299.3mn	EUR 314.3mn	-EUR 15.0mn	-4.8%

Amortization of acquired assets

Amortization of the acquired intangible asset **Esmya** amounted to HUF 1,244 million while amortization of another intangible asset **Bemfola** was HUF 1,017 million in the six months to June 2018.

Gross profit

HUF 130,337mn	HUF 129,525mn	+HUF 812mn	+0.6%
EUR 414.6mn	EUR 418.6mn	-EUR 4.0mn	-1.0%

Gross margin

58.1%	57.1%
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The very significant increase in Royalty income received from Allergan in respect of **Vraylar**[®] together with an increase in the share of turnover of the high margin USA and Chinese businesses lifted the gross margin. In addition, gross profit of **Bemfola**[®] also increased significantly, by HUF 2.0 billion (EUR 6.5 million) as sales levels increased and the negative impact of inventories valued at the time of the acquisition disappeared. Restricted sales of **Esmya**[®], weakening average exchange rates of both RUB and USD together with price erosion experienced on our traditional markets and an increase of costs related to tightening regulatory measures negatively impacted our gross margin.

Sales and marketing expenses

HUF 60,617mn	HUF 60,155mn	+HUF 462mn	+0.8%
EUR 192.8mn	EUR 194.4mn	-EUR 1.6mn	-0.8%

Proportion to sales:
27.0% 26.5%

Somewhat higher marketing costs related to growing promotion costs incurred on the Chinese market were partly offset by a slight decrease of promotion costs incurred in Russia at weakening RUB exchange rates.

Amortization of acquired portfolio

Amortisation of the marketing and intellectual property rights of the OC portfolio acquired from Grünenthal in the amount of HUF 2,176 million represented 1.0% of sales achieved in the reported year. After adjustment for this amortization, S&M expenses represented 26.0% of turnover.

Registration fee for medical representatives

The annual registration fee payable in respect of medical representatives in Hungary amounted to HUF 221 million (EUR 0.7 million) in the first half 2018. In accordance with the regulations tax payable in 2018 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.

Administrative and general expenses

HUF 12,297mn	HUF 11,762mn	+HUF 535mn	+4.5%
EUR 39.1mn	EUR 38.0mn	+EUR 1.1mn	+2.9%

These expenses grew primarily due to higher employee costs, together with increased insurance, legal assistance and other advisory fees.

Research and development expenses

HUF 21,786mn	HUF 20,921mn	+HUF 865mn	+4.1%
EUR 69.3mn	EUR 67.6mn	+EUR 1.7mn	+2.5%

Proportion to sales:
9.7% 9.2%

These expenses include the ongoing clinical trials being carried out in the field of biotechnology together with those managed in co-operation with Allergan. 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 47mn	(HUF 3,627mn)	+HUF 3,674mn	-
EUR 0.1mn	(EUR 11.8mn)	+EUR 11.9mn	-

Claw-back

During the reported period Other income and expenses include liabilities amounting to HUF 2,751million (EUR 8.3 million) in respect of the claw-back regimes effective in Romania, Germany, France, Spain, Portugal, Belgium, Italy, Bulgaria, Austria, Poland, Latvia, Slovenia, Croatia and UK. Such expenses declined by HUF 714 million (EUR 2.9 million) primarily as a result of the sales restrictions applied to [Esmya](#)[®].

One-off items

Richter accounted for one-off income payments from Recordati, in respect of the amended license agreement subsequent to the European authorization of [Reagila](#)[®] entering into force, in respect of the launch of [Reagila](#)[®] on the German market and connected to the successful clinical trial of cariprazine in the indication of bipolar depression. These milestones amounted altogether to HUF 6,238 million (EUR 19.8 million).

20% tax obligation payable

In the first half 2018 an expense of HUF 407 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 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.

Profit from operations

HUF 35,684mn	HUF 33,060mn	+HUF 2,624mn	+7.9%
EUR 113.5mn	EUR 106.8mn	+EUR 6.7mn	+6.3%

The increase resulted from the increasing gross margin and an improving balance of Other income and expenses.

Consolidated operating margin

15.9% 14.6%

When adjusting the balance of Other income and expenses with milestones received during the reported period, consolidated operating margin was 13.1%

Net financial income / (loss)

HUF 5,756mn	(HUF 3,902mn)	+HUF 9,658mn	-
EUR 18.3mn	(EUR 12.6mn)	+EUR 30.9mn	-

Financial gains on unrealised financial items resulted from the revaluation at period end' exchange rates of Trade receivables and trade payables, Foreign currency loans receivable and Deposits. The above were partly offset by a loss incurred following the fair value reassessment of Exchangeable bonds which was accounted for among Other foreign currency denominated items. Translation gains resulted from the period end appreciation of RUB, USD and EUR against HUF. Realised financial gains resulting from Interest income was almost entirely offset by a loss

incurred at Other financial items. For more detailed information on the Net financial result please refer to the table on page 24.

Share of profit of associates and joint ventures

HUF 696mn	HUF 821mn	-HUF 125mn	-15.2%
EUR 2.2mn	EUR 2.7mn	-EUR 0.5mn	-18.5%

Profit before income tax

HUF 42,136mn	HUF 29,979mn	+HUF 12,157mn	+40.6%
EUR 134.0mn	EUR 96.9mn	+EUR 37.1mn	+38.3%

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 account for a tax loss carry forward in respect of the impairment losses accounted for in 2017. Furthermore a tax allowance is granted to the Company 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 1,167mn)	HUF 1,748mn	-HUF 2,915mn	-
(EUR 3.7mn)	EUR 5.6mn	-EUR 9.3mn	-

During the first half 2018 the Group recorded HUF 1,150 million (EUR 3.6 million) in respect of corporate tax expense and HUF 17 million (EUR 0.1 million) deferred tax expense resulting in HUF 1,167 million (EUR 3.7 million) tax expense.

Local business tax and innovation contribution

(HUF 2,035mn)	(HUF 2,193mn)	-HUF 158mn	-7.2%
(EUR 6.5mn)	(EUR 7.1mn)	-EUR 0.6mn	-8.5%

Profit for the period

HUF 38,934mn	HUF 29,534mn	+HUF 9,400mn	+31.8%
EUR 123.8mn	EUR 95.4mn	+EUR 28.4mn	+29.8%

Profit attributable to owners of the parent

HUF 38,813mn	HUF 28,799mn	+HUF 10,014mn	+34.8%
EUR 123.5mn	EUR 93.1mn	+EUR 30.4mn	+32.7%

Retained earnings increased by HUF 27,908 million and amounted to HUF 630,504 million. A higher translation difference of HUF 11,453 million included in Foreign currency translation reserve also contributed to the above increase.

Non-current liabilities

HUF 15,709mn HUF 15,660mn +HUF 49mn +0.3%

Current liabilities

HUF 93,767mn HUF 81,186mn +HUF 12,581mn +15.5%

10.5 Capital expenditure

Capital expenditure for the Group including payments for intangible assets totalled HUF 16,325 million in the first half 2018 when compared to HUF 15,606 million reported for the same period of the previous year.

11. Corporate matters

11.1 Information regarding Richter shares

11.1.1 The number of shares in issue at 30 June 2018 was unchanged compared to 31 March 2017, i.e. 186,374,860 shares.

11.1.2 The number of shares held by the Parent company in Treasury decreased during the first half of 2018.

	Ordinary shares				
	30 June 2018	31 March 2018	31 December 2017	30 September 2017	30 June 2017
Number	74,834	63,678	60,683	130,650	127,651
Book value (HUF '000)	390,549	422,523	404,353	856,959	841,640

On 30 June 2018 the Group's subsidiaries held a total of 5,500 ordinary Richter shares.

In accordance with a repurchase obligation related to employee share bonuses, the Company repurchased 2,018 shares from employees who resigned from Richter during the second quarter 2018.

Based on a decision of the Board of Directors, 14,437 shares held by the Company in treasury were granted in June 2018 to employees participating in a bonus share programme and to other employees who rendered outstanding performance.

In the second quarter 2018 Richter purchased 350,000 treasury shares in the Budapest Stock Exchange and 7,273 treasury shares on the OTC market.

In accordance with the foundation charter and the incentive policy of the Gedeon Richter Plc. Employee Participation Program Organization (“EPP Organization”) 333,698 treasury shares were transferred during the second quarter 2018 in two tranches to the EPP Organization.

The total number of Company shares at Group level held in Treasury at 30 June 2018 was 80,334.

11.1.3 Share ownership structure

The shareholder structure at 30 June 2018 is presented in detail in the following table:

Ownership	Ordinary shares Number	Voting rights %	Share capital %
Domestic ownership	64,519,698	34.64	34.63
State ownership total	47,051,794	25.26	25.25
out of which MNV Zrt.	47,051,668	25.26	25.25
out of which Municipality	126	0.00	0.00
Institutional investors	8,303,523	4.46	4.46
Retail investors	9,164,381	4.92	4.92
International ownership	121,773,144	65.36	65.33
Institutional investors	121,495,572	65.21	65.18
out of which Standard Life Aberdeen Plc.	17,057,500	9.16	9.15
out of which Harding Loevner LP	10,807,000	5.80	5.80
out of which Black Rock, Inc.	9,722,000	5.22	5.22
Retail investors	277,572	0.15	0.15
Treasury shares*	80,334	0.00	0.04
Undisclosed ownership	1,684	0.00	0.00
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 18 May 2018 Richter announced that the Pharmacovigilance Risk Assessment Committee (PRAC) subsequent to its meeting held on 14-17 May 2018 published new recommendations subsequent to the [Esmya®](#) referral.
- 11.2.2** On 1 June 2018 Richter announced that subsequent to the meeting held by the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) on 29-31 May 2018, CHMP adopted an opinion based on the recommendation published by Pharmacovigilance Risk Assessment Committee (PRAC) on 18 May 2018 as a conclusion of its review procedure on drug induced liver injury potentially related to [Esmya®](#).
- 11.2.3** With effect from 21 June 2018 the Romanian National Agency for Medicines and Medical Devices (NAMMD) suspended the licence to operate of Pharmafarm SA, Richter's wholesaler subsidiary following a breach of Good Distribution Practice. Pharmafarm is determined to work with NAMMD and provide a set of measures as required by the Authority.
- 11.2.4** On 10 July 2018 Richter announced that it concluded a sale and purchase agreement with Fertility Biotech AG, a Swiss corporation, in connection with the transfer of intellectual property rights, relevant studies, related data and documents of r-hFSH containing product, [Bemfola® / Afolia](#), for the use in the United States.
- 11.2.5** On 30 July 2018 Richter announced that the European Commission implemented a decision concerning the marketing authorisations of [Esmya®](#) 5 mg. This decision followed a positive opinion from the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) on 1 June 2018 and is applicable for all Member States in the European Economic Area.

12. Historical exchange rates

12.1 At period end

	30.06.2018	31.03.2018	31.12.2017	30.09.2017	30.06.2017
EURHUF	328.60	312.55	310.14	311.23	308.87
USDHUF	282.06	253.94	258.82	263.75	270.87
RUBHUF	4.50	4.40	4.49	4.56	4.56
KZTHUF	0.83	0.80	0.78	0.77	0.84
CNYHUF	42.62	40.38	39.77	39.69	39.95
EURRUB	73.02	71.03	69.07	68.25	67.73
EURUSD	1.17	1.23	1.20	1.18	1.14

12.2 Average

	2018 H1	2018 Q1	2017 M12	2017 M9	2017 H1
EURHUF	314.36	311.08	309.28	308.47	309.42
USDHUF	259.89	253.01	273.73	276.96	285.26
RUBHUF	4.38	4.45	4.71	4.78	4.94
KZTHUF	0.80	0.78	0.87	0.89	0.90
CNYHUF	40.74	39.78	40.17	40.26	41.18
EURRUB	71.77	69.91	65.66	64.53	62.64
EURUSD	1.21	1.23	1.13	1.11	1.08

13. Net financial result for the Group

	HUFm			EURm		
	2018	2017	Change	2018	2017	Change
	6 months to June			6 months to June		
Unrealised financial items	5,567	(5,820)	11,387	17.6	(18.8)	36.4
Exchange gain on trade receivables and trade payables	3,542	(4,706)	8,248	11.2	(15.2)	26.4
Loss on foreign currency loans receivable	1,801	(1,456)	3,257	5.7	(4.7)	10.4
Period end foreign exchange translation difference of borrowings	-	224	-224	-	0.7	-0.7
Exchange (loss)/gain on other currency related items	250	118	132	0.8	0.4	0.4
Result of unrealised forward exchange contracts	(26)	-	-26	(0.1)	(0.0)	-0.1
Realised financial items	189	1,918	-1,729	0.6	6.2	-5.6
Exchange (loss)/gain realised on trade receivables and trade payables	(674)	740	-1,414	(2.1)	2.4	-4.5
Foreign exchange difference on conversion of cash	759	(339)	1,098	2.4	(1.1)	3.5
Dividend income	1	1	0	0.0	-	0.0
Interest income	1,251	896	355	4.0	2.9	1.1
Interest expense	-	(322)	322	-	(1.0)	1.0
Other financial items	(1,148)	942	-2,090	(3.7)	3.0	-6.7
Net financial (loss)/income	5,756	(3,902)	9,658	18.2	(12.6)	30.8

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 Sector: Pharmaceutical
 Reporting period: January-June 2018

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14. Balance Sheet

	30 June 2018 Unaudited HUFm	31 December 2017 Audited HUFm	Change %
ASSETS	807,702	760,865	6.2
Non-current assets	459,419	456,334	0.7
Property, plant and equipment	200,324	196,990	1.7
Goodwill	47,485	44,377	7.0
Other intangible assets	156,406	154,958	0.9
Investments in associates and joint ventures	12,596	11,847	6.3
Other financial assets	28,833	35,482	-18.7
Deferred tax assets	10,645	10,548	0.9
Loans receivable	3,130	2,132	46.8
Current assets	348,283	304,531	14.4
Inventories	97,093	84,474	14.9
Trade receivables	122,228	123,023	-0.6
Other current assets	19,252	20,180	-4.6
Investments in securities	1,756	18	n.a.
Current tax assets	653	795	-17.9
Cash and cash equivalents	107,301	76,041	41.1
EQUITY AND LIABILITIES	807,702	760,865	6.2
Capital and reserves	698,226	664,019	5.2
Share capital	18,638	18,638	0.0
Treasury shares	(2,293)	(415)	452.5
Share premium	15,214	15,214	0.0
Capital reserve	3,475	3,475	0.0
Foreign currency translation reserve	21,308	9,855	116.2
Revaluation reserve for available for sale investments	6,333	9,964	-36.4
Retained earnings	630,504	602,596	4.6
Non-controlling interest	5,047	4,692	7.6
Non-current liabilities	15,709	15,660	0.3
Borrowings	3	3	0.0
Deferred tax liability	8,244	8,005	3.0
Other non-current liabilities and accruals	4,154	4,347	-4.4
Provisions	3,308	3,305	0.1
Current liabilities	93,767	81,186	15.5
Borrowings	-	-	n.a.
Trade payables	46,088	47,495	-3.0
Current tax liabilities	601	703	-14.5
Other current liabilities and accruals	44,119	30,515	44.6
Provisions	2,959	2,473	19.7

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 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 2017	18,638	15,214	3,475	(415)	9,855	602,596	9,964	659,327	4,692	664,019
Restatement due to IFRS9	-	-	-	-	-	951	-	951	-	951
Restated opening balance	18,638	15,214	3,475	(415)	9,855	603,547	9,964	660,278	4,692	664,970
Profit for the period	-	-	-	-	-	38,813	-	38,813	121	38,934
Exchange differences arising on translation of foreign operations	-	-	-	-	11,453	-	-	11,453	323	11,776
Revaluation for available for sale investments	-	-	-	-	-	-	(3,631)	(3,631)	-	(3,631)
Comprehensive income at 30 June 2018	-	-	-	-	11,453	38,813	(3,631)	46,635	444	47,079
Net treasury shares transferred and purchased	-	-	-	(1,878)	-	-	-	(1,878)	-	(1,878)
Ordinary share dividend for 2017	-	-	-	-	-	(12,673)	-	(12,673)	-	(12,673)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(89)	(89)
Recognition of share-based payments	-	-	-	-	-	817	-	817	-	817
Balance at 30 June 2018	18,638	15,214	3,475	(2,293)	21,308	630,504	6,333	693,179	5,047	698,226

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16. Income Statement – HUF

For the year ended 31 December 2017 Audited HUFm		For the period ended 30 June		
		2018 Unaudited HUFm	2017 Restated* HUFm	Change %
444,356	Total revenues	224,430	226,789	-1.0
(191,278)	Cost of sales	(94,093)	(97,264)	-3.3
253,078	Gross profit	130,337	129,525	0.6
(114,882)	Sales and marketing expenses	(60,617)	(60,155)	0.8
(23,374)	Administration and general expenses	(12,297)	(11,762)	4.5
(39,903)	Research and development expenses	(21,786)	(20,921)	4.1
(54,208)	Other income and other expenses (net)	47	(3,627)	n.a.
20,711	Profit from operations	35,684	33,060	7.9
14,957	Finance income	17,825	9,163	94.5
(23,295)	Finance cost	(12,069)	(13,065)	-7.6
(8,338)	Net financial (loss)/income	5,756	(3,902)	n.a.
1,528	Share of profit of associates and joint ventures	696	821	-15.2
13,901	Profit before income tax	42,136	29,979	40.6
873	Income and deferred tax	(1,167)	1,748	n.a.
(4,704)	Local business tax and innovation contribution	(2,035)	(2,193)	-7.2
10,070	Profit for the period	38,934	29,534	31.8
	Profit attributable to:			
8,885	Owners of the parent	38,813	28,799	34.8
1,185	Non-controlling interest	121	735	-83.5
	Statement of comprehensive income			
10,070	Profit for the period	38,934	29,534	31.8
(82)	Actuarial loss on retirement defined benefit plans	-	-	n.a.
(82)	Items that will not be reclassified to profit or loss	-	-	n.a.
(8,890)	Exchange differences arising on translation of foreign operations	11,776	(5,126)	n.a.
17	Exchange differences arising on translation of associates and joint ventures	-	43	-100.0
1,139	Revaluation for available for sale investments	(3,631)	(1,361)	166.8
(7,734)	Items that may be subsequently reclassified to profit or loss	8,145	(6,444)	n.a.
(7,816)	Other comprehensive income	8,145	(6,444)	n.a.
2,254	Total comprehensive income	47,079	23,090	103.9
	Attributable to:			
1,299	Owners of the parent	46,635	22,512	107.2
955	Non-controlling interest	444	578	-23.2
	HUF Earnings per share (EPS)	HUF	HUF	%
48	Basic	208	155	34.2
48	Diluted	208	155	34.2

Note: * For further information on restated base period figures please see Appendix 3 on page 35.
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17. Income Statement – EUR

For the year ended 31 December		For the period ended 30 June		
2017 Audited EURm		2018 Unaudited EURm	2017 Restated* EURm	Change %
1,436.8	Total revenues	713.9	732.9	-2.6
(618.5)	Cost of sales	(299.3)	(314.3)	-4.8
818.3	Gross profit	414.6	418.6	-1.0
(371.4)	Sales and marketing expenses	(192.8)	(194.4)	-0.8
(75.6)	Administration and general expenses	(39.1)	(38.0)	2.9
(129.0)	Research and development expenses	(69.3)	(67.6)	2.5
(175.3)	Other income and other expenses (net)	0.1	(11.8)	n.a.
67.0	Profit from operations	113.5	106.8	6.3
48.3	Finance income	56.7	29.6	91.6
(75.3)	Finance cost	(38.4)	(42.2)	-9.0
(27.0)	Net financial (loss)/income	18.3	(12.6)	n.a.
4.9	Share of profit of associates and joint ventures	2.2	2.7	-18.5
44.9	Profit before income tax	134.0	96.9	38.3
2.9	Income and deferred tax	(3.7)	5.6	n.a.
(15.2)	Local business tax and innovation contribution	(6.5)	(7.1)	-8.5
32.6	Profit for the period	123.8	95.4	29.8
	Profit attributable to:			
28.8	Owners of the parent	123.5	93.1	32.7
3.8	Non-controlling interest	0.3	2.3	-87.0
309.28	Average exchange rate (EURHUF)	314.36	309.42	1.6
	Statement of comprehensive income			
32.6	Profit for the period	123.8	95.4	29.8
(0.3)	Actuarial loss on retirement defined benefit plans	-	-	n.a.
(0.3)	Items that will not be reclassified to profit or loss	-	-	n.a.
(28.8)	Exchange differences arising on translation of foreign operations	37.5	(16.5)	n.a.
0.1	Exchange differences arising on translation of associates and joint ventures	-	0.1	-100.0
3.7	Revaluation for available for sale investments	(11.6)	(4.4)	163.6
(25.0)	Items that may be subsequently reclassified to profit or loss	25.9	(20.8)	n.a.
(25.3)	Other comprehensive income	25.9	(20.8)	n.a.
7.3	Total comprehensive income	149.7	74.6	100.7
	Attributable to:			
4.3	Owners of the parent	148.3	72.8	103.7
3.0	Non-controlling interest	1.4	1.8	-22.2
	EUR Earnings per share (EPS)	EUR	EUR	%
0.15	Basic	0.66	0.50	32.0
0.15	Diluted	0.66	0.50	32.0

Note: * For further information on restated base period figures please see Appendix 3 on page 35.
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18. Income Statement

			April-June 3 months			
	2018 HUFm	2017 Restated HUFm	Change %	2018 EURm	2017 Restated EURm	Change %
Total revenues	110,485	114,114	-3.2	347.6	368.3	-5.6
Cost of sales	(45,723)	(47,412)	-3.6	(143.8)	(152.9)	-6.0
Gross profit	64,762	66,702	-2.9	203.8	215.4	-5.4
Sales and marketing expenses	(30,335)	(30,334)	0.0	(95.5)	(97.9)	-2.5
Administration and general expenses	(6,432)	(6,592)	-2.4	(20.2)	(21.3)	-5.2
Research and development expenses	(10,443)	(10,702)	-2.4	(32.8)	(34.5)	-4.9
Other income and other expenses (net)	450	(2,445)	n,a,	1.4	(8.0)	n,a,
Profit from operations	18,002	16,629	8.3	56.7	53.7	5.6
Finance income	14,169	1,655	756.1	44.9	5.3	747.2
Finance cost	(6,015)	(9,957)	-39.6	(18.9)	(32.2)	-41.3
Net financial (loss)/income	8,154	(8,302)	n,a,	26.0	(26.9)	n,a,
Share of profit of associates and joint ventures	359	251	43.0	1.1	0.9	22.2
Profit before income tax	26,515	8,578	209.1	83.8	27.7	202.5
Income and deferred tax	(793)	1,634	n,a,	(2.5)	5.2	n,a,
Local business tax and innovation contributio	(1,018)	(1,249)	-18.5	(3.2)	(4.0)	-20.0
Profit for the period	24,704	8,963	175.6	78.1	28.9	170.2
Profit attributable to:						
Owners of the parent	24,309	8,407	189.2	76.9	27.1	183.8
Non-controlling interest	395	556	-29.0	1.2	1.8	-33.3
Average exchange rate (EURHUF)				316.31	310.14	2.0
Earnings per share (EPS)	HUF	HUF	%	EUR	EUR	%
Basic	130	45	188.9	0.41	0.15	173.3
Diluted	130	45	188.9	0.41	0.15	173.3

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19. Cash flow Statement

For the year ended 31 December		For the period ended 30 June	
2017 Audited HUFm		2018 Unaudited HUFm	2017 Restated* HUFm
Operating activities			
13,901	Profit before income tax	42,136	29,979
34,747	Depreciation and amortisation	17,576	17,458
(1,347)	Non cash items accounted through Total Comprehensive Income	1,532	(1,682)
(65)	Period end foreign exchange translation difference of borrowings	-	(224)
(1,248)	Net interest and dividend income	(1,252)	(575)
(220)	Changes in provision for defined benefit plans	-	(31)
1,141	(Increase)/ decrease on changes of property, plant and equipment and intangible assets	(870)	20
49,184	Impairment recognised on intangible assets	-	-
-	Impairment on investments	-	-
3,640	Expense recognised in respect of equity-settled share-based payments	865	-
Movements in working capital			
(12,519)	Decrease/(Increase) in trade and other receivables	6,765	(3,818)
(3,228)	Increase in inventories	(12,619)	(1,502)
7,631	Increase in trade payables and other current and non-current liabilities	12,018	9,834
(990)	Interest expense	-	(322)
(6,880)	Income tax paid	(2,660)	(3,382)
83,747	Net cash flow from operating activities	63,491	45,755
Investing activities			
(30,328)	Payments for property, plant and equipment	(13,916)	(10,101)
(9,601)	Payments for intangible assets	(2,409)	(5,505)
957	Proceeds from disposal of property, plant and equipment	334	223
(1,745)	Payments to acquire financial assets	419	(24)
733	Proceeds on sale or redemption on maturity of financial assets	-	733
(666)	Disbursement of loans net	(118)	(905)
1,563	Interest income	1,251	896
675	Dividend income	1	1
(8,045)	Net cash outflow on acquisition of subsidiaries	-	(7,556)
(46,457)	Net cash flow to investing activities	(14,438)	(22,238)
Financing activities			
(3,858)	Proceeds from (purchase of)/ disposal of treasury shares	(1,926)	227
(19,756)	Dividend paid	(12,673)	(19,756)
(36,585)	Repayment of borrowings (-)	-	(3,887)
3	Proceeds from borrowings (+)	-	13
(60,196)	Net cash flow to financing activities	(14,599)	(23,403)
(22,906)	Net increase/(decrease) in cash and cash equivalents	34,454	114
96,053	Cash and cash equivalents at beginning of year	76,041	96,053
2,894	Effect of foreign exchange rate changes on the balances held in foreign currencies	(3,194)	805
76,041	Cash and cash equivalents at end of period	107,301	96,972

Note: * For further information on restated base period figures please see 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 six months to June 2018 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, 2 August 2018



Gábor Orbán
Chief Executive Officer

The financial statements in this report cover the activities of Gedeon Richter Group ('The Group' or 'Richter Group') and Gedeon Richter Plc. ('The Company' or 'Richter'). These interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial reporting. EUR and USD amounts have been converted from HUF at average exchange rates for indicative purposes only. Financial statements for the six months to June 2018 and six months to June 2017 are unaudited. Financial statements for the twelve months period ended 31 December 2017 are audited. The Company except for the adoption of IFRS 15 and IFRS 9 regulation has followed 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 first half 2018 or in the period between the end of the reporting period and the publication of this quarterly report:

Country	Product	Active ingredient	Therapeutic area
Czech Republic	Coltowan	ezetimibe	Cardiovascular, cholesterol-lowering
Denmark	Levosert®	levonorgestrel	Women's Healthcare, other contraceptive method, IUS
Estonia	Fluomizin*	dequalinium-chloride	Women's Healthcare, anti-infective, antiseptic
Izland	Levosert®	levonorgestrel	Women's Healthcare, other contraceptive method, IUS
Poland	Coltowan	ezetimibe	Cardiovascular, cholesterol-lowering
Latvia	Fluomizin*	dequalinium-chloride	Women's Healthcare, anti-infective, antiseptic
	Gynositol	inositol	Women's Healthcare, nutritional supplement
Lithuania	Fluomizin*	dequalinium-chloride	Women's Healthcare, anti-infective, antiseptic
	Gynositol	inositol	Women's Healthcare, nutritional supplement
Luxemburg	Gynositol	inositol	Women's Healthcare, nutritional supplement
Hungary	Coltowan	ezetimibe	Cardiovascular, cholesterol-lowering
Moldova	Mirvedol	memantine-hidroklorid	Central Nervous System, Alzheimer's diseases
Germany	Coltowan	ezetimibe	Cardiovascular, cholesterol-lowering
Norway	Lenzetto®*	estradiol	Women's Healthcare, hormone replacement therapy (spray)
	Levosert®	levonorgestrel	Women's Healthcare, other contraceptive method, IUS
Italy	Reagila®	cariprazine	Central nervous system, antipsychotic
Portugal	Lenzetto®*	estradiol	Women's Healthcare, hormone replacement therapy (spray)
Saudi Arabia	Midiana	DRP + 30mcg EE	Women's Healthcare, other contraceptive
	Lindynette	GST + 20 mcg EE	Women's Healthcare. oral contraceptive
Serbia	Bemfola®	follitropin alfa	Women's Healthcare, fertility
	Lenzetto®*	estradiol	Women's Healthcare. hormone replacement therapy (spray)

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
Silhouette / 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 devices (CD)		
Goldlily / Silverlily	Au+Cu, Ag+Cu	IUD
Levosert®*	levonorgestrel	IUD

Continued on the following page

Note: * Licensed-in

Abbreviations used:

LVG: Levonorgestrel
 EE: Ethinyl estradiol
 CLM: Chlormadinone

DRP: Drospirenone
 GST: Gestodene
 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
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 atroph 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-chlormadinon

Appendix 3

The review and the amendment of the methodology used in the elimination of intra-group profit on sale of inventories related to changes in IFRS reporting was completed during the first half 2017, subsequently the data relative to the first half 2017 differ from those previously published.

